

States Forced to Delay Millions of Dollars in Highway Contracts

September 9, 2008

States have put the brakes on millions of dollars of highway construction projects and are scrambling to substitute scarce state funds for the federal funds that have been cut off due to the crisis in the Highway Trust Fund.

"States are suspending new contract awards, halting right-of-way acquisition and looking for ways to stop on-going construction while maintaining public safety," said AASHTO Executive Director John Horsley. "It is truly a crisis that Congress must resolve immediately. Every day the federal IOUs are piling up and the states' financial hole gets deeper."

U.S. Secretary of Transportation Mary Peters announced on Friday that the federal government would slow down reimbursements to the states, and would likely be able to make only partial payments beginning next week, due to insufficient funds in the Highway Trust Fund. She has urged Congress to enact by the end of the week, a \$8 billion transfer from the General Fund to preserve the solvency of the Highway Trust Fund. Action is pending in the Senate.

More than a dozen states have detailed the impacts of the federal default on state programs, either in news releases or via media reports. Those impacts are available on the AASHTO website www.transportation.org or at the following links:

ALABAMA

Diminished Fuel Taxes Causes Rationing of Federal Funding

<http://www.dot.state.al.us/NR/ronlyres/2124AC24-B723-467D-9C4D-DC8D78FB52B5/0/99HTF.doc>

ARIZONA

Federal Highway Fund Bankruptcy Hits Arizona: ADOT to Delay New Federally Supported Projects

<http://www.azdot.gov/ccpartnerships/news/NRel2175.asp>

Arizona Highway Projects Stall Out in Face of Shortfall

Link to story in The Arizona Republic:

<http://www.azcentral.com/arizonarepublic/local/articles/2008/09/06/20080906adot0906.html>

CALIFORNIA

Statement from Caltrans Director Will Kempton:

Today, the U.S. Department of Transportation announced that effective Monday, September 8, the Federal Highway Administration will delay financial reimbursements from the Highway Trust Fund to all states. Here is a statement from California Department of Transportation (Caltrans) Director Will Kempton in response:

"This latest announcement from the U.S. Department of Transportation aggravates an already tight budget problem for California's transportation program. We had projected that the state budget impasse could impact ongoing transportation construction projects by October. However, delays in federal reimbursements could exacerbate this situation. Failure to resolve this issue will have a significant impact on California and the rest of the nation. Unless resolved, this situation could result in delaying, reducing, or canceling transportation projects. The ripple effect could impact the state's economy through loss of revenues, reduced productivity and increased unemployment. In July, I wrote a letter to California's congressional delegation emphasizing the need to resolve this issue at the earliest possible date. We will continue working with Congress and federal transportation officials to secure the passage of legislation that will address the funding shortfall in the Highway Trust Fund."

COLORADO

Colorado Trying to Cope with Federal Cuts to Road Funds

Link to story in the Rocky Mountain News:

<http://www.rockymountainnews.com/news/2008/sep/06/state-trying-to-cope-with-federal-cuts-to-road/>

KANSAS

State of Kansas Department of Transportation expresses some funding concerns

Link to story in The Fort Scott Tribune:

<http://www.fstribune.com/story/1459509.html>

MICHIGAN

US Road Fund Short, May Pinch Big Projects in Michigan

Link to AP story:

<http://www.freep.com/apps/pbcs.dll/article?AID=/20080906/NEWS07/809060334>

MINNESOTA

Minnesota Projects Not Effected

Link to story in the Star Tribune:

http://www.startribune.com/local/27914954.html?elr=KArksLckD8EQDUoaEyqyP4O:DW3ckUiD3aPc:_Yyc:aULPQL7PQLanchO7DiUsA

MISSOURI

Missouri DOT Watches Washington Money Situation

Link to story on KRMS Radio:

<http://www.1150krms.com/?q=node/3220>

Highway Trust Fund Shortfall Could Cause State Highway Projects to be Canceled

<http://www.modot.org/newsandinfo/District0News.shtml?action=displaySSI&newsId=21745>

NEW HAMPSHIRE

New Hampshire Worries Feds Might Hamper Road Work

Link to AP story:

http://www.boston.com/news/local/new_hampshire/articles/2008/09/06/nh_worries_feds_might_hamper_road_work/

OKLAHOMA

Highway Construction Halted by Oklahoma DOT

http://www.okladot.state.ok.us/newsmedia/press/08_051_highway_construction_halted_by_odot.pdf

PENNSYLVANIA

PENNDOT Secretary Says Federal Funding Shortfall Could Impact PA'S Highway, Bridge Program
Congress Needs to Enact Fix to Restore Fund

http://downloads.transportation.org/PA_RIs_Trust_Fund_0905081.doc

\$8 Billion in State Highway Funding at Risk in Pennsylvania

Link to story in the Pittsburgh Tribune-Review:

http://www.pittsburghlive.com/x/pittsburghtrib/news/state/s_586804.html

TEXAS

TxDOT says highway fund close to depletion

Link to story in the San Antonio Business Journal:

<http://www.bizjournals.com/sanantonio/stories/2008/09/08/daily12.html>

WASHINGTON

Gov. Gregoire's Statement on the Federal Highway Transportation Funding Bankruptcy

<http://www.governor.wa.gov/news/news-view.asp?pressRelease=985&newsType=1>

Washington Projects Could be Affected as Federal Fund for Roads Runs Dry

Link to AP story:

http://seattletimes.nwsourc.com/html/localnews/2008161902_roads06.html

NATIONAL

Highway Fund Bailout Now Backed by Bush Administration

Link to story in The Los Angeles Times

<http://www.latimes.com/news/nationworld/nation/la-na-highway6-2008sep06.0.4699247.story>

Senator Inhofe Urges Immediate Action to Prevent Highway Trust Fund Insolvency

http://media-newswire.com/release_1072317.html

Highway Fund Shortfall May Halt Road Projects

Link to story in The New York Times:

http://www.nytimes.com/2008/09/06/us/06highway.html?_r=1&scp=2&sq=highway%20fund&st=cse&oref=slogin

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444 North Capitol Street, NW Suite 249, Washington D.C. 20001

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