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USDOT Secretary Formally Warns State DOT CEOs of Highway Trust Fund Red Line

In a letter sent Wednesday to all state transportation department leaders, U.S. Transportation Secretary Anthony Foxx began to formally prepare for a possible Highway Trust Fund insolvency, which could require a delay in reimbursements to states for funds already committed.

Foxx penned the letter in an effort to keep state DOTs informed on the status of the HTF, though those transportation departments have been keeping an eye on the U.S. Department of Transportation's [Highway Trust Fund Ticker](#). That ticker shows that the Highway Account of the HTF will most likely drop below the \$4 billion funding level as early as July or August, which is well ahead of surface transportation bill MAP-21's expiration at the end of September. USDOT prefers to keep a minimum of \$4 billion in the highway account in order to properly manage day-to-day financial transactions. At some point between when the account falls below \$4 billion but before the account runs out of money, USDOT will likely institute cash management strategies designed to keep the account solvent, such as delaying reimbursements to states. Foxx said in his letter that would likely be the course of action should Congress not address the HTF's depleting balance.

"While we will take every step possible to continue to fully reimburse your state for as long as possible, these measures will effectively require us to delay reimbursements that are owed to your agency and the transit agencies in your state," Foxx said. "In the coming months, I will continue to keep you apprised of our specific cash management plans and when they are likely to go into effect."

Foxx said he knows how important funding is to state DOTs, especially at the beginning of the typically busy construction season.

"The Highway Trust Fund supplies a significant portion of the funds that each state depends upon for critical infrastructure repairs and new construction," Foxx said. "I know first-hand the difficulties that each of you face in trying to plan construction work, significant infrastructure projects, and even state of good repair work, without a clear sense of how—or even whether—that work will be funded."

In the letter, Foxx also promised he would stay in touch with states and keep state DOT leaders informed on the HTF situation each month while also assisting Congress in "committing to a longer term agreement on surface transportation funding on a bipartisan basis."

Additional information on the status of the HTF is available [here](#).