

NEWS RELEASE

Sept. 25, 2007

07-346

FOR IMMEDIATE RELEASE

News Contact: Steve Swartz (785) 296-3585

Transportation projects jeopardized by potential federal funding shortfall

In anticipation of a potential significant shortfall in the federal Highway Trust Fund in fiscal year 2009, Kansas Department of Transportation leaders have begun making contingency plans.

Although no changes have been made in the scope or schedule of projects remaining to be constructed under the 10-year 1999 Comprehensive Transportation Program (CTP), a significant cut in federal funds could result in projects being delayed or eliminated.

“There is a potential problem facing Kansas and all other states due to the possibility of the shortfall in federal funds,” said Secretary of Transportation Deb Miller. “We are moving forward with our scheduled projects in hopes that the issue will be resolved. But, we must be prudent and make contingency plans.”

The Bush Administration’s FY 2008 mid-session budget review estimated that revenues going into the Highway Trust Fund would fall short of the commitments in SAFETEA-LU – the current federal transportation funding bill. The review predicted an estimated \$4.3 billion shortfall for FY 2009. Earlier in the year, the shortfall was estimated to be a much smaller \$700 million.

The larger federal shortfall has been blamed on lower-than-expected heavy truck sales resulting from new diesel emissions standards, increased outlays during the latter years of SAFETEA-LU (which runs through FY 2009), and flat motor fuels tax revenue.

The \$4.3 billion shortfall in revenues may result in a projected \$16 billion cut in spending in FY

2009. Kansas' share of the anticipated \$16 billion cut is between \$130 million and \$150 million.

“A reduction of this magnitude to Kansas would not only impact the remaining CTP projects, but it would have an adverse effect on local projects that depend on federal funding, safety construction programs, planning and special projects, including federal earmarks,” said Secretary Miller.

She called on members of the state's Congressional delegation to support action that would assure that the funding commitments of SAFETEA-LU remain intact.

Last week, the Senate Finance Committee considered \$5 billion in options, mostly involving General Fund transfers and tax evasion enforcement measures, to offset the Highway Trust Fund deficit in 2009.

“We want to commend the Finance Committee for addressing this crisis, but we need to understand that we will face the same problem in the next fiscal year. That is a matter that will be addressed in the reauthorization of SAFETEA-LU,” said Jack Basso of the American Association of State Highway and Transportation Officials. Basso was in Topeka on Tuesday to participate in a Federal Funding Forum at KDOT headquarters.

Secretary Miller said KDOT staff will remain in communication with the state's Congressional delegation and share information with local officials and stakeholders.

###

This information can be made available in alternative accessible formats upon request.
For information about obtaining an alternative format, contact the Bureau of Transportation Information,
700 SW Harrison St., 2nd Fl West, Topeka, KS 66603-3754 or phone 785-296-3585 (Voice) (TTY).