

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 12356, Section 1.1

By PKH NARA, Date 3-1-91

April 29, 1970



CONFIDENTIAL

ACTION

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: Ed Harper

SUBJECT: Flexibility in Highway Trust Fund Use

I did not want to bring this point up in front of Department of Transportation officials, but the easiest way to build flexibility in the use of Highway Trust Fund monies is to hold down Budget Authority for the highway aid program and let a huge surplus build up in the trust fund.

The spectre of a huge surplus in the highway trust fund will probably generate all kinds of pressure to drastically alter the terms of the trust fund to allow it to be used at least in part for top priority programs. Charles L. Schultze's book, Setting National Priorities: The 1971 Budget, makes just this point on Pages 113-115, and notes that by the end of 1971 a \$3.4 billion surplus of unexpended revenues is forecast.

It would probably be at this time a political mistake to let anyone know that we would even consider such a strategy, but I do feel that it is worthy of consideration.

RECOMMENDATION

That this strategy for increasing the flexibility of the use of highway trust funds be considered.