



**STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION**

COMMISSIONER'S OFFICE
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JOHN C. SCHROER
COMMISSIONER

BILL HASLAM
GOVERNOR

October 24, 2014

Members of the Tennessee General Assembly
Legislative Plaza
Nashville TN 37243

RE: Solvency of the Federal Highway Trust Fund

Dear House and Senate Members:

Federal funding for transportation continues to flow sluggishly. Revenues in the highway trust fund fall significantly short of the expenditures authorized by Congress requiring General fund transfers to support the program. We know this is not sustainable in the long term. The **Highway and Transportation Funding Act of 2014** only provides partial funding through May 31st of the current fiscal year and includes a \$7.8 billion influx from the General fund. Spending authority for this partial fiscal year is further reduced, only providing obligational authority through December 11th.

This piecemeal funding of projects and programs is having a significant impact on how and when state DOT's and MPO's deliver much needed investment in our transportation networks.

Since we do not have a full fiscal years funding, the department has had to scale back on future contracts and re-prioritize which projects we let to contract in our December letting and through May of 2015. Maintaining our investment in our infrastructure is our top priority. Safety improvements, bridge rehabilitation & replacement, and pavement preservation projects will receive priority over capacity expansion projects. This uncertainly has also required the department to reduce the utilization of our advanced construction program further impacting the number of projects going to contract.

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The department has evaluated projects scheduled for delivery in fiscal 2015 and I have attached a list of 12 projects ready for construction totaling \$177 million and 21 projects ready for Right of Way acquisition totaling \$217 million that we have shifted out of the fiscal year due to this uncertainty. While these projects are only delayed and not cancelled, they represent almost \$400 million in transportation investments that could be helping to modernize our transportation network and reducing congestion and making Tennessee a more attractive destination for economic expansion.

Our competition in the developing markets of China, India, and Brazil, among others is making the investments in infrastructure that we are not making that will ultimately impact our ability to be economically competitive on the world stage.

Our federal aid program constitutes roughly half our annual budget and over 90% of our capacity expansion projects. The instability in the flow of these dollars is certainly having an impact on Tennesseans today. Any opportunity that you may have to influence our Congressional delegation in developing long term transportation funding legislation will further our goal of planning, building, maintaining, and operating a modern transportation network that supports a strong and vibrant economy.

If I can be of any assistance in providing data, information, or testimony, please do not hesitate to contact me at 615-741-2848 or by email at John.Schroer@tn.gov.

Sincerely,



John C. Schroer
Commissioner

JCS/PDD/jc