

July 14, 2015

## Secretary Foxx to State Transportation Leaders: Highway Funding Impacts to Begin August 1<sup>st</sup>

Dear NEC Transportation Committee Member:

In an [open letter](#) Thursday to transportation officials from across the nation, U.S. Department of Transportation Secretary Anthony Foxx stated that absent any action by Congress to pass a surface transportation reauthorization measure before the end of the month, funding cutbacks could begin as early as August 1<sup>st</sup>. Secretary Foxx stated that he would not have the authority “to incur new obligations or make reimbursements to States” after that date.

Moreover, the Secretary indicated that “simply extending the programs is not enough.” He estimated that without additional congressional action, the Highway Trust Fund (HTF) will drop under the \$4 billion threshold in August which would impact on the ability of the Department to provide proper reimbursement to the states. If that occurred, the Secretary said that the Department would take cash management measures to ensure states receive full reimbursements for as long as possible.

Finally, Secretary Foxx admonished Congress for failing to enact a long-term transportation measure, while touting the Administration’s multi-year transportation bill. The Secretary suggested that each transportation official explain to Congress why “a short-term bill that perpetuates chronic underinvestment is unacceptable.”

The text of Secretary Foxx’s July 14<sup>th</sup> letter is as follows:

*Dear Colleague:*

*As you know, the most recent Congressional extension of the current surface transportation authorization, the Moving Ahead for Progress in the 21st Century Act, is set to expire on July 31, 2015—less than a month from now. Unless Congress acts prior to this date, the Federal Highway Administration (FHWA) will be unable to incur new obligations or make reimbursements to States beginning August 1, 2015.*

*As I explained in my letter on May 11, 2015, revenue will continue to be deposited in the Highway Trust Fund, but FHWA will not have the authority to provide project sponsors with any additional*

*contract authority for new or ongoing projects. Similarly, FHWA will be required to furlough employees, which means your agency will cease having access to personnel who assist with all highway projects, not just with processing payments, but also project approvals, environmental actions and permitting, authorizations for new projects and modifications to existing projects, technical assistance and other vital activities we all rely on FHWA to conduct.*

*I also want to make sure that you understand that simply extending the programs is not enough. If Congress does not take appropriate action in addressing the expiration, the Highway Trust Fund will approach critical cash balance levels in August, requiring the implementation of cash management protocols.*

*If this scenario occurs, the U.S. Department of Transportation will take every measure possible to fully reimburse your State for as long as we can. However, if we approach insolvency, the Department will be forced to limit payments in order to manage the dwindling cash flows in the Highway Trust Fund. Similar to the plan that we put in place last year at this same time, in August we would begin distributing cash allocations to states every two weeks based on their proportional share of the Federal formula apportionment. At that time, the Federal Highway Administration would provide specific guidance on how it would implement the cash management plan.*

*Congress's failure to pass a long-term bill is of great concern to all of us who are engaged in the work of building and maintaining our Nation's transportation infrastructure. Careening from self-inflicted crisis to self-inflicted crisis undermines our system. We need Congress to break the cycle of short term extensions; we need a long-term bill with significant growth. Furthermore, many of you have already told us that a 2- or 3-year patch is insufficient to right the trajectory. We need your help explaining to Congress why a short-term bill that perpetuates chronic underinvestment is unacceptable.*

*In an effort to provide long-term stability, and to move away from the uncertainty caused by short-term extensions that undermine State transportation programs, the Administration's GROW AMERICA proposal and its Fiscal Year 2016 budget request call on Congress to enact a 6-year, \$478 billion surface transportation reauthorization proposal. Not only does this proposal provide States with extended funding certainty, it also increases Federal surface transportation investment by 45 percent, providing funding growth and smart policy reforms to strengthen the American economy.*

*Please do not hesitate to contact me if I can provide additional information on this matter.*

*Sincerely,*

*Anthony R. Foxx*

