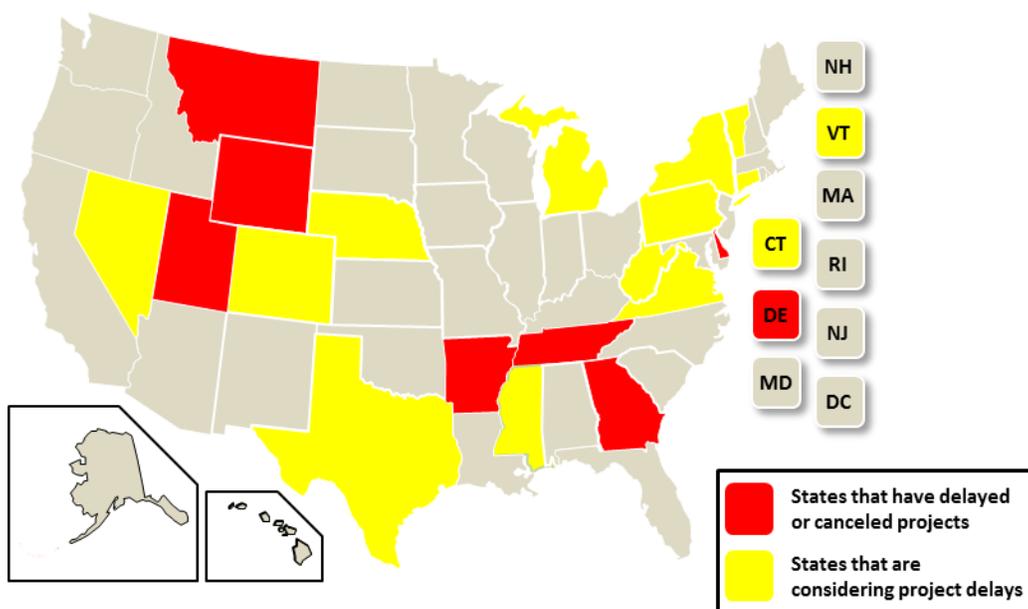


## Looming Highway Trust Fund Crisis: Impact on State Transportation Programs

Federal funds, on average, support 52 percent of annual state department of transportation (DOT) capital outlays for highway and bridge projects.<sup>1</sup> Uncertainty surrounding the short and long-term fiscal condition of the Highway Trust Fund continues to have a significant effect on state transportation planning.

MAP-21, the latest surface transportation authorization bill, was set to expire at the end of September 2014. Before a last-ditch effort by members of Congress led to an eight-month extension, DOT officials in 35 states had publicly stated their state programs would be impacted by a shutdown of federal surface transportation funds. In fact, nine states retracted or delayed projects in 2014 totaling over \$366 million due to uncertainty about future federal investment.

The highway and transit programs are authorized through the end of May, but Congress and President Obama have approved a two-month extension of the federal highway and public transportation programs which will allow the U.S. DOT to spend funds from the Highway Trust Fund until July 31. In addition to this looming deadline, the U.S. DOT will be forced to slow down reimbursements to state DOTs in August for federal-aid projects already underway unless Congress generates new revenues for the trust fund. As a result of continued uncertainty about future federal surface transportation funds, 19 states (indicated on the map below) have expressed concerns about the feasibility of future transportation projects. According to state DOT officials, over \$1.1 billion in projects is at risk if federal funding is disrupted. Already, seven states have delayed or canceled projects valued at \$1.63 billion.



<sup>1</sup> ARTBA analysis of Federal Highway Administration Highway Statistics data

In addition to DOTs, transit agencies are impacted by this uncertainty as well – the Southeastern Pennsylvania Transportation Authority (SEPTA) delayed the start of a procurement process for a four-year contract until they “see how things transpire in Washington,” according to SEPTA Chief Financial Officer and Treasurer Richard Burnfield.<sup>2</sup> Central Ohio Transit Authority (COTA) President Curtis Stitt stated that without an extension of federal funds, its upcoming Cleveland Avenue Bus Rapid Transit project (slated to begin in 2017) would be at risk; this project relies on \$38 million in federal funds from President Obama’s 2016 fiscal-year budget for U.S. DOT.<sup>3</sup> In a joint letter with city and local leaders, Central Indiana Regional Transportation Authority Interim Executive Director Lori Kaplan warned that absent a long-term federal transportation authorization, Central Indiana is at risk of being unable to pursue near-term transportation investments, including the bus rapid transit Red Line project.<sup>4</sup>

Below are a series of news article excerpts of state officials describing how this threat would impact state DOT transportation improvement efforts.

## **PROJECT DELAYS INFLUENCED BY FEDERAL UNCERTAINTY**

### **1. Arkansas:**

“A two-month extension of legislation authorizing the federal Highway Trust Fund to continue supporting highway and transit projects isn’t enough for Arkansas highway officials to reinstate nine road and bridge construction projects worth \$120 million that the agency dropped from its June bid letting. But the extension will allow the state Highway and Transportation Department to continue to obtain reimbursements for federal-aid projects already under construction. ‘It keeps our current projects going, but only for 60 days,’ Danny Straessle, an agency spokesman, said Tuesday. In all, the department has suspended 70 projects worth \$282 million that were going to bid this year because of the uncertainty over the Federal Highway Trust Fund.”<sup>5</sup>

“At risk in Arkansas for Federal Fiscal Year 2015 is 120 projects with an estimated construction value of \$490 million. The absence of a long-term reauthorization bill places 130 projects at risk in Arkansas for Federal Fiscal Year 2016 with an estimated construction value of \$520 million.”<sup>6</sup>

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<sup>2</sup> Progressive Railroading 3/16/15 ([http://www.progressiverailroading.com/passenger\\_rail/article/Transit-agencies-plan-their-moves-as-Congress-dances-around-funding-questions--43738](http://www.progressiverailroading.com/passenger_rail/article/Transit-agencies-plan-their-moves-as-Congress-dances-around-funding-questions--43738))

<sup>3</sup> The Columbus Dispatch 4/10/15 (<http://www.dispatch.com/content/stories/local/2015/04/09/transportation-rally.html>)

<sup>4</sup> IndyStar 5/23/15 (<http://www.indystar.com/story/opinion/readers/2015/05/23/regions-transportation-funds-jeopardy/27871909/>)

<sup>5</sup> ArkansasOnline 5/27/15 (<http://www.arkansasonline.com/news/2015/may/27/fund-stretch-won-t-restore-road-project-1/>)

<sup>6</sup> Arkansas State Highway and Transportation Department 5/7/15 (<http://www.arkansashighways.com/news/2015/NR%2015-119.pdf>)

## 2. Delaware:

“Delaware Transportation Secretary Jennifer Cohan said the lack of certainty over federal and state highway funding levels has left her department unable to begin initial design work on a \$100 million widening of the state’s Route 1, a project that was expected to start construction in 2016....Of the big Route 1 project, she said, ‘the uncertainty of federal funding along with state funding levels is preventing the initial design work’ from proceeding, and that in turn can push back the time that actual construction would get under way.”<sup>7</sup>

## 3. Georgia:

“Georgia Transportation Commissioner Russell McMurtry said earlier this month that 329 projects totaling \$715 million, some of them still in preliminary planning stages, would be delayed because of federal funding concerns. ‘We have to spend Georgia’s dollars first and send the bill to Washington to get reimbursed,’ he told a group at the University of North Georgia. ‘We have to sort of pay it forward and we’re not able to.’”<sup>8</sup>

## 4. Montana:

“The latest fight in Congress — figuring out how to pay for the nation’s multibillion-dollar infrastructure needs — is reverberating in Montana, where federal funding is the lifeblood of transportation projects but is surrounded by uncertainty. The ongoing debate and inaction are threatening delays for the completion of two significant projects in the Flathead Valley, the Kalispell bypass and reconstruction of Going-to-the-Sun Road in Glacier National Park. The long-awaited bypass, which is fully designed on the north half and ready to be finished over the next two years, has already been stalled while lawmakers grapple with the reauthorization of federal transportation spending.... ‘We have been waiting a long time to get this done. But we can’t get it done if politics and short-term thinking holds up the federal dollars,’ [Governor Steve] Bullock said.... The final phases of the bypass, which are being bundled into one large project that is estimated to cost \$40-45 million, were scheduled to go out for bid this month. Administrators with the state’s Department of Transportation were forced to put everything on hold amid uncertainty in D.C. over funding. Now MDT is poised to go out for bid in late August, meaning the bypass could be completed by late spring 2017 instead of the fall of 2016, according to state officials.”<sup>9</sup>

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<sup>7</sup> TSP2 3/2/15 (<https://www.tsp2.org/2015/03/02/funding-uncertainty-has-deldot-on-hold-for-100-million-route-1-widening-project/>)

<sup>8</sup> The Bond Buyer 3/25/15 (<http://www.bondbuyer.com/news/washington-infrastructure/states-defer-road-work-as-htf-concerns-grow-1071708-1.html>)

<sup>9</sup> Flathead Beacon 5/22/15 (<http://flatheadbeacon.com/2015/05/22/fight-over-highway-funds-impacting-kalispell-bypass-sun-road/>)

## 5. Tennessee:

“Tennessee's highway director has delayed \$400 million in road projects until fiscal 2016 because of uncertainty over future federal funding. John Schroer, commissioner of the Tennessee Department of Transportation, notified state lawmakers in a Friday letter that the 12 construction projects and 21 right-of-way acquisitions were supposed to be finished in fiscal 2015, which ends on Sept. 30 next year....The 33 stalled projects are in addition to 13 projects moved from fiscal 2014 to fiscal 2015. Those could be delayed further if federal funding expires at the end of May, said Heather Jensen, a TDOT spokeswoman.”<sup>10</sup>

## 6. Utah:

“Due to the uncertainty of federal funding and short-term extensions of MAP-21, Utah withheld one-third of our bid letting for the current year. Even if Congress extends authorization of MAP-21 beyond the current May 31 expiration, a portion of the 2015 construction program will be lost. While we could resume bidding activities later, it will be too late for larger paving projects. We anticipate 25 projects with a total value of \$65 million will be deferred to next year. These delays have a harmful impact on the state's broader economy.”<sup>11</sup>

## 7. Wyoming:

Wyoming DOT Director John Cox: “With the uncertainty of when—or even if—Congress will authorize the rest of the 2015 program, Wyoming and other cold-weather States may miss this construction year for a full third of our programs. We have already delayed 18 projects worth some \$28.5 million. It will also force us to advertise projects late in the construction season, resulting in less competitive bidding, less value for the public's investment, and the potential for delaying important and needed projects that will improve communities and their economies.”<sup>12</sup>

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<sup>10</sup> The Tennessean 10/30/14 (<http://www.tennessean.com/story/news/politics/2014/10/29/tdot-delays-million-worth-road-projects/18140949/>)

<sup>11</sup> Prepared Testimony of Senator Curt Bramble before the Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security of the Committee on Commerce, Science and Transportation of the United States Senate 5/5/15 ([http://www.commerce.senate.gov/public/?a=Files.Serve&File\\_id=e04ed738-02a8-4c96-8aef-67eccb81e8fc](http://www.commerce.senate.gov/public/?a=Files.Serve&File_id=e04ed738-02a8-4c96-8aef-67eccb81e8fc))

<sup>12</sup> Prepared Testimony of John Cox before the Committee on Transportation and Infrastructure of the United States House of Representatives 3/17/15 (<http://transportation.house.gov/uploadedfiles/2015-03-17-cox.pdf>)

## STATES CONCERNED ABOUT UNCERTAINTY

### **8. Colorado:**

“At Colorado DOT, [executive director Shailen] Bhatt says, ‘We’re evaluating the program right now.’ He says the state may let the situation in Washington play out a bit before making decisions, but adds that there are definitely projects that we will not advertise and we will not let contracts if the funding is not there.”<sup>13</sup>

### **9. Connecticut:**

“The law that authorizes federal transportation spending in Connecticut and across the nation runs out at the end of the month, and the fund that pays for that spending is expected to go broke two months later, but Connecticut says it has funding in place for at least six months' worth of projects if Congress fails to act in time to avert the looming crisis....Connecticut Department of Transportation spokesman Judd Everhart said, ‘We have all funding in place for current projects for at least the next six months.’”<sup>14</sup>

“Kevin Nursick, spokesman for the Connecticut Department of Transportation, said ‘uncertain federal funding’ is something the DOT and the state has to deal with continually. ‘We have had basically stagnant federal funding levels while infrastructure needs have been increasing,’ he said. ‘On top of that ... is the uncertainty of federal funding in the future. ‘This has left states in a very tough position in trying to plan infrastructure needs,’ Nursick said.”<sup>15</sup>

### **10. Michigan**

“Uncertainty over funding has placed in limbo \$7.55 million worth of road and bridge improvements in Wayne County, said Lloyd Jackson, spokesman for Executive Warren Evans. Without federal aid, six projects won't begin this summer as planned, including a \$2.5 million resurfacing of Sibley Road in Brownstown; \$1.5 million for concrete patching along Merriman Road in Romulus; \$1.5 million to resurface Inkster Road in Livonia and Redford Township; and \$1.25 million to reconstruct and resurface Chandler Park Drive in Detroit. The bidding and approval process takes time, and ‘generally speaking, if the feds do not obligate the money for these projects by early June, it is quite likely that we will not be able to start these projects this year,’ Jackson said.”<sup>16</sup>

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<sup>13</sup> Engineering News-Record 2/27/15 ([http://enr.construction.com/policy/washington\\_observer/2015/0227-state-dots-plan-ways-to-cope-with-uncertain-federal-funds.asp](http://enr.construction.com/policy/washington_observer/2015/0227-state-dots-plan-ways-to-cope-with-uncertain-federal-funds.asp))

<sup>14</sup> Hartford Courant 5/18/15 (<http://www.courant.com/politics/hc-ctm-transportation-funds-0519-20150518-story.html>)

<sup>15</sup> New Haven Register 2/25/15 (<http://www.nhregister.com/general-news/20150225/uncertain-funding-a-problem-for-aging-roads-in-connecticut-nation>)

<sup>16</sup> The Detroit News 5/15/15 (<http://www.detroitnews.com/story/news/politics/2015/05/14/federal-road-aid-risk-michigan/27350213/>)

### **11. Mississippi:**

“If U.S. Congress does not take action with regard to the Highway Trust Fund, the Mississippi Department of Transportation’s (MDOT) main focus will continue to shift toward system preservation, and the backlog of highway and bridge projects will continue to grow.... ‘If Congress doesn’t address long-term infrastructure needs, our transportation network is going to continue to deteriorate,’ said MDOT Executive Director Melinda McGrath. ‘This delay is not only halting progress, but it will eventually create safety hazards for the traveling public.’”<sup>17</sup>

### **12. Nebraska:**

“The state plans to delay federally funded highway projects beginning in July 2015 unless Congress passes an extension of highway funding before May 31. Randy Peters, director of the Nebraska Department of Roads, said it’s too risky for the state to begin work when federal funding is uncertain.”<sup>18</sup>

### **13. Nevada:**

“Nevada DOT Director Rudy Malfabon says his agency hasn’t yet postponed bid lettings, but it has advised the State Transportation Board about the ‘slate of projects that would be slowed down if we don’t see any relief on funding.’ They include highway preservation projects on Interstate 80. Malfabon also says, ‘The lack of long-term funding just means that we have to very hesitant to pull the trigger on larger projects.’ For example, near Las Vegas, the state DOT would like to widen the freeway and frontage road and construct bridges over rail tracks. He says, ‘But if we don’t have the federal funds to do something...of that magnitude, what’s the use of pulling the trigger on something that large if you can’t pay for it?’”<sup>19</sup>

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<sup>17</sup> MDOT 3/19/15 (<http://sp.mdot.ms.gov/Public%20Affairs/Lists/News%20Releases/Item/displayifs.aspx?List=ae1b236c-924d-498c-b14e-aafec6dc2864&ID=1447&Source=http%3A%2F%2Fspgomdot%2FPublic%2520Affairs%2FPages%2FNews-Releases%2Easpx&ContentTypeld=0x010087606675CA7A95408B80E8BFBB944273&IsDlg=2>)

<sup>18</sup> Norfolk Daily News 2/23/15 ([http://norfolkdailynews.com/news/nebraska-eyes-road-funding-options-as-federal-aid-declines/article\\_1d451bd0-bb6f-11e4-b991-033e56029ce1.html](http://norfolkdailynews.com/news/nebraska-eyes-road-funding-options-as-federal-aid-declines/article_1d451bd0-bb6f-11e4-b991-033e56029ce1.html))

<sup>19</sup> Engineering News-Record 2/27/15 ([http://enr.construction.com/policy/washington\\_observer/2015/0227-state-dots-plan-ways-to-cope-with-uncertain-federal-funds.asp](http://enr.construction.com/policy/washington_observer/2015/0227-state-dots-plan-ways-to-cope-with-uncertain-federal-funds.asp))

## 14. New York

“Congresswoman Nita Lowey (Westchester/Rockland), the Ranking Member on the House Appropriations Committee, today was joined by elected, labor, and business representatives to highlight how Congressional failure to enact a long-term reauthorization of the Highway Trust Fund, which is set to expire May 31, would adversely impact the Ashford Avenue Bridge construction project in Dobbs Ferry and thousands of transportation projects throughout the country....‘I’m urging Congress to immediately pass a long-term Highway Trust Fund reauthorization, so that federal funding for local construction projects like the Ashford Avenue Bridge is not jeopardized,’ [said Lowey]....The federal government has allocated approximately \$5 million for the Ashford Avenue Bridge, which is in the final stages of contracting approval. Expiration of the Highway Trust Fund on May 31, 2015, would terminate New York’s contract authority, meaning the state could not receive the funding that has already been set aside for the bridge. Without these federal funds, local taxpayers would be on the hook for construction costs.”<sup>20</sup>

## 15. Pennsylvania:

“If Congress cannot pass a fully realized transportation funding bill or an extension by May 31, states will lose billions of dollars worth of infrastructure improvement projects. In Pennsylvania, that means \$1.6 billion in local, state and federal road, bridge and multimodal transportation projects. If Congress does not pass a federal transportation funding bill, PennDOT Secretary Leslie Richards said it will have a negative effect on Pennsylvania's infrastructure. Richards said she remains optimistic that a bill will get passed before the deadline runs out. ‘At this point I can’t allow myself the thought that it’s not going to happen because it would just be so devastating to PennDOT and to the country’s infrastructure,’ Richards said....U.S. Rep. Lou Barletta, R-Hazleton, said crucial infrastructure projects -- like the widening of Interstate 81 -- can only occur after Congress passes a long-term transportation funding bill.”<sup>21</sup>

“‘Act 89 put us in fairly good shape compared to other states, but federal funding is a key component,’ PennDOT spokesman Rich Kirkpatrick said. ‘We get \$1.5 to \$1.6 billion a year. If somehow federal funding stopped, all the progress under Act 89 would be delayed.’...[According to former PennDOT Secretary Barry Schoch, a special adviser to Gov. Tom Wolf,] ‘Every time the federal government defers action, it’s increasing the cost.’”<sup>22</sup>

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<sup>20</sup> RealEstateRama 5/18/15 (<http://newyork.realestaterama.com/2015/05/18/lowey-highlights-adverse-impact-of-highway-trust-fund-expiration-on-ashford-avenue-bridge-construction-project-ID03348.html>)

<sup>21</sup> PennLive 5-21-15 ([http://www.pennlive.com/midstate/index.ssf/2015/05/16/billion\\_in\\_pennsylvania\\_roa.html](http://www.pennlive.com/midstate/index.ssf/2015/05/16/billion_in_pennsylvania_roa.html))

<sup>22</sup> TRIBLIVE News 2/21/15 (<http://triblive.com/news/allegheeny/7789062-74/federal-funding-pennsylvania#axzz3SaVKQ0WQ>)

## 16. Texas

“There are a number of strategic corridor improvements needed across the state in both our rural and metro areas that could be more aggressively advanced with a long-term federal funding bill,’ said Texas Department of Transportation spokesman Nick Wade. Texas officials say they have been making good progress chipping away at the state’s inventory of structurally deficient or functionally obsolete bridges, which comprises about a fifth of the state’s 52,937 bridges. But they say they are unable to start major projects without guarantees of all the future federal funding.”<sup>23</sup>

## 17. Vermont:

“Federal funding for many state and local projects will expire at the end of May. [Vermont House Transportation chairman Pat] Brennan says it’s very difficult to predict how Congress will resolve this issue, and he says many Vermont projects could be at risk. ‘It could be devastating,’ he says. ‘I’m hoping not, but there’s so much uncertainty out there right now that I think we have to act now as a state.’”<sup>24</sup>

“‘In the short term, if Congress doesn’t pass a spending bill, we will borrow money on a cash flow basis from the state treasury,’ says [Secretary for Vermont’s Agency of Transportation Sue] Minter. Minter says come May, there will be a budget gap in the highway trust fund of \$15 billion. Not passing a new spending bill would mean the loss of \$200 billion to \$300 billion for Vermont. ‘We will have to put a halt on all these important projects and there are hundreds of miles of paving to be done this summer and hundreds of bridges needing repair,’” says Minter.”<sup>25</sup>

## 18. Virginia:

“Virginia’s governor said his state will soon have to begin shutting down transportation improvement projects if Congress does not fund and reauthorize the federal Highway Trust Fund before the end of this month. Gov. Terry McAuliffe (D) said there are 341 current projects that will have to stop unless Congress acts.... McAuliffe’s transportation secretary, Aubrey Lane Jr., said he has already started a short-term cash management program so the department does not have to shut down projects until absolutely necessary. ‘Once we stop, it costs us a lot of money,’ Layne said. Layne said, if necessary, the Virginia Commonwealth Transportation Board, or CTB, would make decisions about which projects are closest to completion, so they would keep their funding as long as possible.”<sup>26</sup>

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<sup>23</sup> Houston Chronicle 5/20/15 (<http://www.houstonchronicle.com/news/houston-texas/houston/article/Texas-waits-while-Congress-stalls-on-highway-6276821.php>)

<sup>24</sup> VPR 5/16/15 (<http://digital.vpr.net/post/local-national-pressures-threaten-vermont-transportation-fund>)

<sup>25</sup> myChamplainValley.com 3/12/15 (<http://www.mychamplainvalley.com/story/d/story/federal-funding-set-to-run-out-for-highway-trust-f/77497/PXagYZEKcUq80UXRNu6aOg>)

<sup>26</sup> Transport Topics 5/12/15 (<http://www.ttnews.com/articles/basetemplate.aspx?storyid=38243&t=Va-Gov-McAuliffe-Says-Congressional-Inaction-Imperils-Road-Projects>)

## 19. West Virginia:

“In West Virginia, funding uncertainty caused state DOT officials to reduce and rework highway funding levels in 2014, and that has continued this year. Gregory L. Bailey, state highway engineer, says that before 2014, West Virginia’s annual highway program had totaled about \$500 million, but ‘because of the funding levels and the uncertainty, we’ve reduced that down to a little over \$400 million a year.’ The mix of funds also changed. Highway expansion projects, which had been about \$250 million a year before 2014, were trimmed to about \$120 million. But what Bailey terms the state’s ‘regular’ program—which includes paving, small bridge-replacement jobs and resurfacing—rose to \$280 million a year from \$250 million. So far this year, Bailey says WVDOT hasn’t postponed any projects, ‘but we’re about a month away from making decisions on what we do on that front, if we don’t see any movement on the extension, or something.’”<sup>27</sup>

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<sup>27</sup> Engineering News-Record 2/27/15 ([http://enr.construction.com/policy/washington\\_observer/2015/0227-state-dots-plan-ways-to-cope-with-uncertain-federal-funds.asp](http://enr.construction.com/policy/washington_observer/2015/0227-state-dots-plan-ways-to-cope-with-uncertain-federal-funds.asp))