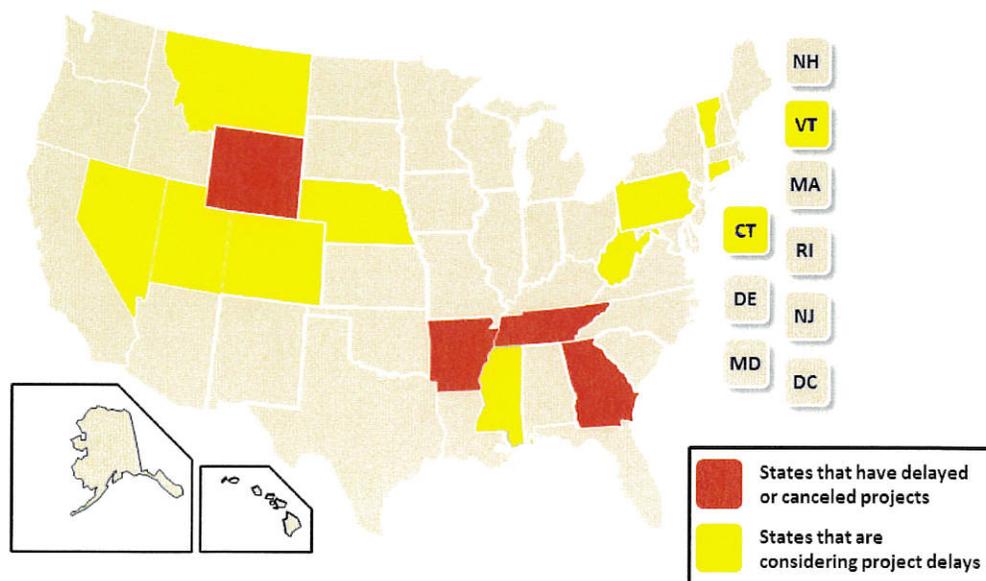


Looming Highway Trust Fund Crisis: Impact on State Transportation Programs

Federal funds, on average, support 52 percent of annual state department of transportation (DOT) capital outlays for highway and bridge projects.¹ 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 now authorized through May, and the U.S. Department of Transportation says it will need to begin slowing down reimbursements to state DOTs in July if additional trust fund revenue is not generated. As a result, 14 states (indicated on the map below) have expressed concerns about the feasibility of future transportation projects. According to state DOT officials, over \$1.8 billion in projects is at risk if federal funding is disrupted. Already, four states have delayed or canceled projects valued at \$805.4 million.



¹ 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.²

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:

“The Arkansas State Highway and Transportation Department (AHTD) has withdrawn 56 construction projects scheduled for consideration in its April 21, 2015 bid opening due to continuing uncertainty of Federal-aid reimbursements available from the Federal Highway Trust Fund. The estimated value of projects withdrawn from the April bid opening is more than \$112 million and includes \$50 million authorized by the Arkansas Highway Commission for its 2015 highway overlay program. This brings the total number of projects withdrawn from the 2015 bid openings to 61. The estimated construction value of these withdrawn projects is \$162 million.... ‘Now that we have cancelled our overlay program for this year, there are few areas in the State that are not affected by projects withdrawn from the April bid letting,’ said AHTD Director Scott Bennett. ‘If you stop and think about the economic impact this has – not only on construction jobs, but the lost commerce that results in each local area because construction isn’t taking place – then you begin to understand the trickle-down effect and the urgency of solving this national problem.’”³

“Bennett says about \$1.1 billion worth of highway improvements over the next two years are in jeopardy because of the condition of the federal fund, and the state has already cut \$60 million worth of highway projects this year.”⁴

² Progressive Railroading 3/16/15 (http://www.progressiverailroading.com/passenger_rail/article/Transit-agencies-plan-their-moves-as-Congress-dances-around-funding-questions--43738)

³ Arkansas matters.com 3/24/15 (<http://www.arkansasmatters.com/story/d/story/arkansas-highway-projects-cancelled-over-uncertain/34398/XKifsJj2zk6qu4vnYfeB0w>)

⁴ thecabin.net 2/21/15 (<http://thecabin.net/news/local/2015-02-21/arkansas-officials-warn-canceled-highway-projects#.VOuB7fnF98E>)

2. Georgia:

Between July 2014 and February 2015, the Georgia Department of Transportation has placed 112 ready to let projects valued at \$214.9 million on hold due to lack of federal funding.⁵

3. 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.”⁶

4. 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.”⁷

⁵ GDOT 1/15/2015 (<https://www.dot.ga.gov/aboutGeorgiadot/Board/Presentations/February2015Letting.pdf>)

⁶ The Tennessean 10/30/14 (<http://www.tennessean.com/story/news/politics/2014/10/29/tdot-delays-million-worth-road-projects/18140949/>)

⁷ 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

5. 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.”⁸

6. Connecticut:

“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.”⁹

7. 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.’”¹⁰

⁸ 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)

⁹ New Haven Register 2/25/15 (<http://www.nhregister.com/general-news/20150225/uncertain-funding-a-problem-for-aging-roads-in-connecticut-nation>)

¹⁰ MDOT 3/19/15

(<http://sp.mdot.ms.gov/Public%20Affairs/Lists/News%20Releases/Item/displayifs.aspx?List=ae1b236c-924d-498c-b14e-aaefec6dc2864&ID=1447&Source=http%3A%2F%2Fspg.omdot%2FPublic%2520Affairs%2FPages%2FNews-Releases%2Easpx&ContentTypeId=0x010087606675CA7A95408B80E8BFBB944273&IsDlg=2>)

8. Montana:

"Michael T. Tooley, Montana DOT's director, said his state is 'having to come up with contingency plans right now, because the way the federal measure was set up, May 31st is just the start of our construction season and because...we have such as short one we like to try and get 85% of our work out the door in those first couple of months.'... Montana DOT hasn't postponed bid lettings yet. But Tooley says, 'We are looking at the late March lettings for the first potential projects to slip to later months.' He adds, 'We are not going to meet our goal of letting 85% of our work early....May 31st was not a good time to have this issue come up.'"¹¹

9. 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."¹²

10. 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?'"¹³

¹¹ 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)

¹² 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)

¹³ 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)

11. Pennsylvania:

“‘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.’”¹⁴

12. Utah:

Utah DOT Executive Director Carlos M. Braceras: “With the uncertainty of when—or even if—Congress will authorize the rest of the 2015 program, Utah, and other cold-weather States may miss this construction year for a full third of our programs. 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.”¹⁵

13. Vermont:

“‘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.”¹⁶

¹⁴ TRIBLIVE News 2/21/15 (<http://triblive.com/news/alleggheny/7789062-74/federal-funding-pennsylvania#axzz3SaVKQ0WQ>)

¹⁵ Prepared Testimony of Carlos M. Braceras before the Committee on Environment and Public Works of the United States Senate 2/25/15 (http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=3ebb37c8-2a0f-4bc7-aea2-5945b7a856bd)

¹⁶ myChamplainValley.com 3/12/15 (<http://www.mychamplainvalley.com/story/d/story/federal-funding-set-to-run-out-for-highway-trust-f/77497/PXagYZEKcUq80UXRnu6aOg>)

14. 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.’”¹⁷

¹⁷ 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)

