

NEWS RELEASE

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KDOT making contingency plans to deal with cash delays

Secretary of Transportation Deb Miller on Friday afternoon ordered KDOT staff to develop contingencies to deal with the federal government's plan to delay crucial cash reimbursements to the state beginning Monday.

Kansas and all other states were put on notice by the Federal Highway Administration (FHWA) earlier Friday that because of the low balance in the federal Highway Trust Fund, reimbursements will be delayed. And, states were also warned to expect only partial payments (potentially 70 percent) until there is Congressional action to provide a fix for the Highway Trust Fund. Typically, KDOT bills FHWA \$3 million to \$7 million a week.

"This is a serious blow to KDOT's cash flow and, as a result, we may not be able to proceed with projects," said Miller.

FHWA announced its plans to delay payments to the states in response to a dramatic decline in the balance of the federal Highway Trust Fund, which has fallen to less than \$1.4 billion in August as a result of an imbalance between requests and revenue. U.S. Transportation Secretary Mary Peters called on Congress to provide immediate short-term relief by passing pending legislation, already approved by the House of Representatives, that would make an additional \$8 billion available for the highway trust fund. Congress returns to work next week and will be in session through September. The federal fiscal year ends Sept. 30.

“This not only affects state projects, it will have a dramatic impact on cities and counties that must have federal money to complete much needed projects on local infrastructure,” Miller said.

Fuel tax receipts, the main source of revenue for the federal highway program, have been significantly lower than expected for several months. In September, the highway account will take in \$2.7 billion but have reimbursement request totaling \$4.4 billion, according to the American Association of State and Highway Transportation Officials (AASHTO). State motor fuels tax receipts also have declined this year due to reduced vehicle miles traveled and are down 2.1 percent for the past quarter and six-tenths of a percent over the past year.

“I am grateful that the Kansas Congressional delegation has supported a fix of the Highway Trust Fund and now it’s time for the Senate leadership to take the steps necessary to make it happen,” Miller said.

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