



COLORADO

Department of
Transportation



Highway Trust Insolvency Update – STAC

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FHWA Insolvency Update

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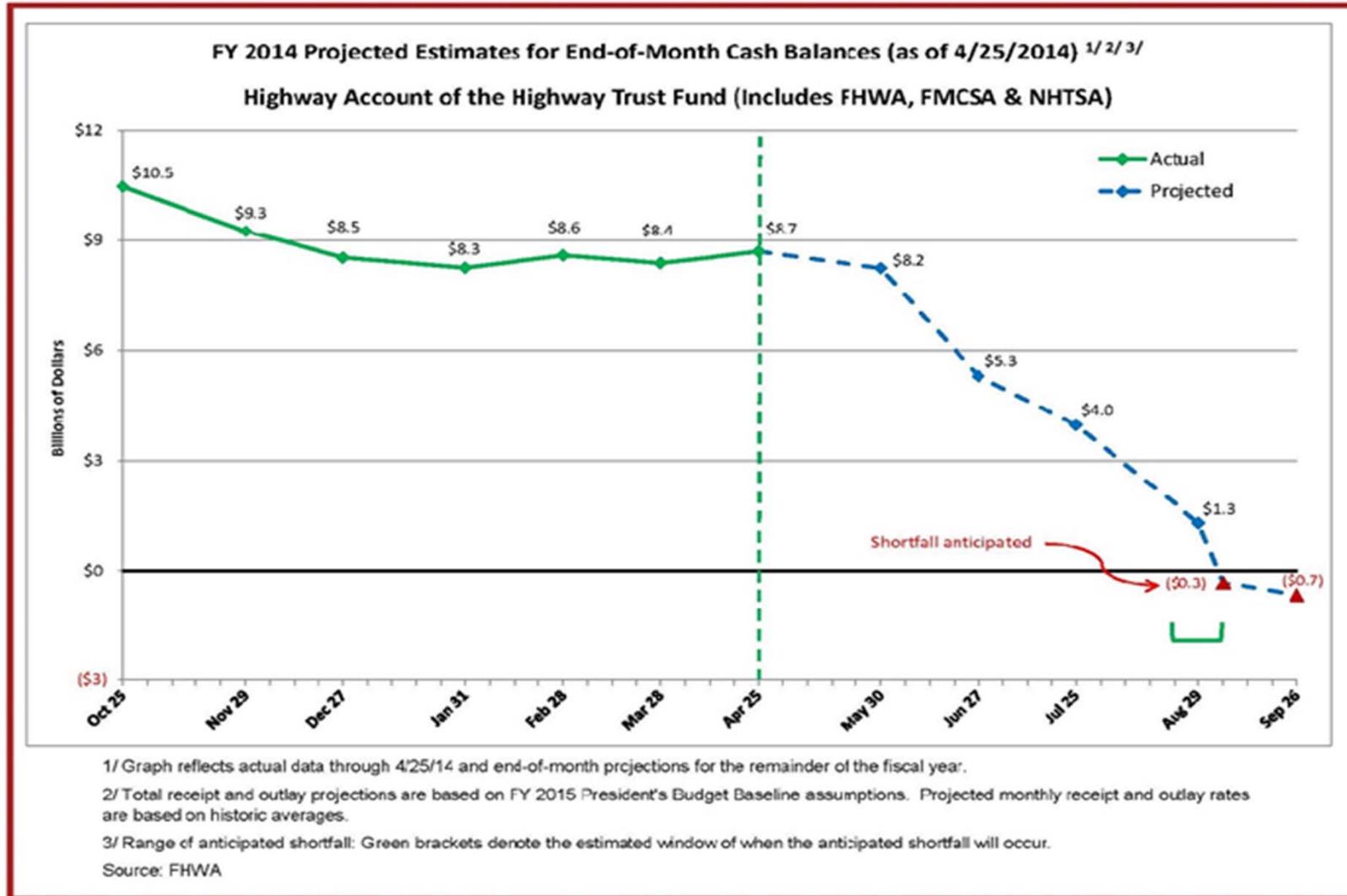


Highway Account Details

- Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Highway Trust Fund (Highway Account) will encounter a shortfall of approximately \$15 billion before the end of federal fiscal year (FFY) 2014.
- The Highway Account began FFY 2014 with approximately \$1.6 billion in cash.
- A \$9.7 billion transfer from the General Fund to the Highway Account was processed shortly after the start of the fiscal year (\$10.4 billion authorized in MAP-21, reduced by sequestration).
- The cash balance has dropped by nearly \$3.2 billion since the General Fund transfer occurred. As of April 25, 2014, the Highway Account cash balance was \$8.7 billion.



Highway Trust Fund Ticker (Highway Account)



<http://www.dot.gov/highway-trust-fund-ticker>



What This *Could* Mean for CDOT

Should Congress not take action to correct the shortfall, the Transportation Commission (TC) and the Department may be faced with making difficult choices that affect the following areas:

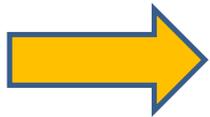
- Annual Budget: The FY 2014-15 budget is based on the assumption of several hundreds million dollars in federal reimbursement money. If the HTF goes insolvent, the TC may consider the budget invalid and consider amending the existing fiscal year budget.
- Federal Reimbursement: CDOT could encounter non-payment, partial payments or a delay in payment. Daily receipts currently range from \$40 to \$50 million.
- Program and Project Delivery: CDOT could be facing delays to further construction as early as October 1st. Advance Construction (AC) will be used to continue awarding projects and reduce delays to program delivery. Without federal obligation, cash balance may be drawn down much quicker than expected.





Insolvency Summary

- The Highway Trust Fund (HTF) will go insolvent at some point in August, but the exact date is unknown.
- If Congress does not backfill the fund with enough dollars for the next federal fiscal year, beginning October 1st, CDOT will have to draw on its cash balance to replace federal dollars and fund projects already underway.
- If there is no fix from Congress several months into FY 2015, CDOT will have to begin looking at project cutbacks.
- At this time, it is expected that Congress will find a way to continue transportation spending.



Given the uncertainty of the situation, the Department recommends that any action would be best held until July, when a more complete picture of Congress's intentions is available