



News Clip

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Transportation Dept. almost out of highway funds

BY JOAN LOWY

The federal highway trust fund will run out of money this month, requiring delays in payments to states for transportation construction projects, Transportation Secretary Mary Peters said Friday.

The trust fund -- a federal account used to help pay for highway and bridge projects -- will run about \$8.3 billion short by the end of September, Peters said during a conference call with reporters.

The shortfall will mean short delays -- and in some cases a temporary reduction -- in payments to states for infrastructure projects the federal government has agreed to help finance.

Peters blamed the funding shortage on the high price of gasoline, which has prompted Americans to drive less. This means less fuel has been purchased, and less gasoline taxes collected for the trust fund. Americans drove 50 billion fewer miles between November and June 2008 than during the same period a year earlier.

Compounding the problem, Peters said, is federal lawmakers' habit of loading up highway spending bills with pet projects, or earmarks, for their home states. The current highway spending bill has more than \$24 billion in earmarks, she said.

"Americans cannot afford to have Congress play 'kick the can' with highway funding for another year, another month, or frankly, another week," Peters said, urging immediate passage of legislation that has \$8 billion to shore up highway funds.

Less than two months ago, the White House said President Bush would be urged to veto the same bill if it reached his desk. Taking money from the general fund to prop up the highway system was "both a gimmick and a dangerous precedent that shifts costs from users to taxpayers at large," according to the White House.

John Horsley, executive director of the American Association of State Highway and Transportation Officials, said the funding delays proposed by Peters will "have grave repercussions for the states, for hundreds of thousands of workers in the construction industry, and the driving public."

"It will worsen the financial crises many states are already facing, and it will delay or halt needed transportation projects and leave contractors and suppliers with IOUs instead of cash to pay their workers," Horsley said in a statement.

Congressional Democrats said the trust fund is running short because the Bush administration has opposed legislative efforts to keep the trust fund solvent.

"For years, we have been trying to increase funding to repair our nation's antiquated infrastructure but the Bush administration and the Republicans in Congress have thrown up ideological roadblocks in front of every effort," Sen. Charles Schumer, D-N.Y., said in a statement. "Now, we are now facing a severe crisis that could delay vital modernization projects across the country."

The funding shortfall will not have an immediate impact on the trust fund's Mass Transit Account, which helps pay for rail, bus and other public transportation projects.