

The Highway Trust Fund and Maine's Roads and Bridges:

The Highway Trust Fund will become insolvent towards the end of August unless immediate action is taken to bolster it. That doesn't bode well for the transportation community and makes the \$61 million that the MaineDOT and the FHWA intends to squander on the I-395/Route 9 Transportation Study's 2B-2/preferred alternative even more significant. That \$61 million would be better spent on the unmet transportation needs of the State of Maine. The following link was provided by Representative Verow:

States Hit the Brakes on Road Projects As Federal Fund Goes Broke

July 02, 2014 | By Adrienne Lu

Excerpts from original article:

Instead of shifting into high gear during what is normally the peak of construction season, state transportation departments around the country are easing off the gas pedal as the federal Highway Trust Fund barrels toward insolvency sometime next month.

The U.S. Department of Transportation estimates that the highway account of the Highway Trust Fund, which allocated \$37 billion to the states for highway projects in the fiscal year that ends September 30, will run out of money in August unless Congress can come up with a solution before then. (The mass transit account of the fund is in slightly better shape, but not by much.)

In the absence of intervention by Congress, federal officials plan to implement cash management procedures beginning August 1 that would mean reduced payments to states along with delays in reimbursements.

For the states, which rely heavily on the federal funds to maintain, improve and build roads, bridges and rail projects and bicycle and pedestrian facilities, the situation could spell serious trouble in an area that directly impacts both public safety and economic development. Given the uncertainty over the federal funding, a number of states have delayed projects to avoid getting stuck with bills they can't pay or starting projects they can't finish.

Tony Dorsey, a spokesman for the American Association of State Highway and Transportation Officials, said that if the Highway Trust Fund runs out of money, some states will not be able to move forward with projects they had planned to build this year while others may not be able to pay contractors for work that has already been done.

<http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2014/07/02/states-hit-the-brakes-on-road-projects-as-federal-fund-goes-broke>



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DOT updates Highway Trust Fund tickers as shortfall looms

Posted by Anthony Foxx

Today, as we've been doing each month since January, the Department of Transportation updated our [Highway Trust Fund tickers](#). The tickers are charts showing how much money we have left to spend on roads, bridges, and transit --and how quickly it is running out.

If you've been reading the Fast Lane this spring, you know that our budget analysts have projected a shortfall in the Highway Account before we reach the end of this fiscal year. So far, all of their monthly predictions have been on target, and this month was no different. Unfortunately, that accuracy is not good news, because it means we're still expecting a shortfall as early as August.

What does a shortfall mean? It means we could start bouncing checks for roadwork before our kids go back to school. It means we'll have to delay funding your state's efforts to maintain and improve the roadways near you.

From Bangor, Maine, to Bakersfield, California, and Key West to Ketchikan, highway work may be postponed.

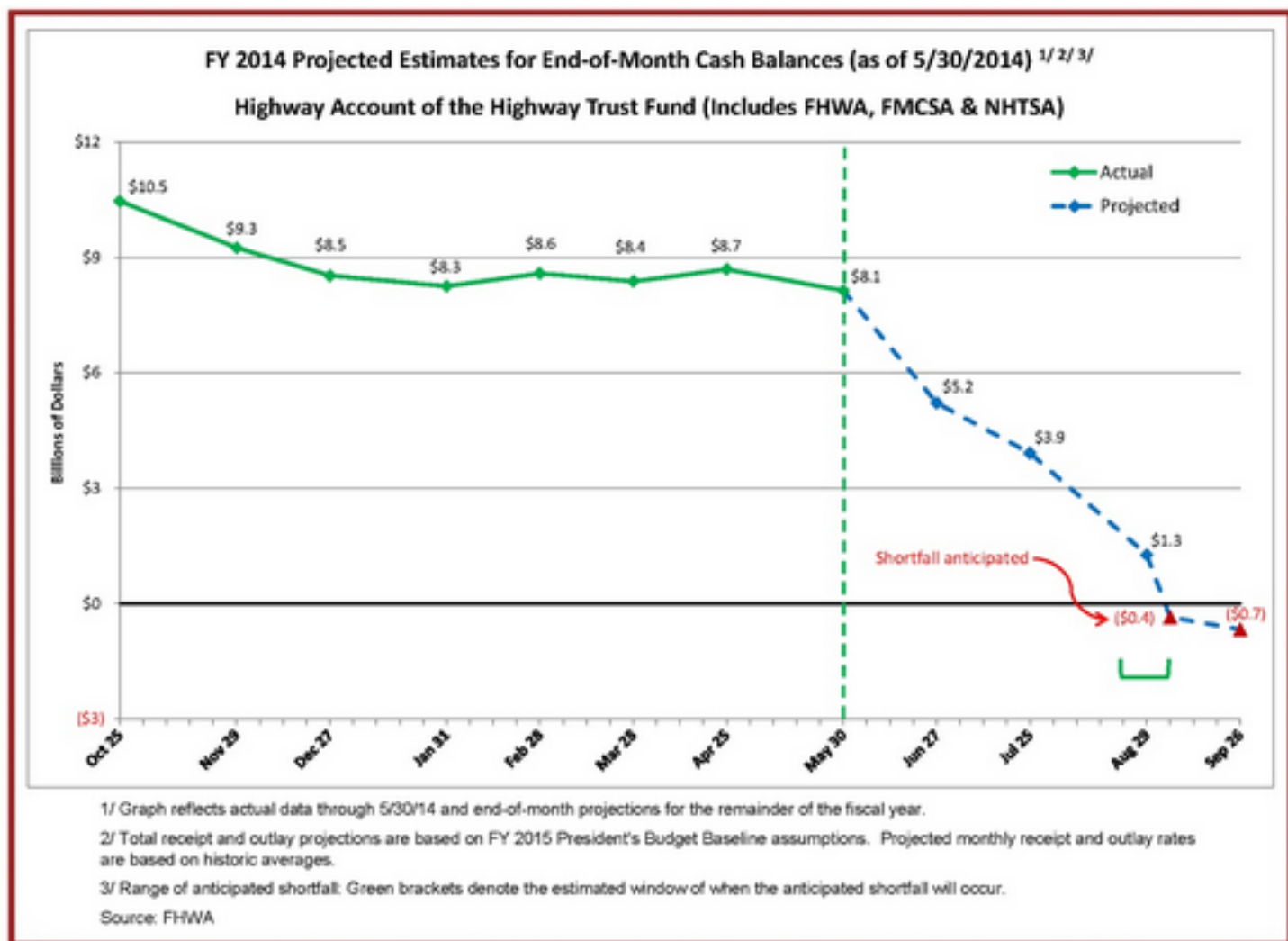
If you work in road construction or maintenance, the situation is worse than unrepaired pavement or road projects that aren't moving forward--it means jobs in jeopardy. In fact, several states are already postponing road contracts because they cannot count on a reliable funding source.

That's why, two months ago, I sent Congress our [GROW AMERICA](#) legislative proposal, which outlines a way to replenish the trust fund and revitalize our transportation system—without adding to our deficit.

The updated [Highway Trust Fund tickers](#) we published today are a reminder that Congress needs to [fix the highway trust fund](#) before it runs dry.

In a challenging legislative environment, that doesn't give us a lot of time.

<http://www.dot.gov/fastlane/dot-updates-highway-trust-fund-tickers>



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- Anticipated shortfall to occur within the green bracket centered on August 29th with an anticipated shortfall of \$700 million near the end of the fiscal year.

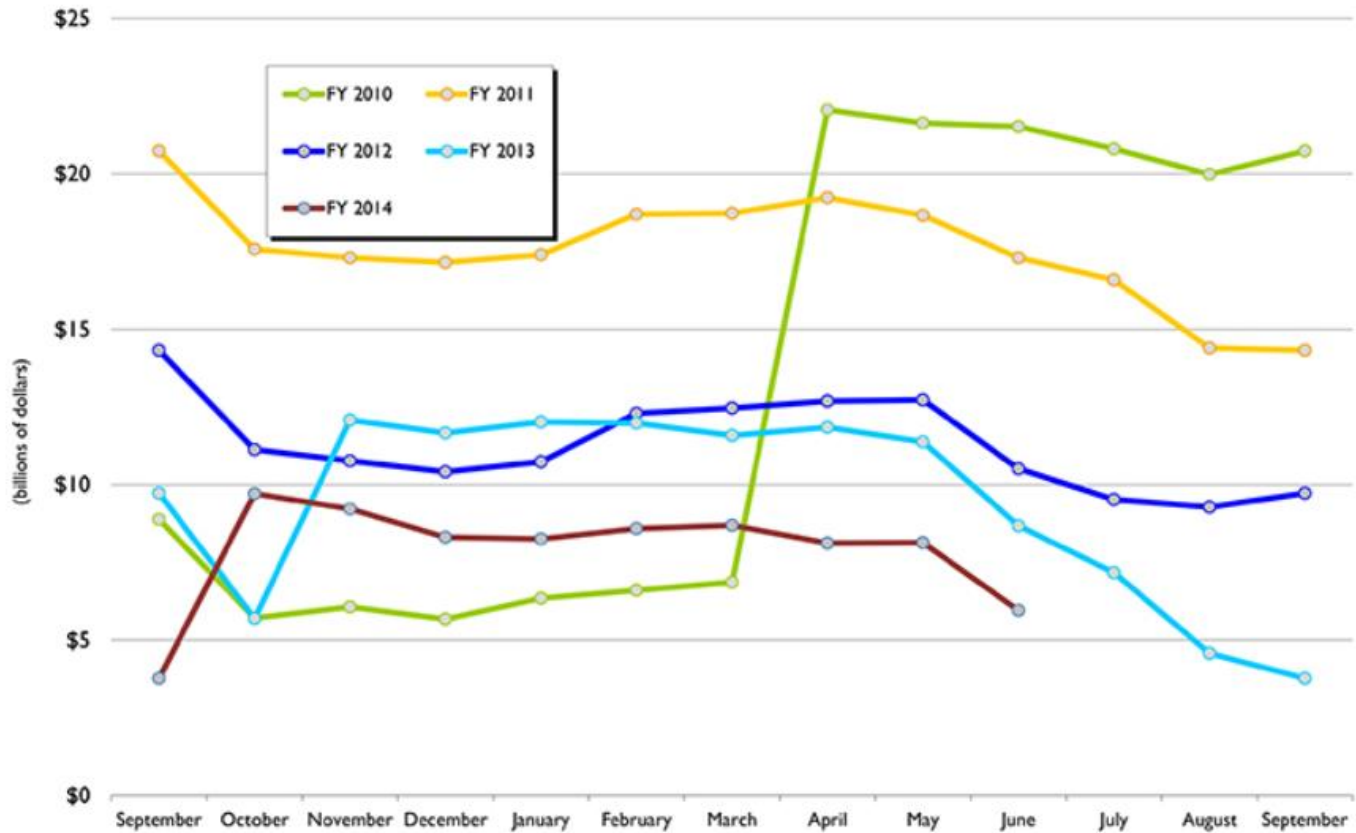
Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Highway Account of the Highway Trust Fund will encounter a shortfall before the end of fiscal year (FY) 2014.

- The Highway Account began FY 2014 with approximately \$1.6 billion in cash.
- A \$9.7 billion transfer from the General Fund to the Highway Account was processed shortly after the start of the fiscal year (\$10.4 billion authorized in MAP-21, reduced by sequestration).
- The cash balance has dropped by nearly \$3.8 billion since the General Fund transfer occurred. As of May 30, 2014, the Highway Account cash balance was \$8.1 billion.

<http://www.dot.gov/highway-trust-fund-ticker>

Status of the Highway Trust Fund

Highway Account Balance



Ending balance for FY 2010 includes \$14.7 billion transferred from the General Fund in April pursuant to Public Law 111-147.

Ending balance for FY 2012 includes \$2.4 billion transferred from the Leaking Underground Storage Tank Trust Fund in August pursuant to Public Law 112-141

Ending balance for FY 2013 includes \$6.2 billion transferred from the General Fund in November pursuant to Public Law 112-141, of which \$316.2 million was sequestered in August.

Ending balance for FY 2014 includes \$10.4 billion transferred from the GF in October pursuant to Public Law 112-121 less sequester of \$748.8 million

<https://www.fhwa.dot.gov/highwaytrustfund/>

LePage: Savings, bonds could bridge federal highway shortfall

If Congress fails to reauthorize federal highway funding, Maine could spend \$29 million to keep projects going.

BY MATT BYRNE STAFF WRITER

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Excerpts from original article:

If congressional leaders in Washington fail to make a deal to replenish billions of dollars in federal highway funding by the end of July, Maine plans to draw on savings and bond money so it may continue with road and bridge projects during August and September.

The temporary funding plan, announced Friday by the office of Gov. Paul LePage, would rely on an estimated \$27 million to \$29 million from a state transportation trust fund and, if a long-term solution proves elusive, additional bonding money.

At issue is the federal Highway Trust Fund, which is funded by the federal fuel tax and distributed to states to pay for infrastructure projects.

Without congressional action, the highway fund is expected to become insolvent by the beginning of August, triggering a roughly 70 percent reduction in reimbursements to states.

In August alone, the state expected to receive \$40 million in federal cash to pay for construction projects, or about a quarter of the roughly \$165 million Maine receives annually in federal highway dollars.

“Again, this is not new money, and if federal funds for full reimbursements are not restored, there will be a need to curtail projects statewide,” said Maine Transportation Commissioner David Bernhardt. “If there is still no resolution to the cash-flow crisis by Oct. 1, there will be few options left and would likely force a devastating decision to reduce and/or delay payments to contractors for work already performed.”

<http://www.pressherald.com/2014/07/11/lepage-savings-bonds-could-bridge-federal-highway-shortfall/>

LePage dings Michaud for highway fund shortfall...

July 11, 2014 Governor LePage, Other news Alex Willette, Barack Obama,
Highway Trust Fund, Mike Michaud, National Governors Association, Paul LePage, religion
By Mario Moretto

Excerpts from original article:

The Highway Trust Fund is used to pay the federal government's share of highway and transit infrastructure costs. The feds pay about a quarter of the cost for these sorts of projects while state and local governments shoulder the rest.

The main source of revenue for the Highway Trust Fund is the gas tax, which has stayed level at just over 18 cents per gallon since the early '90s. But Americans are driving less, and when they do drive, they're doing so in more fuel-efficient vehicles. Meanwhile, the amount of transportation infrastructure work needed has stayed stable or grown, and the gas tax hasn't been enough to meet the need.

So there's a shortfall. There's only about \$3.9 billion in the fund right now, and the government predicts that by late August or early September, the account will be in the red. If the issue isn't addressed, and quickly, nearly \$50 billion worth of highway and transit infrastructure this year will be affected.

Because of gridlock in Congress, there's been no bill passed to stabilize the Highway Trust Fund. So the feds have begun informing the states that new "cash management procedures" will begin on Aug. 1. In his letter to Michaud, LePage says that will result in a \$27 million to \$29 million cut in funding for projects in Maine.

LePage said that, if necessary, he will seek additional bonds to cover whatever shortfall is created in Maine by Congressional inaction. He also criticizes Michaud, and said that if nothing is done, Maine should be allowed to collect the gas tax that currently goes into Congressional coffers.

Maine Department of Transportation Commissioner David Bernhardt said a reduction this summer in federal funding would hit Maine especially hard.

"This potential inaction would have devastating effects in Maine," he said in a written statement. "Unlike warm-weather states, Maine has hundreds of capital projects that are performed in a short construction season." Basically, even if funding only takes a cut for a few months while Congress gets its act together, it'll have a big impact on Maine projects, and on jobs.

It's also worth noting that while the Transportation Committee is responsible for coming up with a long-term solution to the regular funding issues in the Highway Trust Fund, it's the House Ways and Means Committee that's charged with establishing a short-term solution right now. Michaud is not a member of that committee.

Ways and Means introduced a proposal last week that would replenish the Fund until May, and the House is expected to act on the proposal next week.

<http://stateandcapitol.bangordailynews.com/2014/07/11/lepage-dings-michaud-for-highway-fund-shortfall-obamas-problem-with-christians/>

Maine braces for steep drop in highway project funds

Millions of dollars will be unavailable soon unless Congress comes up with the badly needed federal money by month's end.

BY MATT BYRNE STAFF WRITER

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Excerpts from original article:

State transportation officials are planning for a possible shortfall of federal highway dollars that could begin as early as August, cutting a flow of money that pays as much as 80 percent of the cost of Maine's road and bridge projects.

The federal Highway Trust Fund, which helps states pay for transportation projects, is expected to become insolvent by the end of July unless Congress acts to replenish it.

Last year, Maine received \$165 million in federal funds to help pay for hundreds of projects. During the peak construction season, federal officials reimburse the state at a rate of \$5 million to \$10 million a week, said Karen Doyle, director of finance for the Maine Department of Transportation.

Revenue for the Highway Trust Fund comes from the federal gas tax, which is 18.4 cents per gallon, a rate that has not been raised since 1993. Because of inflation and the increased efficiency of modern vehicles, fuel tax revenue doesn't go as far as it used to, according to the Congressional Budget Office.

By comparison, Maine's taxes for gasoline and diesel are now 30 cents and 31 cents, respectively, and were last increased in 2010.

The state plans to complete 425 capital projects in 2014, costing \$190 million, according to the Department of Transportation's three-year work plan.

Funding varies for each project, but in general, many are about 80 percent financed by the federal government, said MDOT spokesman Ted Talbot.

Still, according to Doyle, the department expects it will need about \$110 million more than it now gets in federal and state funding each year to properly repair and maintain the state's highway and bridge system.

Of Maine's 2,402 bridges, about 30 percent don't measure up, according to Transportation Makes America Work, another transportation advocacy group. The group says 342 are "structurally deficient," and 379 are functionally obsolete.

The state did authorize \$160 million in bridge reconstruction money, but that funding has run out, Fuentes said.

"Where we fall really, really short is in terms of the highway reconstruction and rehab projects," she said. "The obvious reason is that it costs far more to (reconstruct) a road or a bridge than it does to pave a road."

<http://www.pressherald.com/2014/07/04/maine-braces-for-steep-drop-in-highway-project-funds/>

Funding requests, fiscal shortfalls and failing infrastructure:

MaineDOT applied for \$36.41 million in Federal TIGER Grants in April 2014:

<http://maine.gov/mdot/tigergrants/tiger2014/phillipsmadrid/index.htm>

<http://maine.gov/mdot/tigergrants/tiger2014/perumexico/index.htm>

<http://maine.gov/mdot/tigergrants/tiger2014/smlbrg/index.htm>

MaineDOT snow removal was already reported over budget by \$10 million for the 2013/2014 season as of February 23, 2014:

<http://bangordailynews.com/2014/02/23/news/state/maine-department-of-transportation-spending-10-million-more-than-average-to-keep-roads-clear-this-winter/>

There is an average annual shortfall of \$101 million in MaineDOT's Core Highway and Bridge Program and that does not include the Sarah Mildred Long bridge replacement as per the special note on page 19 of the official MaineDOT Work Plan dated January 2014:

<http://maine.gov/mdot/projects/workplan/docs/WorkPlan2014-2015-2016Final.pdf>

FHWA Date of Official Data	Total Amount of Bridges in Maine	Structurally Deficient Bridges	% Structurally Deficient Bridges	Functionally Obsolete Bridges	% Functionally Obsolete Bridges	Total Number of Deficient Bridges	Total Percentage of Deficient Bridges (SD + FO)
12/31/13	2402	366	15.24%	425	17.69%	791	32.93%

366 bridges are rated structurally deficient and 425 bridges are rated functionally obsolete.

<http://www.fhwa.dot.gov/bridge/nbi/no10/county13a.cfm#me> *Official FHWA data as of 12/31/2013

In 2012, 28% of major rural roads in Maine were rated in poor condition, the 8th highest rate nationally. In 2013, 16% of rural bridges in Maine were rated as structurally deficient, the 9th highest rate nationally.

http://www.tripnet.org/docs/Rural_Roads_ME_TRIP_Release_071014.pdf

We can no longer spend money that we don't have; the MaineDOT must prioritize projects to repair and replace the deteriorating roads and bridges in the current inventory before even discussing any new project. The Presque Isle Bypass should be cancelled before spending one more cent of the \$16.85 million included in the 2014-2016 MaineDOT Work Plan. The I-395/Route 9 Transportation Study should be immediately cancelled before going to the construction phase and wasting \$61 million on an unviable alternative.

MaineDOT Commissioner Bernhardt's statement is as pertinent today as it was three years ago: *"Adding more miles to our transportation system in this current fiscal environment doesn't make financial sense," said Bernhardt, "Our responsibility going forward is to manage our existing infrastructure within our existing budget."*

http://www.maine.gov/tools/whatsnew/index.php?topic=DOT_Press_Releases&id=279591&v=article