



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, DC 20590

June 19, 2014

Dear Colleague:

The approaching Highway Trust Fund shortfall matter is of great concern to all of us who are engaged in the work of building and maintaining our Nation's transportation infrastructure, particularly because the Highway Trust Fund through the Mass Transit Account supplies a significant portion of the funds that transit agencies and States depend upon for critical infrastructure repairs, new construction, and, in some cases, daily operating expenses. Given its imperiled position, I am writing to give you a brief status report and to alert you to the steps we may need to take in the coming months, if Congress does not act to restore solvency.

I know first-hand the difficulties that each of you face in trying to plan construction work on significant transit projects, and even routine maintenance work, without a clear sense of how—or even whether—that work will be funded.

When Congress adopted the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) in the summer of 2012, it was expected that sufficient funds would be deposited into the Highway Trust Fund to support all of our Nation's transportation investments through the end of the current fiscal year ending September 30, 2014. It now appears that the Highway Account of the Highway Trust Fund may face insolvency as soon as August with the Mass Transit Account facing insolvency before the end of December. The reason is simple—not enough revenue is coming into the fund to support the ongoing work necessary to maintain our transit systems, roads, and bridges.

Since January, we have published a "Highway Trust Fund Ticker" to show our latest projections on the looming insolvency. The enclosed charts, which also can be found on the DOT website at <http://www.dot.gov/highway-trust-fund-ticker>, show the current status of the Highway Account and the Mass Transit Account of the Highway Trust Fund and the funding trajectory through the end of the Federal fiscal year.

As you can see from the chart, the Highway Account of the trust fund is likely to dip below the critical \$4 billion cash balance as soon as July with shortfall predicted as early as August, and the Mass Transit Account is projected to fall below \$1 billion sometime in October. The charts will be updated monthly as new information becomes available.

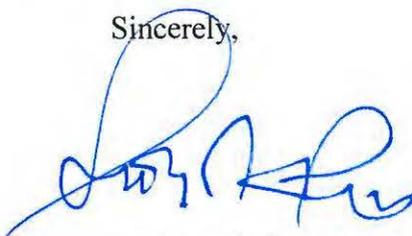
It also is my responsibility to let you know of the measures that the DOT and the Federal Transit Administration will be required to take in the coming months if Congress does not take action to replenish the Highway Trust Fund.

While we will take every step possible to continue to fully reimburse your transit agency for as long as possible, these measures will effectively require us to delay reimbursements that are owed to your agency. 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.

As you may know, I and many members of the Administration have been sounding the alarm on this concern for several months. President Obama recently spoke publicly about this threat and called upon Congress to significantly increase investments in transportation so that you can continue to address the many transit needs in your community.

We plan to take an active role in helping Congress commit to a longer term agreement on surface transportation funding on a bipartisan basis.

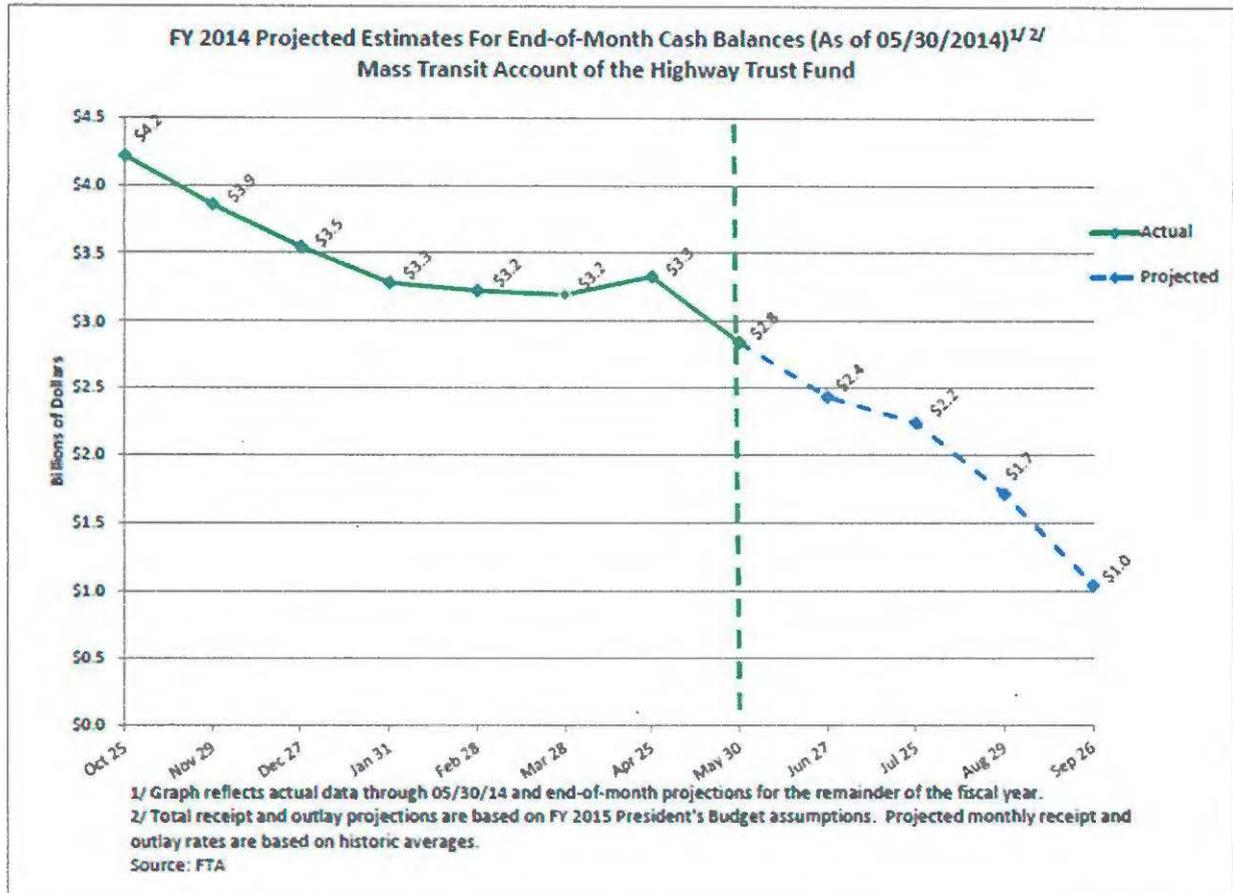
Sincerely,

A handwritten signature in blue ink, appearing to read 'Anthony R. Foxx', with a large loop at the top left.

Anthony R. Foxx

Enclosures

## Mass Transit Account

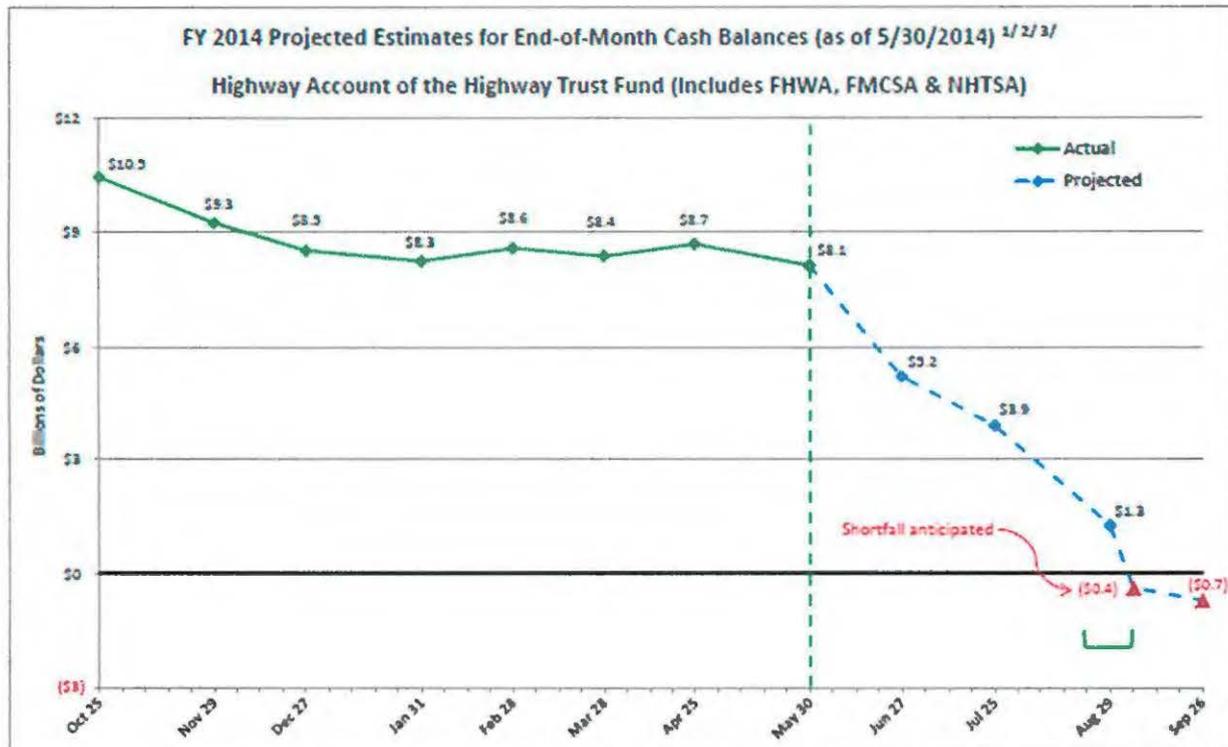


**Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Mass Transit Account of the Highway Trust Fund will have a balance of approximately \$1 billion at the end of FY 2014.**

- The Mass Transit Account began FY 2014 with approximately \$2.5 billion in cash.
- A \$2 billion transfer from the General Fund to the Mass Transit Account was processed shortly after the start of the fiscal year (\$2.2 billion authorized in MAP-21, reduced by sequestration).
- The cash balance has dropped by nearly \$1.7 billion since the General Fund transfer occurred. As of May 30, 2014, the Mass Transit Account cash balance was \$2.8 billion.

Updated: Tuesday, June 17, 2014

## Highway Account



1/ Graph reflects actual data through 5/30/14 and end-of-month projections for the remainder of the fiscal year.

2/ Total receipt and outlay projections are based on FY 2015 President's Budget Baseline assumptions. Projected monthly receipt and outlay rates are based on historic averages.

3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.

Source: FHWA

**Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Highway Account of the Highway Trust Fund will encounter a shortfall before the end of fiscal year (FY) 2014.**

- The Highway Account began FY 2014 with approximately \$1.6 billion in cash.
- A \$9.7 billion transfer from the General Fund to the Highway Account was processed shortly after the start of the fiscal year (\$10.4 billion authorized in MAP-21, reduced by sequestration).
- The cash balance has dropped by nearly \$3.8 billion since the General Fund transfer occurred. As of May 30, 2014, the Highway Account cash balance was \$8.1 billion.

Updated: June 17, 2014