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Bond Buyer  
By Jim Watts

### **Political Courage Needed In Highway Funding Fight, DOT's Foxx Says**

DALLAS — U.S. Transportation Secretary Anthony Foxx called on members of Congress to lay aside their partisanship and overcome their aversion to increases in federal spending when it comes to transportation infrastructure.

"In the case of infrastructure, the fiscally responsible path is to invest now, not later," Foxx said Thursday in his opening address at the U.S. Chamber of Commerce's second annual Transportation Infrastructure Summit.

There is reason for optimism, Foxx said, citing statements last week by Sens. Barbara Boxer, D-Calif., and David Vitter, R-La., that a highway funding reauthorization bill could be put before the Senate Environment and Public Works Committee as early as April.

The U.S. Department of Transportation puts \$40 billion into transportation projects each year but that is barely sufficient to maintain the existing infrastructure with little room left for expansion, Foxx said.

"Congress is going to have to show a little political courage to fix this problem," he said.

Congress should pass a multi-year transportation funding bill with more spending each year than in the current Moving Ahead For Progress in the 21st Century (MAP-21) funding law, Foxx said.

The United States faces a massive infrastructure deficit that could stunt the recovery from the recession and cripple the economy, Foxx said.

"We need more than \$70 billion on an annual basis just to bring our highways up to a state of good repair," he said. "Every year we wait is compounding the investment our children and grandchildren will need to make."

The Highway Trust Fund may be insolvent by the beginning of fiscal 2015, at the same time the two-year MAP-21 federal highway funding bill will expire, Foxx said.

The highway account of the HTF held \$8.3 billion at the end of January, according to DOT. If the balance falls below \$4 billion, the Federal Highway Administration will have to reduce its reimbursements to state transportation departments.

"Our problem isn't math," Foxx said. "It's that, for a generation, the concept of government spending has been under attack."

Rep. Bill Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee, said he plans to have the committee vote on a highway funding bill before the August recess.

Justin Harclerode, a spokesman for the House committee, said Shuster's timetable is still operative.

"In addition to the several hearings already held since January, we are holding roundtables and listening sessions with stakeholders," he said.

Rep. Thomas Petri, R-Wis., chairman of the highways and transit subcommittee, is visiting transportation projects in Texas this week with several other members to get input from local officials, Harclerode said.

Doubt over future federal highway funding has caused some state and local transportation officials to cut back on projects next year, Foxx said.

"The cumulative effect of our years of instability and uncertainty is creating a massive chilling effect at the state and local level," he said.

Those uncertainties and others were cited by Moody's Investors Service earlier this week when it lowered by one notch the ratings of 17 standalone grant anticipation revenue bonds. The action affected 16 Garvee bond issues secured solely by a pledge of federal highway aid and one mass transit agency Garvee bond issue.

Fourteen of the ratings were lowered to A1 from Aa3, and three to A2 from A1.

The downgrades reflect the risk of interruption of timely payments of federal transportation aid, Moody's said.

"These include the government's recurring episodes of threatened debt ceiling expirations, government shutdowns, and the threat of depletion of the Highway Trust Fund balance later this year due to the fund's persistent structural imbalance," the rating agency said.