

The 2015 Transportation Fiscal Cliff

What Is It?

The federal Highway Trust Fund (HTF) provides highway and transit funding to states and others—it is anticipated to reach a crisis funding shortfall on September 30, 2014 (the beginning of federal fiscal year 2015) when current federal legislation known as MAP-21 expires after only two years.



A no-action or ‘fiscal cliff’ scenario would result in a draconian reduction in federal funding. The HTF allows states to start multi-year projects and receive federal funding reimbursement as expenses are incurred. It is a complicated funding mechanism that works well as long as there is no disruption in the flow of funds.

MAP-21 required that \$18.8 billion of federal General Funds be transferred to the HTF to provide funding for two years. Despite this transfer, the shortfall will be even greater in 2015 and beyond. This structural deficit is due to growing investment needs and declining HTF revenues as a result of increased fuel efficiency and the growing use of alternative fuel vehicles. This funding issue has major implications for economic competitiveness as the U.S. infrastructure quality ranking now stands at 25th place—down from 9th place in 2009.

How Is Florida Impacted?

Florida is positioned better than most states since federal funding accounts for less than one-third of our total transportation program, but the impact will still be significant. Turnpike projects will not be impacted and public private partnerships and debt service will be protected. However, an estimated 1,890 projects already planned between 2015 and 2017 and programmed at \$3.2 billion will be affected. More than 1,200 of these projects totaling \$1.5 billion will be impacted in 2015 alone.

The Florida Department of Transportation is preparing a detailed impact analysis for communication with the Governor's Office, the State Legislature and the Florida Congressional delegation.

What Needs To Be Done?

Prior federal transportation legislation (ISTEA in 1991, TEA-21 in 1998, and SAFETEA-LU in 2005) authorized funding for five or six year periods. MAP-21 provided only two full years of funding. It should be reauthorized to:

- Extend funding for at least four more years
- Restore the solvency of the Highway Trust Fund and enact other policies that expand transportation investment to reduce the massive backlog of needs
- Continue to distribute at least 92% of all highway funds to the states by formula