

DEPARTMENT OF TRANSPORTATION

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ITEM II F



*Serious drought.
Help save water!*

June 27, 2014

The Honorable Bill Shuster
Chairman
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, DC 20515

The Honorable Nick Rahall II
Ranking Member
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman and Representative Rahall:

The California Department of Transportation (Caltrans) respectfully submits this letter to express our extreme concern regarding the short and long-term financial stability of the Highway Trust Fund (HTF). While diminishing revenue is a chronic issue, the near term projected insolvency of the HTF is an acute problem in dire need of an immediate solution.

The Congressional Budget Office has projected that revenue shortfalls could occur as soon as August 2014, and without your action, the HTF will likely be forced to delay or reduce payment of its obligations during the latter half of 2014.

The State of California receives over \$3.2 billion in federal transportation funding, representing ten percent of all federal transportation funding in the United States. These funds create or sustain over 81,000 jobs and are used to leverage other transportation revenue to preserve and improve the transportation system. Without the assurance of timely project reimbursement, Caltrans would have no choice but to halt the award of any transportation projects that rely on federal funding as soon as October 2014, and should the problem persist, Caltrans may be forced to shut down ongoing projects due to our inability to absorb the federal shortfalls with state cash. This would be a detriment to both the condition of the transportation system and the economy as a whole.

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It is clear a fundamental change must occur to better align revenues with the demand for a safe, reliable transportation system that moves both goods and people efficiently. However, in the interim, steps must be taken to ensure funding continues for both committed and proposed transportation projects. Failure to address the issue in a timely manner will have a significant impact on the quality of life and economic prosperity not only for California, but throughout the Nation.

Thank you for attention to this matter. Caltrans looks forward to working with you both toward viable solutions to the challenges facing transportation now and in the future.

For additional information or questions, please do not hesitate to contact me at (916) 654-6130.

Sincerely,



MALCOLM DOUGHERTY
Director

c: Members of the California Congressional Delegation