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Subj: URGENT: Notification of Federal Highway Trust Fund Shortfall

Today, in an unanticipated emergency conference call, all 50 state departments of transportation were informed by the Federal Highway Administration (FHWA), that the balance in the Highway Account of the federal Highway Trust Fund (HTF) dropped precipitously over the past two months, from \$4.2 billion at the end of July to less than \$1.4 billion at the beginning of September.

The short version is that the FHWA, until the situation is fixed, must slow the rate of reimbursements they make to the states. Hypothetical Case: When Texas or any other state sends in a bill, the FHWA will reimburse the state its pro rata share up to the amount they have. For example, if we send in a reimbursement request for \$80, they may only have \$60 to pay us back that week. The following week they will pay the remaining \$20.00 assuming funding is available.

Keep in mind that was simply an example. The FHWA is assessing how much they will have to slow down the reimbursement rate and when that information is available, we will let you know. There is not a fast answer for TxDOT or any other state DOT right now as to the exact impact each of us will feel. We are working on it, though.

The USDOT has provided a list of fixes that are at the end of the HTF Fact Sheet that is attached. The immediate suggestion is that United States Congress boost the federal Highway Trust Fund with an \$8 billion infusion of general funds (i.e. not fuel taxes). The primary focus is HR 6532 which has passed the House and awaits Senate action.

Again, we will keep you informed as events unfold and please contact me should you have any questions.

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