

## U.S. Department of Transportation Under the Trump Administration

### *Government Analytica Assessment of Potential Scenarios & Outcomes*

The U.S. Department of Transportation (DOT) is poised for changes aimed at refocusing its priorities that emphasize reducing federal intervention, simplifying regulatory frameworks, and empowering states and the private sector to drive transportation innovation. With a focus on affordability, accessibility, and technological neutrality, the Trump DOT seeks to foster a transportation network that prioritizes public demand over federal mandates. Key shifts include restructuring funding mechanisms, minimizing subsidies for mass transit, and embracing emerging technologies like automated vehicles to modernize infrastructure and ensure safety.

- **Refocusing DOT's Mission:** The Trump administration emphasized the need for DOT to focus on making transportation more abundant, affordable, and accessible. The department should prioritize reducing costs and improving convenience for Americans, rather than aligning with renewable energy mandates that may increase travel costs.
- **Restructuring Funding and Grant Processes:** The Trump administration sought to minimize the federal government's role in discretionary grants. Instead, it advocated for a formula-based approach where states manage their transportation priorities, arguing that states are better positioned to allocate resources effectively.
- **Private Sector Involvement and Innovation:** There was a strong push for private sector participation through user fees and financing innovations to revolutionize travel. The administration believed this would reduce dependence on federal funding and align transportation projects more closely with public demand.
- **Regulatory Simplification:** Simplifying and reducing regulations was a priority. The administration aimed to remove outdated or overly burdensome regulations to facilitate innovation and cost savings.
- **Promoting Safety While Encouraging Technology:** The Trump administration emphasized a technology-neutral stance, ensuring that innovations like automated vehicles and emerging transportation technologies were integrated safely and without regulatory bias.
- **Critique of Mass Transit Subsidies:** The administration critiqued heavy subsidization of mass transit systems, advocating instead for reducing federal involvement and focusing on maintaining existing infrastructure rather than expansion projects.

## Anticipated Goals and Recommendations

U.S. DOT under Trump Administration emphasizes affordability, accessibility, and innovation while reducing inefficiencies and excessive federal intervention. Through empowering state governments, encouraging private sector participation, and modernizing infrastructure, these recommendations aim

to align the DOT with the needs of the public. Below are the key goals, expanded with specific and actionable recommendations to achieve this transformation.

### 1. Refocusing DOT's Mission

- The DOT should focus on reducing travel costs and improving convenience rather than implementing renewable energy mandates that burden consumers. Transportation policy should prioritize affordability and efficiency for the public.
- Resources should be reallocated to infrastructure projects that directly impact daily commuters and freight movement, ensuring the highest return on investment. Priority should be given to projects that enhance connectivity and economic productivity.
- Instead of launching costly new programs, the DOT should emphasize maintaining and modernizing existing transportation systems to address aging infrastructure and avoid wasteful spending.

### 2. Reducing Federal Oversight in Infrastructure Projects

- Federal funding should shift from discretionary grants to formula-based allocations, allowing states to set their own priorities and allocate resources efficiently. This empowers local decision-making and reduces bureaucratic delays.
- State governments should be encouraged to develop localized solutions tailored to unique transportation challenges, leveraging their intimate understanding of regional needs. Federal oversight should be limited to broad guidance rather than micromanagement.
- Federal bureaucratic hurdles must be minimized to expedite project approvals, thereby saving time and reducing costs. Streamlining environmental reviews and permitting processes is key to achieving this goal.

### 3. Encouraging Private Sector Participation

- Public-private partnerships (PPPs) should be expanded to attract investment and innovation, fostering a collaborative approach to addressing infrastructure needs. This can result in cost-effective and creative solutions to complex challenges.
- User fees, such as toll roads or congestion pricing, should be used to sustainably fund infrastructure projects. These models ensure that users directly contribute to the upkeep and expansion of transportation systems they utilize.
- Competitive grants and contracts should incentivize private sector innovation by rewarding companies that develop new technologies and methodologies. This encourages healthy competition and ensures high-quality outcomes.

### 4. Streamlining Regulations

- A "rule on rules" framework should be implemented to eliminate outdated or redundant regulations, making it easier for businesses and states to navigate compliance requirements. This fosters a more dynamic and responsive transportation sector.

- Regulatory policies should align with technological advancements to support innovation, such as facilitating the integration of automated vehicles and other emerging technologies. This ensures that regulations do not stifle progress.
- Clear and predictable guidelines must be established to provide stakeholders with a consistent regulatory environment. This is especially crucial for emerging technologies that require long-term investment and development.

## 5. Modernizing Transportation Systems

- The DOT should adopt a technology-neutral stance, allowing various innovations to compete on their merits. This approach encourages diversity in solutions and avoids regulatory favoritism.
- Automated and connected vehicle technologies should be integrated safely into transportation systems. This requires developing national standards and infrastructure upgrades to support these advancements.
- Investments should be made in both digital and physical infrastructure to prepare for future transportation needs. This includes electric vehicle charging networks, data-sharing platforms, and resilient road systems.

## 6. Reforming Mass Transit and Highway Funding

- Federal mass transit funding should prioritize maintenance and reliability over costly expansions. Existing systems must be made efficient and safe to meet the needs of current users.
- The allocation of the Highway Trust Fund should better reflect Americans' preferences for personal vehicles. Funding decisions should balance the diverse transportation choices of the public.
- Urban transit systems should be encouraged to improve operational efficiency, reducing dependency on federal subsidies. Incentives can be offered for innovations that improve service while controlling costs.

## 7. Policy Revisions for Economic Efficiency

- Fuel economy standards should be adjusted to achieve a balance between affordability and safety. Unrealistic mandates often lead to higher vehicle costs and unintended consequences for consumers.
- California's fuel economy waivers should be revoked to ensure national consistency and fairness in regulatory standards. This prevents a patchwork of state-level mandates that complicate compliance for manufacturers.
- Federal transportation policies should reduce energy mandates that increase costs disproportionately. Policies should focus on market-driven solutions that address environmental concerns without overburdening the public.

These goals and recommendations offer a comprehensive strategy for transforming the DOT into a more efficient, locally empowered, and innovative institution. By reducing federal overreach, fostering private sector involvement, and modernizing infrastructure, the DOT can better meet the needs of a dynamic and evolving transportation landscape. Implementing these changes will not only improve the transportation system but also ensure it remains a vital component of the nation's economic and social infrastructure.

## Changes at U.S. DOT Agencies

### 1. Federal Aviation Administration (FAA)

The Federal Aviation Administration (FAA) is central to ensuring the safety, efficiency, and modernization of air transportation in the U.S. The proposed changes emphasize separating its operational and regulatory functions to address longstanding inefficiencies. Air Traffic Control (ATC), a primary FAA function, should be transitioned to a separate entity, potentially modeled on successful international systems such as NAV CANADA. This separation allows the FAA to focus solely on its regulatory and oversight roles, including safety certifications and compliance monitoring.

Modernizing ATC is another critical goal. The adoption of advanced technologies such as satellite-based navigation and digital communication tools can improve traffic management and reduce delays. These upgrades would streamline operations, accommodate increasing air traffic volumes, and ensure seamless integration with emerging technologies like drones and unmanned aerial systems. The FAA's regulatory framework must also evolve to support innovation in aviation, including electric aircraft and urban air mobility systems. Streamlining approval processes and reducing bureaucratic delays for new technologies will position the U.S. as a global leader in aviation innovation.

### 2. Federal Highway Administration (FHWA)

The Federal Highway Administration (FHWA) oversees the backbone of the U.S. transportation system: the interstate highways. Proposed changes call for a renewed focus on maintaining and upgrading these highways, ensuring they remain reliable for freight and passenger travel. Federal funding should prioritize large-scale projects that have national economic importance, such as highway interchanges, major bridges, and freight corridors.

The FHWA is also encouraged to reduce involvement in smaller, localized projects, such as recreational trails and bike lanes, which are better managed at the state or local level. This allows federal resources to be directed toward projects that have broader impacts on interstate commerce and economic growth. Furthermore, eliminating outdated regulations that delay project approvals and increase costs is essential. States should have greater flexibility to design and execute infrastructure projects without unnecessary federal oversight, reducing costs and completion times.

### 3. Federal Railroad Administration (FRA)

The Federal Railroad Administration (FRA) plays a key role in managing rail safety and infrastructure. Proposed changes highlight the need to modernize safety protocols, moving away from prescriptive regulations toward performance-based standards. For example, the FRA should adopt advanced technologies like electronic systems for brake inspections and real-time monitoring, which offer greater efficiency and accuracy than traditional methods.

Freight rail is a critical component of the U.S. supply chain, and the FRA should ensure its policies support economic competitiveness. Regulations that impose high costs without demonstrable safety benefits should be revised or eliminated. The FRA should also prioritize infrastructure investments in high-traffic corridors to reduce congestion and improve efficiency, thereby supporting the broader goal of supply chain resilience.

#### **4. Federal Transit Administration (FTA)**

The Federal Transit Administration (FTA) should pivot from funding transit expansions to focusing on the maintenance and reliability of existing systems. Many mass transit systems suffer from aging infrastructure and declining service quality, leading to reduced ridership and increased operating costs. Addressing these issues requires prioritizing investments in maintenance, safety, and operational efficiency.

Additionally, the FTA should review its funding criteria to ensure federal dollars are allocated to projects with demonstrated demand and economic value. Expanding mass transit in low-density areas often results in underutilized systems that drain resources. Flexibility in federal labor policies is also critical, enabling transit agencies to manage compensation and labor agreements in ways that promote financial sustainability.

#### **5. Maritime Administration (MARAD)**

The Maritime Administration (MARAD) has dual peacetime and wartime responsibilities, making it a unique agency within the DOT. The proposal suggests transferring MARAD's functions to the Department of Homeland Security (DHS) or the Department of Defense (DOD) to better align with its mission. This change would integrate MARAD's operations with national security and disaster response efforts, streamlining coordination and enhancing its effectiveness.

Reforming the Jones Act is another critical recommendation. While the act ensures a U.S. maritime fleet for defense needs, it also imposes economic burdens by restricting domestic shipping competition. Targeted reforms could reduce costs for businesses and consumers while preserving the act's national security benefits. MARAD's focus should also include modernizing port infrastructure and supporting technological innovations to maintain competitiveness in global trade.

#### **6. National Highway Traffic Safety Administration (NHTSA)**

Under the Trump administration's vision for the Department of Transportation, the National Highway Traffic Safety Administration (NHTSA) plays a pivotal role in advancing vehicle safety and aligning fuel economy standards with technological and market realities. A key priority is revising Corporate Average Fuel Economy (CAFE) standards to ensure they are realistic and achievable using current internal combustion technologies. These updates aim to balance environmental objectives with affordability and manufacturing feasibility. The administration advocates for uniformity in these regulations, proposing the elimination of California's unique waivers that create inconsistencies across states, complicating compliance for automakers.

The Trump administration also places significant emphasis on adapting NHTSA's regulatory framework to accommodate emerging technologies like automated and connected vehicles. It proposes shifting from prescriptive rules to performance-based safety standards, enabling manufacturers to innovate while safeguarding consumers. Streamlining the approval process for new technologies is another critical goal, allowing faster deployment of innovations such as autonomous vehicle systems, positioning the U.S. as a leader in global automotive advancements.

Further, the administration recognizes the need to modernize NHTSA's crash test program. Current tests should be updated to better reflect real-world scenarios and account for the diversity of passenger demographics. NHTSA is also encouraged to enhance its data systems to monitor safety trends, ensuring more responsive and informed policymaking.

## **7. Federal Motor Carrier Safety Administration (FMCSA)**

The Trump administration envisions a modernized Federal Motor Carrier Safety Administration (FMCSA) that aligns its safety protocols with technological advancements and the operational needs of the freight industry. One significant focus is preparing for the integration of automated commercial vehicles. FMCSA is tasked with collaborating with other agencies to establish safety guidelines specific to autonomous trucks and buses, addressing critical concerns like collision avoidance and driverless operations in diverse conditions.

Driver safety remains a core priority, and the administration proposes streamlining compliance processes for Hours of Service (HOS) regulations. Leveraging electronic logging devices (ELDs) and digital tools can ensure compliance while minimizing administrative burdens on carriers. Enhanced data-sharing between FMCSA and state-level enforcement agencies is also highlighted to improve oversight and target high-risk operators effectively.

Modernizing inspection processes is another proposed change. Deploying mobile inspection units equipped with advanced sensors can reduce delays for commercial drivers while ensuring safety standards are met. These reforms aim to balance the critical need for safety with the economic demands of the commercial freight and passenger transportation industries.

## **8. Pipeline and Hazardous Materials Safety Administration (PHMSA)**

The Trump administration prioritizes modernizing the Pipeline and Hazardous Materials Safety Administration (PHMSA) to ensure the safe and efficient transportation of hazardous materials. Key reforms include adopting real-time monitoring technologies to quickly detect and respond to pipeline failures. The use of automated systems and sensors can minimize environmental damage and improve reliability across the nation's energy supply infrastructure.

To facilitate energy development, the administration calls for streamlined permitting processes for pipeline construction and maintenance. This approach seeks to balance rigorous safety standards with the need to expand critical energy infrastructure. Performance-based safety regulations are encouraged to promote innovation while maintaining robust oversight of pipeline safety.

Disaster resilience is another priority. PHMSA is encouraged to coordinate more effectively with state and local agencies to prepare for and respond to natural disasters and cyberattacks, safeguarding the integrity of critical infrastructure. These efforts align with the administration's broader goal of enhancing national energy security.

## **9. Build America Bureau (BAB)**

Under the Trump administration's vision, the Build America Bureau (BAB) is positioned as a key instrument for financing national transportation infrastructure projects. Strengthening the bureau's underwriting standards is a priority, ensuring that projects financed through BAB are economically feasible and

sustainable. The administration emphasizes rigorous assessments to prevent local governments from incurring excessive debt on nonviable projects.

BAB's project selection process is also targeted for reform, prioritizing initiatives that align with national economic priorities, such as interstate freight corridors and port modernization. Transparent selection criteria are essential to avoid politicization and ensure resources are directed toward high-impact infrastructure projects.

To enhance accountability, the administration recommends implementing regular evaluations and audits of funded projects. Additionally, expanding technical assistance programs is proposed to help smaller jurisdictions effectively plan and finance infrastructure projects. By doing so, BAB can support equitable access to its resources, enabling local governments to contribute to national infrastructure goals more effectively.

## Pivot to State-Driven Block Grant Model

Trump Administration advocates for a shift in the U.S. Department of Transportation's (DOT) funding model toward state-driven block grants. This approach emphasizes decentralization, empowering state and local governments to take greater control over transportation priorities, ensuring that projects are more closely aligned with local needs, and enhancing efficiency in resource allocation.

### The Current Federal Funding Model

Under the existing framework, the federal government manages a significant portion of transportation funding through discretionary grants and prescriptive programs. This model often imposes uniform standards and priorities across states, regardless of their unique challenges and needs. The reliance on federal oversight leads to inefficiencies, delays in project implementation, and a one-size-fits-all approach that can stifle innovation at the state level.

### Benefits of State-Driven Block Grants

Trump Administration will argue that transitioning to state-managed block grants can address these issues by returning decision-making power to those closest to the problems. By allowing states to set their transportation priorities, block grants foster a more targeted and effective use of resources. This decentralization eliminates the inefficiencies associated with federal bureaucracy, such as lengthy approval processes and regulatory burdens.

Block grants also align with the principle of federalism, ensuring that state governments have the autonomy to respond to their constituents' needs. For example, a rural state might prioritize highway connectivity to enhance economic access, while an urban state might focus on reducing congestion or upgrading mass transit systems. Block grants give states the flexibility to make these decisions without navigating restrictive federal mandates.

### Allocation and Accountability

To ensure fairness and efficiency, the allocation of block grants would be formula-based, considering factors such as population, infrastructure needs, and geographic conditions. This method minimizes political influence, which often skews the distribution of discretionary grants, favoring projects that align with federal agendas over local priorities.

While states gain more control, it is important to maintain accountability mechanisms. States receiving block grants would need to report on project outcomes and adhere to basic federal standards for safety and efficiency. This balance between autonomy and accountability ensures that block grants are used effectively without compromising national interests.

### **Promoting Innovation and Cost Savings**

State-driven block grants are expected to encourage innovation by allowing states to experiment with new technologies and funding mechanisms. For instance, states could partner with private entities to develop infrastructure projects or implement user fees to generate sustainable revenue streams. Removing federal micromanagement fosters a competitive environment where states can adopt best practices and tailor solutions to local challenges.

Cost savings are another key advantage of this model. Reducing federal oversight streamlines project approval processes, cutting down administrative expenses and unnecessary delays. Additionally, states are incentivized to use funds efficiently since they are directly accountable to their taxpayers.

### **Conclusion**

The administration strategy is that by decentralizing funding, this approach aligns transportation policy with the diverse needs of the nation, promoting a system that is more responsive, efficient, and sustainable. This recommendation is a cornerstone of the effort to modernize the DOT while reinforcing the principles of federalism and fiscal responsibility.

## **Freight and Supply Chain Focus**

The Trump administration's vision for the U.S. Department of Transportation (DOT) during the 2025-2028 period prioritizes a robust focus on freight and supply chains to enhance economic growth, efficiency, and resilience. Central to this strategy is the modernization of freight systems, which play a pivotal role in supporting both domestic productivity and global trade competitiveness.

### **Freight as an Economic Driver**

The Trump administration identifies freight transportation as a critical component of the national economy, directly impacting supply chain efficiency and cost. Modernized freight systems—spanning highways, railways, ports, and waterways—are essential for connecting producers to consumers and facilitating seamless trade. The administration plans to prioritize investments in freight-specific corridors to eliminate bottlenecks and improve the movement of goods, particularly in high-demand areas.

### **Modernizing Ports and Waterways**

Ports and inland waterways are foundational for supporting international trade and the domestic flow of goods. The Trump administration intends to modernize these facilities to handle increased cargo volumes, including upgrades for automation and digitization to streamline operations. Inland waterways, which serve industries such as agriculture and energy, will see targeted investments in lock upgrades, dam improvements, and dredging to ensure cost-effective freight movement.

### **Rail Freight Enhancements**

Rail systems will receive focused attention to increase their capacity and reliability for freight transport. By creating dedicated freight corridors and improving rail technology, such as advanced signaling systems,



the administration aims to enhance efficiency and reduce delays. These improvements will support the growing demands of modern supply chains while balancing freight and passenger services.

### **Streamlined Regulation and Funding Reforms**

To address inefficiencies, the administration plans to streamline regulatory processes that delay critical freight infrastructure projects. Simplifying permitting and environmental review processes will enable faster project completion and reduce costs. Additionally, the administration proposes transitioning from federal discretionary grants to formula-based funding, empowering states to allocate resources based on regional freight needs effectively.

### **Strengthening Supply Chain Resilience**

Recognizing vulnerabilities exposed during the COVID-19 pandemic, the Trump administration seeks to bolster supply chain resilience by diversifying transportation options and building redundancies. This includes public-private partnerships for funding essential projects and adopting technologies for real-time supply chain visibility. These measures aim to protect against future disruptions and maintain consistent flow in goods transportation.

### **Leveraging Emerging Technologies**

The administration highlights the importance of integrating emerging technologies into freight transportation. Automated and connected vehicles, smart infrastructure, and advanced logistics platforms are key areas of focus. These innovations are expected to increase efficiency, lower costs, and improve safety while fostering a more competitive freight network.

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<sup>1</sup> The sources are news media and Project 2025, Mandate for Leadership.