

America's roads are running out of money

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By Aimee Picchi MoneyWatch June 26, 2014, 10:05 AM

The latest battle over taxes is hitting the road.

That's because the Highway Trust Fund, which provides transportation funding to every U.S. state, is at risk of [running out of money in August](#), creating a fiscal cliff for the nation's transportation sector. If the fund isn't replenished, states ranging from Vermont to Nebraska will be hit hard, and likely forced to put off road construction and repair projects.

So how did the fund end up in such dire straits? The problem is that the fund isn't receiving enough money through gasoline taxes, thanks to more fuel-efficient cars and a dip in how much Americans drive. That has led to a [6 percent decline in gasoline consumption](#) since 2007.

For some states that rely heavily on the federal government for transportation funding, the Highway Trust Fund's grim outlook is cause for alarm.

"It's something we are very, very concerned about," Sue Minter, the deputy secretary of the Vermont Agency of Transportation, told CBS MoneyWatch. "In our fiscal year that starts July 1, we anticipate spending \$685 million to improve our system across the state, and nearly 60 percent of those are federal dollars."

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Vermont's transportation agency is checking in with its congressional delegation daily on potential fixes to the funding problem, Minter said.

Given that it's an election year, the White House and congressional Republicans and Democrats have [precluded a tax hike on gasoline](#) in fear of alienating voters. A bipartisan proposal had called for raising

federal gasoline and diesel taxes [by 12 cents](#).

One option is a short-term fix, such as Senate Finance Committee Chairman Ron Wyden's proposal to raise \$9 billion through higher taxes on heavy trucks, among other ideas.

In the meantime, many states are scrambling to plan amid an uncertain future. Some are already suspending work, with Tennessee's Department of Transportation [halting engineering on new projects](#) for next year. Across the country, at least [6,000 projects may be halted](#), the American Association of State Highway and Transportation Officials estimates.

In Vermont, the transportation agency has an agreement with its state treasury to help with cash flow in case the federal government slows down its reimbursement schedule. That's what Minter expects if the Highway Trust Fund is depleted.

"We have obligations to pay bills that are submitted to us by our contractors, and we need to reimburse those bills," she said. "What we expect may happen is the Federal Highway Administration will reduce how much they pay us. We will have a very serious cash flow problem."

With that potential situation looming, Vermont is facing what Minter calls a "real slowdown" for future projects. It may also lead to fewer jobs for Vermonters, she added.

That was echoed by Anthony Foxx, the U.S. Secretary of Transportation, in a [June 20 letter](#) to the country's state transportation directors.

"We have and will continue to sound the alarm bell that hundreds of projects and thousands of jobs are at risk," Foxx wrote.

On top of hurting construction jobs, the lack of funding will also reduce the [overall safety](#) of the nation's roads, said David Goldberg, the communications director for Transportation for America, an advocacy group.

"We're falling seriously behind in investing in our infrastructure," Goldberg said. "We are behind just about every other developed nation. We used to lead the world. It does seem like earlier generations built this stuff for us, and we take it as a gift from heaven. We haven't been willing ourselves to invest what we need."

For one, the gasoline tax hasn't been raised since 1993, while the consumer price index has jumped 61 percent in that time, eroding the purchasing power of the revenue raised for the fund. The American Society of Civil Engineers has given America's [infrastructure a D+](#), estimating the country needs \$3.6 trillion in investment by 2020 to get its bridges, roads, schools and other public structures up to snuff.

"We are dealing with a national system, and in the northeast, a very old system," Minter said. "We need to make sure our system is safe, and our our bridges are safe, for the next generation."

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