TEA 21 Impacts of Delay:
$2.1 Billion in Projects Delayed
90,000 Jobs Lost

Introduction

On February 29, 2004, the current extension of TEA-21's highway and transit programs will expire. On February 11, 2004, the House passed an additional four-month extension, and the Senate has this or a somewhat shorter extension under consideration. Such a short-term extension will be required for the House to take action on reauthorization, and for both House and Senate to reach agreement in conference on a bill to send to the President for signature.

Pass a Six-Year Reauthorization Now, or Defer Action until after the 2004 Elections?
On February 12, 2004, by a vote of 76–21, the Senate approved a reauthorization bill S. 1072. Earlier that week the Administration threatened to veto the bill if it exceeded the $256 billion level proposed by the President in his FY 2005 budget. With this year's federal deficit expected to exceed $500 billion, the White House is under increasing pressure to do more to control spending.

The Senate passed its bill at a combined total of $318 billion, despite being urged by Senate Majority Leader Bill Frist to scale it back to $290 billion. The House Transportation and Infrastructure Committee is under pressure from the White House and House leadership to scale back its proposal from the $375 billion level previously proposed to $270 billion. Being debated in the House is whether they should move forward like the Senate to pass a six-year reauthorization bill in 2004, or pass an extension of one to two years, and revisit this issue after this fall's elections.

Late in 2003, AASHTO asked the State transportation agencies to evaluate the effects of short term extensions ranging from one to two years. The impacts as described by 45 states are presented in this report and summarized here. In September 2003, the AASHTO Board of Directors approved a resolution calling on Congress to enact a temporary extension to ensure that the program did not shut down, and reiterated its support for the passage of a well-funded, six-year bill funding highways at least at $245 billion and transit at least at $55 billion.

A Majority of State DOTs Responding to an AASHTO Survey Expect Significant Project Delays and Jobs Lost Due to a Short-Term Extension of Between One and Two Years:
Short-term extension, rather than passage of a six-year bill, will compound state budget problems and result in delayed projects, added project costs, and lost jobs.

- Fiscal Year 2003 was the third straight year States faced budget shortfalls with a cumulative gap of $200 billion.
- To close their budget gaps the majority of states reluctantly cut their transportation investments in FY 2004 by $4.5 billion.
- Of 45 states responding to an AASHTO survey, 33 say that short-term extension, rather than enactment of a six-year bill, would mean ***$2.1 billion in project delays and the loss of over 90,000 jobs.***

Reduced Work for Consulting Engineers: Without the predictability of long-term legislation the project pipeline will contract. Design, planning, and environmental activities will be postponed and contracts put on hold. Engineering, planning, and environmental consulting firms will face cutbacks.

Less Work for Construction Contractors and Workers: As the project pipeline shrinks, contractors will be forced to scale back their operations, including the number of construction workers hired.

Fall Off in Construction Equipment Sales and Leases: Facing the uncertainty of a short-term extension, contractors will be less willing to purchase new equipment or enter into equipment leasing agreements.

Long-Term, Multi-Year Projects Shelved: Long-term, multi-year projects could be shelved. The interruption in guaranteed long-term cash flow in Federal assistance could adversely affect the many states that utilize innovative financing techniques, such as grant anticipation note (GAN) borrowing, Grant Anticipation Revenue Vehicle financing instruments (GARVEEs) and advance construction.

Transit Projects to Be Delayed and Service Cut: Transit projects will be delayed and providers will be forced to cut services. The public, especially rural communities, and the elderly will feel the impact.

Eleven States Believe Impact Limited: If funding continues at current levels, several states believe the impact on their programs will be limited. They have anticipated the prospect of a short-term extension and have planned conservatively. Because Federal assistance constitutes 20 to 35 percent of some programs, those states anticipate using their own cash flow to sustain their programs during the interim.

A Majority of State DOTs Responding to an AASHTO Survey Expect Significant Project Delays and Jobs Lost Due to a Short-Term Extension

A short-term extension of highway and transportation legislation, will have negative impacts on State programs. A two-year bill would abandon the practice of six-year authorization bills, which enables States to plan and deliver long-term transportation improvements. The result would be to compound existing state budget problems and result in delayed projects, deferred investments, added project costs, and lost jobs.

- Fiscal Year 2003 was the third straight year States faced budget shortfalls with a cumulative gap of $200 billion.
- To close their budget gaps the majority of states reluctantly cut their transportation investments by $4.5 billion.
- Of 45 States responding to an AASHTO survey, 33 say that a short-term extension bill would be detrimental, and 18 specifically identify $2.1 billion in project delays and 90,000 jobs.

WHAT THE STATES ARE SAYING…

- **Alaska**—A delay in reauthorization, perhaps by up to two years, is currently the "expected" scenario, and our new STIP for FFY 2004–2006 is built on this unfortunate assumption. In downsizing the STIP from our earlier estimates, at least $40 million per year was reduced…All of this uncertainty is alarming for it makes establishing plans for contract letting, consultant contracting, community consultations, most difficult.

- **California**—Without a full six-year Federal commitment, backed by a continuous stable funding source, it will not be possible to plan for, design, and construct the transportation system that the state needs. Absent a guaranteed program, it would be difficult to estimate funding for the future. However, it is clear that the shorter the extension period, the more difficult it becomes to program, plan, and fund long-term projects. On a minimal level, a six-month extension would cause the state to focus its efforts on meeting existing commitments and reduce the number of projects that are advertised and awarded. A two-year program would increase the range of projects we would be able to let, but it would still create uncertainty over three-fifths of our STIP.

Indiana*—The immediate impact to Indiana will be significant. First, Indiana will face a reduction in its highway and bridge construction program if a short-term reauthorization is authorized at TEA 21 levels. The impacts for the short term are as follows: If TEA 21 is extended for six months at flatline levels, Indiana would be short $60 million for its planned construction program. If TEA 21 is extended for one year at flatline levels, Indiana would have a negative impact of $125 million for its planned construction program. If TEA 21 is extended for two years at flatline levels, Indiana would face a shortfall $250 million in its planned construction program.*

Missouri*—No new projects would be started in Missouri until a long-term act is in place. We won't even consider starting our major projects until we can be assured of a long-term, reliable revenue stream. A six-month to two-year temporary fix will not provide that. Two new bridges spanning the Mississippi River and two major interstate reconstruction projects will be unfunded due to this delay in long-term funding.*

- **Connecticut**—The impact of enacting a six-month extension of TEA 21 will have a significant and immediate impact on Connecticut's Transportation Program in Federal Fiscal Year 2004… Due to the limited (funding) anticipated from only a six-month bill, Connecticut will be forced to immediately delay and reschedule project phases on 24 Federal aid projects totaling over $90.4 million that have been advertised and are scheduled for award in FFY04. Additionally, approximately 65 projects at a cost of $78.6 million could be rescheduled or delayed.

> ***Connecticut****—The Highway Safety Program would also be negatively impacted (by a six-month extension). Several law enforcement programs designed to target drunk drivers, speeders, and lack of safety belt use would be cancelled. "Safe Community" programs (local highway safety efforts), public information and education programs would be delayed, and training efforts curtailed.*

- **District of Columbia**—The greatest impact would be felt in those projects that require multi-year funding plans. Without the identification of these funds, those projects must be deferred; and they normally are the projects in greatest need of being implemented…This will impact approximately four projects per year and reduce the plan of projects by approximately $23 million per year of the extension.
- **Georgia**—A substantial amount of projects ready to let that would have been bid during the winter for the summer construction season would be delayed to wait additional funding…As many as 90 projects totaling more than $324 million could be delayed.
- **Idaho**—A six-month extension would not provide sufficient funding to let a number of projects that are currently scheduled in FY04, and would result in 64 ready-to-let projects worth $100 million being delayed until FY05. Advance construction would not be an option as the Department has no uncommitted State highway account revenues available and we are prohibited by state law from borrowing funds.
- **Montana**—While no decisions have been made, anything less than a six-year bill would clearly create risk for the future funding plan for eight major reconstruction projects worth $125 million.
- **Nevada**—We anticipate that a one-year extension would result in a potential drop in funds of approximately $12 million. This would not impact any current projects, but would affect future projects scheduled for 2005. A two-year extension (without any funding increases) would dramatically affect NDOT's ability to deliver planned projects.

> ***District of Columbia****—The District of Columbia has several bridges that are in need of immediate repair, and in some cases replacement. Without the assurance of multi-year federal funding, some of these projects would need to be delayed until the level of funding is certain. Furthermore, if these major structures are prioritized and advanced within the limited pool of funds, other projects would have to be deferred.*

- **North Dakota**—Short-term action will impact our ability in advancing several large multi-year projects. We are developing a bridge replacement that could cost approximately $50 million and take three years to build…We will not advance this major ND project without some clear projection of funds. The same is true of a 100-mile corridor project that is being planned…Without a longer-term program, it will be difficult to advance this grading project.
- **South Dakota**—A six-month extension would be disastrous. The decision to cancel the March letting must be made in January 2004. SDDOT would need to be absolutely certain by January that the new act is passed or a second six-month extension is in hand or the lettings from March through September 2004 would have to be cancelled…A one-year extension with no

change in the funding allocation would result in approximately $10 million in projects to be delayed. A two-year extension with no change in the funding allocation would result in approximately $15 million in additional projects to be delayed.

- **Vermont**—The biggest problem of not having a six-year reauthorization act in effect at the beginning of FFY 2004 is the uncertainty of future Federal funding levels over a multi-year period. Having some idea of what we might expect in Federal funds each of the next six years would certainly be helpful in developing the STIP/TIP and Capital Program in the future, especially if we receive more funds than we are currently getting.

- **Wyoming**—Forty-six projects valued at $140 million will be shelved under a six-month extension.

Reduced Work for Consulting Engineers

Without the predictability of long-term legislation, the project pipeline will contract. Design, planning, and environmental and design activities will be postponed and contracts put on hold. Engineering, planning, and environmental consulting firms will face cutbacks.

- More than 8,000 firms across the country engage in transportation design and engineering work employing more than 200,000 professional engineers.
- On average, preliminary project engineering represents 10 percent of a project's total cost, and half of this work is outsourced to the private sector. This does not include additional costs associated with planning and environmental work.

WHAT THE STATES ARE SAYING…

- **Virginia**—Twenty-seven preliminary engineering, right-of-way acquisition, and construction projects with total costs of $185 million will be delayed.
- **Pennsylvania**—A six-month extension will definitely cause us to reassess our approach to lettings and to new consultant engineering contracts in calendar year 2004. It is possible that some lettings and new consultant agreements may be delayed until the Federal funding picture becomes clearer.
- **Georgia**—Design activities on future projects would be delayed, including environmental activities that, because of changing conditions, would have to be redone. Certain permits may have to be renewed. Project construction costs will increase on delayed projects.

> ***Indiana**—The impacts of a longer-term extension or no federal transportation bill at all are even more significant. In this case, Indiana would begin to severely curtail development of planned highway and bridge projects. This would impact on-going environmental work as well as land acquisition and key engineering work on projects throughout the state. Numerous projects would be put on hold pending a new federal bill resolution. As a result, one of the worst outcomes will be the inevitable delay of vital projects ranging from intersection improvements to major highway expansion and congestion-relieving projects.*

- **Kentucky**—Delaying projects would reduce the number of actual construction contract awards, which would have an adverse effect on the motoring public, reduce jobs for construction workers, project planners, environmentalists, designers, material suppliers, right-of-way acquisition agents, utility companies, etc., thereby detrimentally impacting the overall state economy and future economic development in Kentucky.
- **Missouri**—The contracting and consulting industries would be negatively impacted because the unknowns of a long-range plan would affect how these companies allocate staff, equipment, and materials. These industries base their allocation of business resources on the dollars available in MoDOT's five-year transportation improvement program. Uncertainty in our plans leads to uncertainty in theirs.

> ***Missouri**—Environmental Assessments (EA) and Environmental Impact Statements (EIS) take several years to complete and must be completed before any project design work can be done. MoDOT would be reluctant to begin any projects where an EA or EIS is required, if funding is uncertain. These delays would negatively affect the planning and construction of Missouri's roadways.*

- **Nebraska**—Short-term extensions are extremely disruptive for planning purposes, projects get delayed further adding to their ultimate costs, and staff is not used in the most efficient manner. Contractors, suppliers, and engineering consultants are negatively impacted.

- **West Virginia**—Assuming that any extension would continue the same level of funding and obligation as currently exists, the primary effects of a six-month extension would be the inability to fully plan for the long-term projects, which take several years to complete through design, environmental, right-of-way, and construction. The main problem is the possible delay in starting design projects.

> ***Idaho****—There are many projects in Idaho which are time-sensitive and must be constructed at a specific time of the year. For example, projects involving irrigation work must be done during the months of November to March when southern Idaho's extensive irrigation canal system is dry. Our agricultural system depends on those canals, and they cannot be closed for construction work during the growing season. Other projects must be done at specific times to avoid environmental impacts. Eagle-nesting areas must be avoided in the winter. Likewise, salmon and steelhead migration areas must be avoided during the spring and fall, depending on the species. The same is true for wild-game-migration areas. Another area of economic impact is tourism. Projects which block or make access difficult to winter ski areas and resorts should be done during the summer. Delaying these types of projects past the time they must be done will delay them an entire year. A project involving irrigation work that cannot be done in the winter will be delayed until the following winter. It cannot be done in the summer even if funds are available.*

Less Work for Construction Contractors and Workers

As the project pipeline shrinks, contractors will be forced to scale back their operations, including the number of construction workers hired.

WHAT THE STATES ARE SAYING…

- **Alaska**—Alaska's construction season is highly influenced by weather, and short-term delays in the preparation of a project can cause us to lose the entire construction season for a given project. This both delays benefits and likely adds cost due to inflationary influences on construction costs. There are also very time-critical projects in the queue, some which are needed to make earlier investments operational.

- **District of Columbia**—Without the assurance of consistent funding for projects, the D.C. contractor community may be forced to reduce capacity (staff and other resources) until better data exists for them to plan their operations accordingly.

> ***Vermont****—The delay in getting bridge and paving projects out will have the greatest impact on our interstate system, since these are the projects most likely to be delayed. The rutting creates hydroplaning problems and pavement surface failures make it difficult to remove snow and ice. Failing to address our interstate bridge needs may result in weight restriction on some interstate bridges that will have a direct impact on our state's ability to compete economically.*

- **Idaho**—Further problems would occur because contractors, who normally would bid in the fall for work in the spring or summer would move their activities to the private sector, knowing that work would not be available if funding was not. When funding did become available, the Department would pay a premium price to the contractor who has to shift his otherwise committed resources, plus pay a higher price for materials, etc.

> ***Tennessee****—The potential for increased traffic accidents, congestion, fuel consumption, reduced level of service, and loss of jobs within the construction industry are concerns. When funding is finally released to the states, most will probably flood the market with construction projects and cost will increase. The construction industry cannot absorb a tremendous increase immediately without increasing the cost of doing business, resulting in a higher cost to the taxpayers. Everyone knows that delays cause safety hazards, traffic disruptions, and inconvenience to the public, and additional cost.*

- **North Dakota**—Short-term action will impact our ability in advancing several large multi-year projects. We are developing a bridge replacement that could cost approximately $50 million and take three years to build…We will not advance this major ND project without some clear projection of funds. The same is true of a 100-mile corridor project that is being planned…Without a longer term program, it will be difficult to advance this grading project.

- **Pennsylvania**—If construction lettings are delayed, contractors could face economic stresses due to a slowing in the construction lettings. This would also apply to engineering consultants, whose workloads might also be lightened by the slower rate of consulting contracts.

- **South Dakota**—The entire FY2004 construction season will be compromised—$15 million/week is spent during that season. Without a long-term extension, 34 jobs for every $1 million not spent will be lost.

Fall Off in Construction Equipment Sales and Leases

Facing the uncertainty of a short-term extension, contractors will be less willing to purchase new equipment or enter into equipment leasing agreements.

- The nation's 12,500 highway contractors spend over $4 billion annually to purchase and rent construction equipment.
- The average highway or bridge contractor invests more than $182,000 in equipment purchases annually.
- The average highway or bridge contractor also spends about $132,000 annually to lease construction equipment.
- For construction equipment manufacturers, a vibrant highway and airport construction program is critical.

WHAT THE STATES ARE SAYING…

- **Iowa**—A delay in reauthorization would result in an increased level of uncertainty in the development of next year's five-year improvement program. This uncertainty could also impact the construction industry's plans relative to planned equipment purchases and hiring levels.
- **New Jersey**—"Ramping down" transportation activity, because of the uncertainty of an interregnum period before final reauthorization, though, would be of greatest and immediate concern with regard to capacity and employment in the private sector that supports our capital program (engineering firms, construction companies, planners, material suppliers, etc.). It is ill advised to risk such capacity and jobs in a time of serious economic downturn, by introducing uncertainty into transportation program and project decision-making.
- **Iowa**—A delay in reauthorization would result in an increased level of uncertainty in the development of next year's five-year improvement program. This uncertainty could also impact the construction industry's plans relative to planned equipment purchases and hiring levels.

***Michigan**—With a short-term reauthorization, our construction partners will be hesitant to expand their capacity with new equipment purchases or additional staff. If, at the end of that time, there is a sudden increase in program size, their ability to take on additional projects will be limited unless they ramp up quickly. In either case, bid prices will increase as a result, increasing the overall cost of construction. It is also our concern that if the construction industry is worried about the continuation of a flow of work, the first few months under a six-month extension would find us with the larger construction firms underbidding work to ensure their summer construction season. Smaller or marginally profitable firms would be cut out of the mix, and the result could be that these firms close their doors. Driving smaller contractors out of the business is bad news for everyone involved in the construction industry. Under this scenario, long-term prices would probably rise substantially. . .Beyond the loss of dollars for the road improvements, it is important to understand that any loss in road construction equals a major loss in jobs. It has been estimated that for every $100,000 spent on highway construction, one job in the construction sector is created and one job in the retail trade, services, manufacturing, and supplier industries is created.*

Long-Term, Multi-Year Projects Shelved

Long-term, multi-year projects could be shelved. The interruption in guaranteed long-term cash flow in Federal assistance could adversely affect the many states that utilize innovative financing techniques, such as grant anticipation note (GAN) borrowing, Grant Anticipation Revenue Vehicle financing instruments (GARVEEs), and advance construction.

WHAT THE STATES ARE SAYING…

- **Arizona**—Failure to pass a new bill, at higher funding levels, by September 30, 2003, could have a negative impact on ADOT's Grant Anticipation Note (GAN) borrowing program. This program is similar to the GARVEE bond program used by other states. One of the major risks that rating agencies have attached to our GAN program (and the GAN programs of every other state) is what is called "reauthorization risk". Reauthorization risk represents the Department's risk of not paying bondholders if a new reauthorization is not passed, or is not passed in a timely manner. In addition, it is an indicator to the rating agencies and the credit markets of the Federal government's commitment to keep Federal funds flowing to the states in order to meet debt service obligations. The longer it takes to enact a bill, the more risk there is to our ratings and future sales.

- **Indiana**—The impacts of a longer-term extension or no Federal transportation bill at all are… significant. In this case, Indiana would begin to severely curtail development of planned highway and bridge projects…Indiana will lose its ability to implement such innovative financing techniques as GARVEE bonding, TIFIA loans, our state infrastructure bank, and/or advanced construction for important statewide projects.

- **Minnesota**—Minnesota's legislature just passed a bonding bill that will be used to leverage a significant amount of additional advance construction funds. The conversion of these dollars in a timely manner is an integral part of making the total package work. Lack of action could slow down or stop some of these projects.

- **Virginia**—Virginia's Transportation Program must have a consistent and reliable source of funds in order to operate efficiently. We have spent the past 18 months streamlining our Six-Year Improvement Program (SYIP) by removing projects that could not be fully funded, eliminating many consultant contracts, and delaying construction work to match the cash flow expectations. The Commonwealth Transportation Board has set policies that require transportation projects to be fully funded by the time they are completed. This effort has renewed our credibility with the public and the industry, but it relies heavily on Federal revenue. Any interruption of the Federal stream will have a very detrimental impact on Virginia's Transportation program.

Transit Projects to Be Delayed and Service Cut

Transit projects will be delayed and providers will be forced to cut services. The public, especially rural communities, and the elderly will feel the impacts.

- Rural America has 30 million non-drivers, including senior citizens, the disabled and low-income families, who need transportation options.
- More than 54 percent of all public transportation trips in the nation are reported to be work-related, confirming transit's importance to the economy.
- More people are taking transit today than in the past 40 years.
- Public transportation is a $32 billion industry that employs more than 350,000 people.
- Fourteen million Americans ride on public transportation each day.
- Nearly 20 percent of all transit trips are taken by people over the age of 65 or under 18.

WHAT THE STATES ARE SAYING…

- **California**—California uses the flexible funding provisions of TEA 21 to transfer highway funds to the transit program. If there were a short-term extension, it would be difficult to program those transfers because of the funding uncertainty. In addition, a short-term extension that excludes funding for the Job Access and Reverse Commute program would cause California to lose $8 to $10 million in funding which could impact transit services to low-income populations.
- **Nevada**—In the event of a short-term extension, Nevada's rural and elderly transit program operations would be in serious trouble and very likely would cease to exist.
- **Connecticut**—A six-month extension at the current funding levels could have a significant impact on the 2004 program. Since FTA has implemented an *annual* grant application process, by funding source, a six-month extension would provide no transit funding to the State of Connecticut. Historically, for Connecticut, FTA has not allowed a grant application to be filed based on a six-month appropriation. A one- or two-year extension at the current funding levels would impact the program, however, it would allow the transit program to continue. Multi-year funded initiatives would have to be delayed. On-going projects would take priority in order to maintain construction activities and avoid contractor delays. Pre-award authority and advance construction projects could be jeopardized.
- **District of Columbia**—If Federal funding is held constant at FFY 2003 funding levels ($167.0 million), our transit capital program would be short $17.0 million in FFY 2004, and $29.3 million in FFY 2005. Over the two years, total projected funding shortfall from the projections contained in the current WMATA budget, is $46.3 million. These shortfalls are for the Infrastructure Renewal Program (IRP) portion of our capital improvement program.
- **Idaho**—Like most states, demands on transit providers in Idaho continue to grow. Without a long-term commitment to funding levels, providers will not be able to implement operational plans and capital replacement plans for aging vehicles. Providers will be limited to continuing

conservative operations as they wait for longer-term information. Providers are unwilling to continue expansion of services into the more rural areas of the state without official information that funding levels will be available to sustain the new services…A short-term bill will significantly curtail the progress that has been made during the past six years.

- **Maryland**—Without a six-year bill, transit will not be in a position to expand capacity (through fleet and parking expansion), as well as the timely advance of new projects, (which are important in meeting growing demand, providing service reliability, and reducing congestion). Furthermore, the reliability and predictability provided by a long-term authorization is critical for both the fiscal and physical assurances that are essential in both continuing existing and advancing future projects.
- **Michigan**—A short-term extension, whether six months or two years, would make it more difficult for MDOT and local transit agencies to plan improvements, particularly to facilities, because of the lack of a six-year planning horizon and the uncertainty of future Federal funding.
- **Minnesota**—Local governments may be forced to raise rates *and* decrease service.
- **Missouri**—The biggest downside to the extension is the delay or curtailment of services. Monies that would be affected include the discretionary, earmarked transit funds...This amounts to a total of about $20 million a year to Missouri transit recipients. Other monies affected are those for congressionally earmarked projects in the Job Access and Reverse Commute (JARC) Program, which transports former welfare recipients and low-income people to work. This program administers about $5 million a year to Missouri's transit recipients.
- **North Carolina**—A short-term extension means that the structure and funding levels of major FTA programs cannot be assured for more than a very short-term. This hurts transit systems that are in the process of designing New Start projects. They cannot be assured of annual funding levels for construction of their projects, which could cause delays in completing the projects, add to the costs of the projects due to inflation, add interest costs for any market financing needed for the projects due to less certain Federal funding, etc. A short-term extension means that the bus and bus facilities discretionary program remains very uncertain, which means that major facility or bus projects would be delayed until funding became clearer.

***California**—The state would also experience difficulty in building upon the gains it has made in air quality improvement because key transit and congestion mitigation and air quality (CMAQ) projects would be delayed. One area where this could be critical is in pending full funding grant agreements (FFG). We are expecting to complete an FFG in the next few months for the Los Angeles Eastside.*

- **Pennsylvania**—If a short-term reauthorization bill extension is enacted instead of a longer-term six-year bill like TEA 21, many transit systems will be forced to revert to the previous ineffective year-by-year approach to implementing multi-year capital projects due to the uncertainty of future Federal capital assistance.
- **South Dakota**—A six-month extension is completely unworkable because of the length of time and effort needed to complete operating contracts for rural transit providers under the 5311 and vehicle contracts under the 5310 programs. A one- to two-year extension of current law with no increases in funding would severely hamper any type of planning for current and new projects.

Eleven States Believe Impact Limited

Many responding states anticipated the delay in reauthorization and the prospect of a short-term extension. In fact, if funding continues at current levels, eleven states believe the impact on their program delivery will be limited. Because Federal assistance constitutes 20 to 35 percent of some programs, those states anticipate using their own cash flow to sustain their programs during the interim.

- Some large states have utilized a variety of financing tools, such as bonding, tolls, dedicated tax revenue, advance construction and other tools to support highway programs, and are able to withstand lapses in Federal funding.
- The FHWA estimates that states have advanced their own funds under advance construction (AC) techniques. Currently, $32.4 billion in AC projects is outstanding. Some states anticipate continuing that approach to keep highway programs steady.

WHAT THE STATES ARE SAYING . . .

- **Delaware**—Operations would continue similar to any year where continuing resolutions are imposed. Because a new reauthorization bill has not been drafted, we have maintained our capital program at a conservative level and should not have any impacts. If you are not able to use advance construction, we may have a challenge meeting the right mix of Federal funds available.

- **Florida**—In Florida, the Federal program is about 35 percent of our total transportation funding. This is due in part to our donor status on Federal transportation funds, but more so because the State of Florida has made a major investment in transportation through dedicated state tax sources and toll revenues. This provides FDOT the flexibility to use cash management techniques and Advanced Construction to ensure that projects stay on schedule. During the nine months of uncertainty between the end of ISTEA and the creation of TEA 21, there were *NO* delays of projects in the FDOT Work Program due to the lack of Federal funds or the uncertainty of the reauthorization of ISTEA.

  Governor Bush expects us to provide the leadership to deliver the transportation program the FDOT has committed to him, the Legislature, local officials and the public. We take this mission to heart and are meeting his expectations.
- Hawaii—Our Three-Year Statewide Transportation Improvement Program is currently being developed on the assumption that current authorization (TEA 21) funding levels will at least be maintained. Due to the small size of our State's program, changes in this level could be in the order of, perhaps, $10–$20 million, amounting to perhaps one to three projects. Our operations would be nominally impacted to accommodate actual authorization levels.

- **Louisiana**—We can see no adverse negative impacts to our highway program or operations under a six-month, one-year, or two-year extension. Our program is based on the assumption that funding will continue at current levels.

- **Mississippi**—It is our feeling that the impacts to the Department from a short-term bill would be limited, as long as the funding remains at the current levels. One other consideration is related to the issue of equity. From Mississippi's perspective as a donor state, it would be better for us to have a short-term reauthorization than a longer-term bill that does not provide the 95 percent equity level proposed by the SHARE states.

- **Iowa**—We have already developed a contingent construction program and a projected cash flow scenario which takes into account the possible extension of TEA 21 at the current funding levels. Assuming an extension provides apportionments and obligation authority at a level similar to TEA 21 we believe that there will be little, if any, impact on our construction program or operations.

- **Alabama**—There should be no impacts to our highway program from a short-term extension (at current funding levels) rather than a long-term reauthorization.

- **New Mexico**—Given that the 2004 New Mexico STIP was based on slightly lower projected Federal funding, programmatically based on TEA 21, the impact of a one- or two-year extension would be minimal. A six-month extension could present some timing issues, though they will more than likely be less severe than issues raised by this year's (2003) late appropriation.

- **Ohio**—A six-year horizon for transportation funding bills is key to successful planning activities and objectives. Any truncation of that time frame would put our planning functions for the delivery of a long-term transportation program into question. However, the impact would be minimal if the extension did continue funding based upon current levels.

- **Rhode Island**—There will be little to no impact in these areas if no program changes are made.

- **Texas**—At TxDOT, we aggressively use the broader range of financing tools the Federal Highway Administration makes available. Today, a state's "advance construction" commitments are no longer limited to a state's total annual Federal apportionment. TxDOT's planners assume that Congress will not permit the Federal-aid highway program to collapse and that the Federal government will honor its obligations under that program. As long as Congress continues to reauthorize Federal-aid highway programs at current levels, allows FHWA to continue to operate, and continues to allow us to use available financial tools, we see no significant effect on our program. Particularly with the ability the Texas Legislature has recently given us to borrow up to $3 billion from the Texas Mobility Fund, we can continue letting projects under Federal advance construction provisions and claiming reimbursements as they become due, as we have always done. The term of the reauthorization, be it a full six years or a six-month extension, makes little difference. Texas supports increased funding for the Federal-aid highway program. However, a more equitable return on our highway user fee contributions to the Highway Trust Fund and broader state and local discretion over the federally funded, state administered Federal-aid highway program are higher priorities for us than a "well-funded six-year" reauthorization bill. We strongly prefer a short-term bill to a longer-term bill that does not advance those goals.

Appendix I
Survey Questions

1. Considering the advance preparation that must take place for federal-aid projects, given their multi-year nature, if TEA-21 is not reauthorized by October 1, 2003 and Congress instead enacts a short-term extension of current law with funding at current levels ($31.2 billion for highways and $7.2 billion for transit), when and how would your department's operations, including contract lettings, staffing, and projects be impacted? Please provide this information assuming a six month, one year or two year extension.

2. Please list the estimated program impacts in terms of numbers of highway projects that may be affected, and the estimated dollar impacts.

3. What other effects would a delay have on your operations? Please include impacts on construction seasons, safety, environmental considerations and economic development.

4. In the unlikely event that an extension does not provide additional apportionments, do you have sufficient remaining unobligated balances in priority core highway programs? If not, what is the shortfall?

5. In the event of a short-term extension, what would be the impact on the transit program in your state?

Appendix II
Survey Responses

Alabama

1, 2, 3, & 5. There should be no impacts to our highway program from a short term extension (at current funding levels) rather that a long term authorization.

4. Our current unobligated balances, if we were free to transfer among categories, would carry us for about one year. If we were not allowed to transfer, we would start experiencing problems in three to six months.

Alaska

1. A delay in reauthorization, perhaps by up to 2 years, is the currently 'expected' scenario, and our new STIP for FFY 2004-2006 is built on this unfortunate assumption. In downsizing the STIP from our earlier estimates, at least $40 million per year was reduced. There are also many special categories of funding in TEA-21, and we do not know if these would be carried forward in the extension scenario, or simply left unfunded. All of this uncertainty is alarming, for it makes establishing plans for contract letting, consultant contracting, community consultations, most difficult. Our reputation and good name is on the line, so to speak, for the public will not easily understand how the delay in reauthorization so greatly impacts our ability to serve their needs efficiently.

2. Since a short-term extension would presumably provide no increase in funding over the FFY 2003 appropriation, we estimate a minimum shortfall of 12% from our original prediction for FFY 2004 funding. Of course, the actual formula distribution under reauthorization is only speculation at this time, and thus these things are not 'knowable' in any real sense. If the 12% growth in the new program is a valid assumption, extension of the current program will mean we will have about $40 million fewer dollars in our total program. The other wild card in this situation is how the issue of RABA (revenue aligned budget authority), especially how the possibility of negative RABA is dealt with in the extension bill language.

3. Alaska's construction season is highly influenced by weather and short-term delays in the preparation of a project can cause us to lose the entire construction season for a given project. This both delays benefits and likely adds cost due to inflationary influences on construction costs. There are also very time critical projects in the queue some which are needed to make earlier investments operational. As an example, we have a new ferry under construction that needs terminal modifications. If the terminals are delayed due to the problems in reauthorization, we will take delivery on a new ferry that cannot be put into service.

4. We would view this as the worst-case scenario, as our current remaining unobligated balance of apportionment is less than 30% of expected obligation authority for FFY 2004. It would cause us to delay more than $200 million in projects in the coming year to the detriment of the entire state and many critical projects.

5. We did not have time to determine this.

Arizona

1. A six month, one year or even two year extension at FFY 2003's level of $31.2 billion would have little impact on ADOT's program. ADOT has been very conservative in developing its funding estimates for FFY 2004 and FFY 2005 and has assumed a national funding level roughly equal to FFY 2003 for both FFY 2004 and FFY 2005. Obviously there would be "upside potential" if timely passage at higher levels were to take place. However, this assumes that any short-term authorization includes the granting of both Obligation Authority and Apportionment Authority.

2. Currently we have $560 million programmed that encompasses 141 projects. This includes right of way, development, and construction costs.

3. Failure to pass a new bill, at higher funding levels, by September 31, 2003 could have a negative impact on ADOT's Grant Anticipation Note (GAN) borrowing program. This program is similar to the GARVEE bond program used by other states. One of the major risks that rating agencies have attached to our GAN program (and the GAN programs of every other state) is what is called "reauthorization risk". Reauthorization risk represents the Department's risk of not paying bondholders if a new reauthorization is not passed, or is not passed in a timely manner. In addition, it is an indicator to the rating agencies and the credit markets of the Federal government's commitment to keep federal funds flowing to the states in order to meet debt service obligations. The longer it takes to enact a bill, the more risk there is to our ratings and future sales.

4. If TEA-21 were to end, and Congress gave the states additional Obligation Authority, but no additional apportionments, the Department could begin having problems within 3 - 8 months. We currently estimate we will have about $260 million of unobligated appropriations in our five core programs as of 9/30/2003. This compares to approximately $323 million that was obligated in these programs in FY 2002. That means, compared to FY 2002 spending patterns, we would have about a 10 month balance of unobligated apportionments. However, balances in individual categories could start running out sooner than that, depending on the mix of pavement preservation projects that are converted during the year. For example, in FFY 2002 ADOT obligated $153 million of NHS funds. As of 9/30/2003 we estimate that our unobligated balance of NHS funds will be only $30 million. So, unless we have other funds that we can "flex" (i.e. STP and Minimum Guarantee for example), NHS projects could run out of apportionment authority very quickly.

5. In the event of a short-term extension, the impact on the transit program would be minimal regarding contracts and staffing. Sufficient funds for this requirement would be satisfied through unobligated balances. In terms of project funding this would be impacted because unobligated balances are minimal at the end of the fiscal year. Transit funding for the ADOT SSO project is originating from the Valley Metro Rail, Inc. and may be jeopardized based on their anticipated full funding grant agreement. The uncertainty of new increased funding levels can have an adverse impact on local program and budget decision making for future years.

California

1. It is difficult to estimate on an annual basis what project and program impacts would occur on an incremental basis. California uses a biennial forecast of state and federal transportation funds to develop programming levels for its State Transportation Improvement Program (STIP). The state has delayed the fund estimate for this cycle to coincide with reauthorization. The estimate drives the programming process and subsequently the department's capital outlay support determinations.

Without a full six-year federal commitment, backed by a continuous stable funding source, it will not be possible to plan for, design, and construct the transportation system that the state needs. Absent a guaranteed program, it would be difficult to estimate funding for the future. However, it is clear that the shorter the extension period, the more difficult it becomes to program, plan, and fund long-term projects. On a minimal level, a six-month extension would cause the state to focus its efforts on meeting existing commitments and reduce the number of projects that are advertised and awarded. A two- year program would increase the range of projects we would be able to let, but it would still create uncertainty over three-fifths of our STIP.

2. California's Federal STIP has approximately 6,000 projects programmed at a total of $33.5 billion dollars. How these projects may be impacted depends on the duration of a continuation bill as well as its content. In federal fiscal year 2003, the state received approximately a half billion dollars in discretionary highway and transit funds. Because continuing resolutions tend to cover only the core programs, it is likely that the projects that depend on discretionary allocations could initially experience impacts to their schedule.

3. If there were a delay in reauthorization without a continuation, California would be hard pressed to continue to meet all of its construction commitments. Impacts would vary by location in the state given the diverse weather patterns and ecological niches. Economically, approximately 35,000 jobs in California would be affected for each $1 billion of delay. The state would also experience difficulty in building upon the gains it has made in air quality improvement because key transit and congestion mitigation and air quality (CMAQ) projects would be delayed. One area where this could be critical is in pending full funding grant agreements (FFG), we are expecting to complete an FFG in the next few months for the Los Angeles Eastside.

Finally, if a continuing resolution went on beyond April 2005, there is a possibility that there would be a conflict between U.S. Environmental Protection Agency (U.S. EPA) standards for ozone attainment and CMAQ formula specifications under current law. It appears likely that by April 2005, U.S. EPA will adopt an eight-hour standard for ozone attainment and discontinue the current one-hour standard. Unless Congress were to intervene, there would be a conflict in allocating CMAQ funds.

4. California will have used most of its flexible program apportionments and obligation authority by October 1, 2003. Absent additional apportionments and sufficient obligation authority, the state will not be able to continue its normal program without some sort of "bridge" financing mechanism.

5. California uses the flexible funding provisions of TEA-21 to transfer highway funds to the transit program. If there were a short-term extension, it would be difficult to program those transfers because of the funding uncertainty. In addition, a short-term extension that excludes funding for the Job Access and Reverse Commute program would cause California to lose $8 to 10 million in funding which could impact transit services to low- income populations.

<u>Colorado</u>

1. The Colorado Department of Transportation budgeting process flows based on multiple year estimated State and Federal revenue projections. The Department approaches each State Fiscal Year allocation based on Transportation Commission established program level distributions of these estimates and adjust these programs when final Federal Apportionments and Obligation Authority Notifications are received. The FY2004 program has been initiated under this approach and is currently underway at the estimated levels employing Federal Advanced Construction procedures employing State Highway User Tax Funds to front these program level expenditures. Additionally, some FY2004 planned projects have been converted to actual prior year federal apportionments utilizing Federal FY2003 Obligation Authority. Provided a Federal Continuing Authorization Act is passed by Congress and some form of Federal Appropriation Act includes a Federal Highway Appropriations is enacted the State of Colorado will experience only cash flow impact and cash balance reductions, as historically the State Highway Users Tax Fund generates sufficient cash flow to support the entire State program.

The local agencies, however, may not have sufficient cash flow to enable them to go forward with their programs, such as STP-Metro and CMAQ (CDOT allocates CMAQ funds to TMA's and rural non-attainment areas). The real impact to Colorado lies in the inability to plan ahead, especially in relation to federal programs that could potentially be eliminated in new authorization bills, and local agency programs. CDOT is continuing its normal process of allowing programs to go forward as of July 1st, and will likely do so in fiscal year 2005, as noted above. Unfortunately, we are taking on substantial risk that these programs will be reauthorized. If they are not, we will have to pay for them with our state gas tax funds, and work out a way to utilize federal funds on programs generally paid for with state funds. Again, this is more detrimental to the local entities than CDOT, as they do not have the flexibility nor cash flow that allows them to take this risk. In addition, they have just recently become proficient at putting their programs out in an effective manner during the fiscal year. These planning "fits and starts" tend to distract from the planning process necessary to keep the programs effective and efficient.

Finally, CDOT flexes funds for several programs to local entities for use in their transit and planning activities. We have generally been able to give them assurance by this time of the year that we will continue this arrangement. The indecision on the federal program makes it impossible for us to guarantee to them that they will receive these funds. Although they may have a letter of no prejudice from FTA, they must proceed with their own funds understanding the risk that they may not be able to be reimbursed if future authorization does not make this arrangement possible.

2. No project related impacts are anticipated under a continuing resolution / authorization type scenario. See above for effects to the local programs.

3. Reduced Cash Balances and associated miscellaneous interest income decreases could result from delayed reimbursement billings and increased advanced construction activities. Cannot predict the impact to local entities.

4. Existing unobligated appropriations are sufficient for the current FY2004 Planned programs with the exception of the Metro Planning Program which has $-0- available from prior years.

5. This would require Transportation Commission Resolution action to pledge State Highway Users Tax Funds in support of Letter of No Prejudice Agreements with FTA to continue existing programs.

Small transit agencies supported by CDOT would have to proceed under letters of no prejudice, risking the likelihood that they may not be repaid. This would likely be impossible, considering the small operating budgets that they have. It would likely force them to curtail service. RTD is the largest recipient of FTA and flexed FHWA funding in Colorado. They are supported by sales tax revenues, which have been drastically effected by the economic downturn. The inability to receive these funds might cause some operational issues for RTD, but they are a separate entity from CDOT, and we are not in a position to predict the impacts to any further degree.

Connecticut

1. A one or two year extension at the current funding levels and formula distributions is not expected to create any significant problems for Connecticut. In fact, Connecticut and other states may benefit from a one or two year extension rather than be locked into a six-year bill at a lower funding level. The following responses address the affects of a six-month extension:

Highway Program:

The impact of enacting a six-month extension of TEA-21 will have a significant and immediate impact on Connecticut's Transportation Program in Federal Fiscal Year 2004. Connecticut received $371 million in total Federal Aid Apportionment and over $352 million in obligational ceiling in FY2003. Leveraging approximately $130 million in state funds, CONNDOT has been able to sustain an annual advertising program of between $450-$500 million. This program level would provide annual funding to resurface approximately 350 two-lane miles of roadway, rehabilitate bridges, and reconstruct infrastructure roadways to ensure continued high levels of safety and mobility.

Due to the limited appropriation anticipated from only a six-month bill, Connecticut will be forced to immediately delay and reschedule project phases on 24 federal aid projects totaling over $90.4 million that have been advertised and are scheduled for award in FFY04.

Additionally, approximately 65 projects at a cost of $78.6 million could be rescheduled or delayed.

Included in the above are delays to 3 major reconstruction/bridge rehabilitation projects:

Description	Total Cost
92-533 I-95 Expressway Upgrade Q Bridge Corridor – New Haven	$31 million
83-244 US 1 Bridge over Housatonic River in Milford	$12 million
102-317US 7/15 Interchange in Norwalk	$27 million

The Highway Safety Program would also be negatively impacted. Several law enforcement programs designed to target drunk drivers, speeders, and lack of safety belt use would be cancelled. 'Safe Community' programs (local highway safety efforts), public information and education programs would be delayed, and training efforts curtailed.

Transit Program:

A six- month extension at the current funding levels could have a significant impact on the 2004 program. Since FTA has implemented an annual grant application process, by funding source, a six- month extension would provide no transit funding to the State of Connecticut. Historically, for Connecticut, FTA has not allowed a grant application to be filed based on a six- month appropriation.

A one- year or two- year extension at the current funding levels would impact the program, however would allow the transit program to continue. Multi year funded initiatives would have to be delayed. On-going projects would take priority in order to maintain construction activities and avoid contractor delays. Pre-award authority and Advance Construction projects could be jeopardized.
New contracts could not move forward unless the full one-year extension was enacted.
There are three contracts that could be affected:

First, the replacement of five New Haven Line (NHL) Substations. The substations are an integral component of the New Haven Rail Line, which is an integral component of the Northeast Corridor. Should any one of these antiquated substations fail, power distribution on the New Haven Line would be seriously disrupted.

Second, the construction of a New Wheel Truing Facility in New Haven Yard. This facility will be utilized to restore wheel diameter parity and profile due to the stresses of track wear, drift, spalling, and wheel flat spots. This facility is necessary to maintain equipment safety and provide the ability to support new federally mandated maintenance processes.

Third, the purchase and installation of Variable Message Signs at NHL stations. This project would enable train announcements at the key stations be given in a visual as well as audio format, which is a federal mandate according to the Americans with Disabilities Act.

2. **Highway Program:**
In total, 89 projects totaling $169 million would be rescheduled or delayed. This will primarily affect our core programs (IM, NHS, STPA, MG, BRX).

Transit Program:
The NHL Catenary program could be affected. If additional funding for the sections of the catenary program currently under construction could not be appropriated, the program could be in jeopardy. Total program cost: $220 million. An additional $10 million is included in the 2004 program to maintain the current construction schedule.

The completion of the NHL Car Storage Yard could be affected. The balance of funding needed to complete the project is part of the 2004 program. Total project cost: $75 million.

The completion of the Stamford Center Island Platform project could also be affected. The balance of funding needed to complete the project is part of the 2004 program. Total project cost: $150 million.

3. **Highway Program:**
A six-month extension would curtail our ability to fully fund our construction program as previously noted. Assuming funding is provided this fall, a significantly reduced program would be delivered for the 2004 construction season. Approximately 36 projects designed to address identified safety issues could be delayed. Further, safety improvements and upgrades associated with larger roadway reconstruction and bridge projects could be delayed.

Following FHWA guidance and methodology, it is estimated that approximately 8,500 jobs could be adversely affected by this delay which would have a detrimental effect on Connecticut's economy.

Transit Program:

The NHL Track Program currently scheduled for FFY 2004 FTA funding could be delayed. Delay of this project could impact railroad safety due to the delay of the purchase and installation of ties and also bridge timbers resulting in increased operational costs. In addition, the window of the construction season could be lost.

The continued cyclical replacement of Transit Buses that have reached the end of their useful life would have to be delayed resulting in increased maintenance and operational costs.

4. **Highway Program:**
Connecticut will have approximately $273 million left in carry-over apportionment in its core programs. Having access to these in lieu of no new authorization act would be better than no federal aid act at all, but it must be recognized that this carry-over balance would only sustain obligate ongoing construction projects through June 2004. Flexible use of this money would also have to be provided. In most cases, large carry-over balances do not exist in the programs where they are most needed (i.e., IM, NHS, STPA, etc.).

Transit Program:

The transit program does not have unobligated balances in the Section 5307, 5309, 5310, or 5311 programs. Only specific projects apportioned earmark funding have unobligated balances.

5. As stated in question one above, a one- year or two- year extension at the current funding levels would impact the program, however would allow the transit program to continue. Projects currently under construction could be jeopardized if a six-month extension were enacted. Essentially, funding would not be available to Connecticut until a second extension was enacted. This funding is necessary to maintain current construction activities and to continue to provide safe and reliable transit services. In addition, new contracts, as detailed in question one above, would have to be delayed thereby jeopardizing New Haven Line operations as well as failing to meet federal mandates.

Delaware

1. Operations would continue similar to any year where continuing resolutions are imposed.

2. Because a new reauthorization bill has not been drafted, we have maintained our capital program at a conservative level and should not have any impacts.

3. If you are not able to use advance construction, we may have a challenge meeting the right mix of federal funds available.

4. Our current unobligated balance is approximately $100 million – again some specific apportionment codes may fall a bit short.

5. Probably insignificant.

District of Columbia

1. The greatest impact would be felt in those projects that require multi-year funding plans. Without the identification of these funds, those projects must be deferred; and they normally are the projects in greatest need of being implemented.

Without the assurance of consistent funding for projects, the DC contractor community may be forced to reduce capacity (staff and other resources) until better data exists for them to plan their operations accordingly.

2. This will impact approximately 4 projects per year and reduce the plan of projects by approximately $23 million per year of the extension.

3. The District of Columbia has several bridges that are in need of immediate repair, and in some cases replacement. Without the assurance of multi-year federal funding, some of these projects would need to be delayed until the level of funding is certain. Furthermore, if these major structures are prioritized and advanced within the limited pool of funds, other projects would have to be deferred.

DDOT provides significant assistance in the area of infrastructure funding to stimulate economic development – many of which are transportation studies or streetscape improvements along federal corridors. However, they would not be advanced if there were insufficient funding for the core programs. This could delay the implementation of economic development projects.

4. There is insufficient funding in the Surface Transportation Program (STP), specifically under the urban area and flex categories. The shortfall is in the range of $6 million.

There is also insufficient funding in the State Planning and Research (SPR) and Metropolitan Planning (PL) programs. The shortfall is approximately $1.2 million.

5. If federal funding is held constant at FFY '03 funding levels ($167.0 million), our transit capital program would be short $17.0 million in FFY'04, and $29.3 million in FFY '05. Over the two years, total projected funding shortfall from the projections contained in the current WMATA budget, is $46.3 million. These shortfalls are for the Infrastructure Renewal Program (IRP) portion of our capital improvement program.

Florida

1. Assuming that Congress provides funding in the extension at $31.2 billion nationally the FDOT will have NO impacts.

2. N/A.

3. N/A for the items mentioned. The FDOT builds a 5-Year Work Program. An extension will provide a degree of uncertainty in forecasting the amount of Federal funding to allocate for projects in the years beyond the extension.

4. The FDOT has unobligated balances to consume obligation authority for approximately 6 months to one year. However, there would be a need for

significant transfers among selected program areas to fund projects scheduled in Federal fiscal year 2003-04.

5. Assuming that Congress provides funding in the extension at $7.2 billion nationally for transit the State of Florida should have NO impacts. As with the highway program, an extension will provide a degree of uncertainty in forecasting the amount of Federal funding to allocate for transit projects in the years beyond the extension.

Georgia

1. a) Six-Month Extension:
A substantial amount of projects ready to let that would have been bid during the winter for the summer construction season would be delayed to wait additional funding. Design activities on future projects would be necessarily delayed, including environmental activities that, because of changed conditions, could have to be redone. Certain permits may have to be renewed. Project construction costs will increase on delayed projects. Because Georgia has effectively utilized advance construction we would face severe limitations in continuing to use this financing technique.

b) One-Year Extension:

Design activities on future projects would be delayed and long term planning would be disrupted due to inability to accurately estimate anticipated funding required for financial plans. Conversion of state funded projects under advance construction provisions would be delayed and would create a serious cash-flow problem as earned expenses increase on projects under construction.

c) Two-Year Extension:

Long term design activities would be disrupted which would result in delay of future projects, especially major projects which require long times to design. Future long-term planning activities and financial forecasts would be adversely impacted. We would not continue to use advance construction as a tool to accelerate projects since the uncertainty of long-term federal funding would increase anxiety among lenders and correspondingly increased interest rates.

2. a) Number of highway projects

Six Months Extension – 90

One Year Extension - 145

Two Year Extension – 210

b) Estimated dollar impacts

Six-Month Extension

MONTH	CURRENT	REVISED	DIFFERENCE
NOV	$80,996,533	$50,793,367	$30,203,166
DEC	$100,202,600	$91,083,400	$9,119,200
JAN	$145,627,534	$60,153,134	$85,474,400
FEB	$122,743,553	$60,954,460	$61,789,093
MAR	$228,686,279	$105,724,620	$122,961,659
APR	$26,562,400	$12,267,200	$14,295,200
TOTAL	$704,818,899	$380,976,181	$323,842,718

One-Year Extension

YEAR	CURRENT	REVISED	DIFFERENCE
2004	$1,196,000,000	$1,123,495,381	$72,504,619

Two-Year Extension

YEAR	CURRENT	REVISED	DIFFERENCE
2004	$1,196,000,000	$1,123,495,381	$72,504,619
2005	$1,162,000,000	$1,116,233,487	$45,766,513
TOTAL	$2,358,000,000	$2,239,728,868	$118,271,132

3. 3. Other effects of a delay have on Georgia DOT operations:

a) Construction Seasons – Delayed starts on projects would result in an extended construction season and thereby increasing overall cost of projects.

b) Safety – Delayed starts on safety projects will increase accidents and associated accident related cost.

c) Environmental Considerations – Delayed starts could require environmental documents to be refreshed or updated costing both time and money. Some environmental enhancements due to the lack of funds could be cut back or reduced entirely.

d) Economic Development – Delayed starts will negatively impact both construction jobs and related induced jobs. State and local economies will additionally suffer as transportation economic development projects to help support development are delayed.

e) Planning and project development – Not having a long-term bill enacted would disrupt state and local MPO work to develop STIPs, TIPs and Regional Transportation Plans. The whole project development process of preliminary engineering and right-of-way acquisition would be disrupted, causing inefficiencies that in turn delay projects and cost the DOT administrative expenses and increase project costs.

4. If an extension does not provide additional apportionments, GDOT would not have sufficient remaining unobligated balances in priority core highway programs to maintain its scheduled program for FY 2004. Georgia would be able to accomplish very little new construction. Existing balances would be needed to convert existing advance construction, leaving virtually none to fund new projects.

5. For Georgia, a short-term extension would directly impact urban transit agencies as well as the transit programs administered by the Georgia Department of Transportation. Even under a six-month appropriations bill, FTA would have to apportion funds to make them available to recipients and process grants. Given the cumbersome FTA grant process, the agency in the past has not been willing to make "partial year" grants, so even under a six-month extension, it is questionable whether recipients would get any new funding until the fall of 2004, which would cause serious cash problems. Certainly no new federally-funded rolling stock replacement and/or facility projects could move forward. One urban system in Georgia that uses substantial funding for lease payments would be quickly impacted. Under this scenario, projects worth a minimum of $132 million would be deferred.

A one or two-year extension would allow transit system recipients and GDOT to continue with limited interruption the transit planning, capital and operating assistance programs but there would be great uncertainty about proceeding with new start projects.

The constraint on maintaining our scheduled state FY 2004 program implementation under a 6-months extension is at the root cash flow. We would not have sufficient cash to continue to support additional AC planned to finance projects in our FY 2004 program throughout the remainder of FY 2004 without the ability to freely convert existing ACd projects - to periodically receive cash from the feds needed to support the state cash payout needs for the additional/new AC projects. We have about a $475 million AC balance and plan on ACing about $400+ million in FY 2004. Georgia routinely converts AC to pay contractor bills that are coming due on projects that we ACd in the past.

Only six months of new apportionment would not be sufficient to freely convert enough old AC to generate cash for new AC. We have relatively low balances of unobligated apportionments in program categories "most needed" for new FY 2004 projects, so we would not be well able to finance projects over and above the AC conversion/rollover needs.

Just as a caveat, we believe these are reasonable estimates assembled under a limited time frame. More extensive analysis might, but not necessarily, change the overall totals.

Hawaii

Our 3-Year Statewide Transportation Improvement Program is currently being developed on the assumption that current authorization (TEA-21) funding levels will at least be maintained. Due to the small size of our State's program, changes in this level could be in the order of, perhaps, $10-$20 million, amounting to perhaps one to three projects. Our operations would be nominally impacted to accommodate actual authorization levels. We would need to revise/amend the STIP and adjust project development schedules for those slated to be moved up in the case of an increase, or delayed a few months in the case of a decrease.

The uncertainty of funding levels for the next 6 years is adversely affecting our planning and fiscal process for project delivery. Our appropriation requests to the State Legislature for the biennium-based budget may not credibly reflect the size of the authorized Federal-aid highway program.

Idaho

1. The primary point that needs to be made in considering a short-term extension of TEA-21 is that the federal government must have a law in effect on October 1, 2003 which allows the states to continue their operations uninterrupted. We must be able to bill the FHWA for reimbursement of expenditures on federal-aid projects in order to maintain our cash flow as projected. Our highway construction program for FY04 has been programmed on the assumption of continued federal-aid funding at least at the FY03 level. A six-month extension would not provide sufficient funding to let a number of projects that are currently scheduled in FY04 and would result in a number of projects being delayed until FY05. Advance construction would not be an option as the Department has no uncommitted State highway account revenues available and we are prohibited by state law from borrowing funds. We could continue to operate for three to six months on our current carryover apportionments of approximately $160 million (assuming all new FY03 apportionments were used) if we are given authority to use them.

Further problems would occur because contractors, who normally would bid in the fall for work in the spring or summer would move their activities to the private sector, knowing that work would not be available if funding was not. When funding did become available, the Department would pay a premium price to the contractor who has to shift his otherwise committed resources, plus pay a higher price for materials, etc.

2. An extension of one or two years at the FY03 funding level would not significantly impact the number of projects let during FY04. If the extension were only for six months, however, several major projects that are ready now would be let within three to six months of the beginning of FY03, using all of our available funding, resulting in over sixty projects valued at approximately $100 million being delayed until the FY05 construction season or later because funding for continued design and development will be either too limited or simply not available in time to maintain project development schedules.

3. There are many projects in Idaho which are time sensitive and must be constructed at a specific time of the year. For example, projects involving irrigation work must be done during the months of November to March when southern Idaho's extensive irrigation canal system is dry. Our agricultural system depends on those canals and they cannot be closed for construction work during the growing season. Other projects must be done at specific times to avoid environmental impacts. Eagle nesting areas must be avoided in the winter. Likewise, salmon and steelhead migration areas must be avoided during the spring and fall, depending on the species. The same is true for wild game migration areas. Another area of economic impact is tourism. Projects which block or make access difficult to winter ski areas and resorts should be done

during the summer, etc. Delaying these types of projects past the time they must be done will delay them an entire year. A project involving irrigation work that cannot be done in the winter will be delayed until the following winter. It cannot be done in the summer even if funds are available.

4. Idaho has $217.9 million in projects planned for FY04. Of this amount, $181.1 million is programmed for sixty-six projects within the core programs. We have only $74.2 million (41% of total) in authority available within those programs, resulting in a shortfall of $106.9 million within the core programs. If we were not given the flexibility to use the authority from special purpose funding categories, we would only be able to fund the core programs for three to six months. The problem is actually more serious, because $27.9 million of the available authority is needed to continue design and development activity for general purpose projects, leaving only $46.3 million (25.6% of total) for construction. Approximately forty-eight of the sixty-six core program projects planned for FY04 would have to be delayed under this scenario.

In other areas, we would have only enough authority available to fund our MPOs for only 4 to 5 months. The Recreational Trails and SPR programs could be funded for slightly less than one year. Other special programs could be funded for nearly two years.

5. Like most states, demands on transit providers in Idaho continue to grow. Without a long term commitment to funding levels, providers will not be able to implement operational plans and capital replacement plans for aging vehicles. Providers will be limited to continuing conservative operations as they wait for longer term information. Providers are unwilling to continue expansion of services into the more rural areas of the state without official information that funding levels will be available to sustain the new services.

As we prepare for the FY2004 grant cycle, we have estimated our funding levels to include an increase similar to that provided by TEA-21. If a bill is not funded with an increase, providers will have to revise services for the 2004.

Holding funding at current FY2003 levels will not keep pace with inflation, especially the rising costs of insurance. As transportation funds from Health and Human Service Agencies are reduced, there is more reliance on Federal Transportation Administration funds to maintain the administration costs of service. Fuel costs, maintenance costs, salaries and communications costs are also increasing. As older buses are kept on the road longer, maintenance costs increase dramatically while providers are reluctant to commit to the purchase of new vehicles.

TEA-21 provided much needed stability to transit funding levels and allowed the development of transit plans which are being implemented. A short term bill will significantly curtail the progress that has been made during the past six years.

Illinois

1. The Illinois Department of Transportation (IDOT) FY 04-08 Proposed Highway Improvement Program was developed assuming current TEA 21 levels of federal funding throughout the five year timeframe. A short-term extension (that includes an additional apportionment equal to TEA 21 levels) will not have an immediate negative impact on programmed activities. It will, however, prevent IDOT from including "Next TEA" funding scenarios in the development of the next 5-year program and may preclude the addition of many needed projects in that program, including those that will require special funding in the new bill.

2. Currently there are over $1 billion of identified highway improvements that need additional federal funds (over and above TEA 21 levels) in the FY 05 to 09 timeframe.

3. Any delay in funding will increase the scope and the cost of repairs and will delay the economic and safety benefits of the improvements.

4. Any action that does not include additional apportionments cannot be called an extension… it is a federal program shut down. IDOT utilizes 100% of its obligation ceiling every year. We do not have sufficient balances to deliver the projects in the current 5-year program without new apportionments.

5. There is a $300 million full funding agreement with FTA that will require a new multi-year bill in order to be implemented. There are several other new major capital projects that are also dependent on a new bill. The "regular" transit program will be impacted in a manner similar to the highway program if a new bill is not passed this fall.

Indiana

There are several issues facing the State of Indiana should there be no federal highway transportation bill for this coming year or no 6 year bill in the future.

The immediate impact to Indiana will be significant. First, Indiana will face a reduction in its highway and bridge construction program if a short term reauthorization is authorized at TEA 21 levels. The impacts for the short term are as follows: If TEA 21 is extended for six months at flatline levels, Indiana would be short $60 million for its planned construction program. If TEA 21 is extended for one year at flatline levels, Indiana would have a negative impact of $125 million for its planned construction program. If TEA 21 is extended for two years at flatline levels, Indiana would face a shortfall $250 million in its planned construction program.

The impacts of a longer term extension or no federal transportation bill at all are even more significant. In this case, Indiana would begin to severely curtail development of planned highway and bridge projects. This would impact on-going environmental work as well as land acquisition and key engineering work on projects throughout the state. Numerous projects would be put on hold pending a new federal bill resolution. As a result, one of the worst outcomes will be the inevitable delay of vital projects ranging from intersection improvements up to major highway expansion and congestion relieving projects. Further, Indiana will potentially lose the use and flexibility of its valuable state highway dollars to cover the federal shortfall. Finally, Indiana will lose its ability to implement such innovative financing techniques as Garvee bonding, TIFIA loans, our state infrastructure bank and/or advanced construction for important statewide projects.

Iowa

1. We have already developed a contingent construction program and a projected cash flow scenario which takes into account the possible extension of TEA-21 at the current funding levels. Assuming an extension provides apportionments and obligation authority at a level similar to TEA-21 we believe that there will be little, if any, impact on our construction program or operations.

2. None are expected over the short term.

3. A delay in reauthorization would result in an increased level of uncertainty in the development of next year's five-year improvement program. This uncertainty could also impact the construction industry's plans relative to planned equipment purchases and hiring levels.

4. If any restrictions were imposed which limited our ability to transfer unobligated apportionments between core programs we would be forced to significantly reduce the number of NHS funded projects let for the next construction season.

5. The impact on transit service in our large urban areas would depend on the ability of FTA to process funding applications for our formula funds in a timely manner and their awarding of the discretionary grants. There would be minimal impact on our small urban and regional systems.

Kansas

1. The recent state budget shortfall in Kansas has resulted in certain state highway funding being diverted to other general purposes. This has eliminated any flexibility the Kansas Department of Transportation (KDOT) has had in managing the State's multi-year transportation program. Although a short term extension of current TEA-21 levels for six months, one or two years, would not result in curtailed operations, lettings or staffing, and extension of TEA-21 without increased funding would leave the State dangerously short of funding to complete projects promised to legislators, citizens and businesses. Any further diversion of state funding due to the continuing budget shortfall would then likely result in canceled or delayed project design and lettings.

Increased funding from reauthorization would definitely improve the ability of the State to continue to deliver committed projects. KDOT has positioned itself to continue as though federal programs will continue in the future and we will continue to develop our projects on that premise.

2. Assuming an extension of current TEA-21 highway apportionment and obligation limitation levels, KDOT estimates minimal impacts on projects and dollars. However, the longer the delay in reauthorizing TEA-21, the greater the impact will be for local governments in Kansas which depend on federal and state funds to sustain their programs.

3. Assuming an extension of current TEA-21 highway apportionment and obligation limitation levels, KDOT does not anticipate delays in any of the department's operations. However, a well-funded, long-term reauthorized federal program is much more desirable as it allows the State to plan with greater certainty for the future. A long-term reauthorization bill provides more time for the State to plan for improvements that often take many years to plan, design and build. A short-term extension of six months or even one year does not provide the predictability needed to plan for and implement large, complex projects and programs.

A delay in reauthorizing TEA-21 will have an even more serious effect on local governments in Kansas because their funding has been greatly affected by the State funding shortfall. Although the State program is set for the next seven years, local projects depend more directly on federal funding and therefore, the sooner an increase in federal funding is provided, the sooner planning can begin in metro areas, cities and counties.

4. No, KDOT would not have sufficient remaining balances of obligation authority to continue our program if additional apportionments are not provided. Proceeding with the program we have in place, the following table shows the impacts to state and local highway construction programs in Kansas for six months, one year, and two years after the expiration of TEA-21 without new apportionments. These numbers estimate the anticipated ending balances at the close of FFY 2003; the numbers also assume there would not be transfer provisions in the extension measure. It should be noted that while sub-categories are not shown in the table, there would be a significant shortfall of STP apportionments in the metro areas after the first six months of an unfunded extension.

KANSAS DEPARTMENT OF TRANSPORTATION'S ESTIMATES OF PROJECTED OBLIGATION LIMITATION AND CONVERTED ADVANCE CONSTRUCTION FUNDS FOR 6 MONTHS, 1 YEAR AND 2 YEARS FOLLOWING THE EXPIRATION OF TEA-21 FOR THE CORE HIGHWAY PROGRAMS
Dollars in Millions

PROGRAM	Projected 3/31/04 Balances	Projected 9/30/04 Balances	Projected 9/30/05 Balances
IM	($20.6)	($55.9)	($73.4)
NHS	($13.9)	($18.0)	($92.0)
Bridge	$41.4	$21.4	($15.6)

STP	$68.4	($5.7)	($82.2)
CMAQ	$2.3	$1.3	$0.3
MG	$0.2	$0.2	$0.2

5. Assuming an extension of current TEA-21 transit apportionment and obligation limitation levels, the Kansas Department of Transportation would be able to maintain our 5310 and 5311 programs for two years. However, if the 5309 program was not extended for more than six months, KDOT would have to curtail its extensive public transit vehicle purchases and building program. This would present serious problems for our public transit program.

If new apportionments are not provided in the extension of TEA-21, KDOT would have only three months of 5311 funds available for operating expenses and little to no funds for the 5309 and 5310 programs.

Kentucky

1. KYTC is proceeding with project schedules and authorizations for Federal Funding presuming that the Federal Government will either approve a new Transportation Act, or will approve continuation of TEA-21 by October 1, 2003. The timing of the new Transportation Act approval or the approval of the continuation of TEA-21, and the availability of Federal Funding, is extremely critical to the Cabinet. KYTC, effective July 21, 2003, has already programmed projects through FHWA totaling over $300 million in Advance Construction (AC) authorizations. The total AC amount could increase to over $500 million by October 1, 2003 providing current projects remain on schedule. State funding must then be used to pay all Federal AC project expenditures until KYTC receives additional Federal Funding apportionments and obligation authority (in order to convert the AC projects using current year obligation authority). Therefore, delaying reauthorization will severely curtail the KYTC’s ability to fund it’s own non-Federally funded projects and program.

2. KYTC's goal is to keep the total Advance Construction amount at approximately $300 million. An additional $200 million in projects are anticipated between now and the end of the federal fiscal year in October 2003 so all of these projects will have to be deferred until reauthorization is approved if the KYTC is to maintain the $300 million threshold. These projects could well be delayed for months. Each construction project currently scheduled for the July, August, September, October, November, and December 2003 construction bid letting is being reevaluated based on "project priority/need" and "available state/federal funding." All funding requests for Design, Right-of-Way, and Utility phases are also being reprioritized based upon need and available state/federal funding. Several projects have already been rescheduled and more rescheduling is anticipated.

3. Being required to use state funding to pay for all expenditures on currently Federally funded AC projects for an extended time period would reduce the amount of state funds available to conduct KYTC's normal statewide maintenance and operations projects/program. KYTC has also embarked upon an aggressive Hazard Elimination Safety Program to maximize the use of

Federal STP HES and Safety funding, and delays in Federal funding will delay/stop this program. Delaying projects would reduce the number of actual construction contract awards, which would have an adverse effect on the motoring public, reduce jobs for construction workers, project planners, environmentalists, designers, material suppliers, right-of-way acquisition agents, utility companies, etc. thereby detrimentally impacting the overall state economy and future economic development in Kentucky.

4. No, KYTC does not have sufficient remaining unobligated Federal apportionments in the priority core highway programs. Actually, the Cabinet's current total AC for IM funding exceeds the normal yearly apportionment, and the current remaining apportionment balance of IM funding is than $1 million. KYTC has been required to use part of the available Minimum Guarantee funds to convert AC IM projects, to cover the costs of current expenditures on existing projects. The current balance of available apportionments for NH, STP, Bridge Replacement Funding, and Safety funding ranges between 50 to 75 percent of the normal yearly apportionments which means a shortfall would exist of in the range of $150 to $200 million.

5. Projects currently planned within the transit program would have to be reprioritized and reevaluated, and the projects would be subject to being delayed/stopped in the same manner as projects in the roadway program.

<u>Louisiana</u>

1. We can see no adverse impacts to our highway program or operations under a six-month, one-year, or two-year extension assuming a continuation of current funding levels.

2. We can see no adverse negative impacts to our highway program or operations under a six-month, one-year, or two-year extension. Our program is based on the assumption that funding will continue at current levels.

3. We can see no adverse impacts to our highway program or operations under a six-month, one-year, or two-year extension assuming a continuation of current funding levels.

4. Assuming additional obligation authority but no additional apportionments, we have sufficient unobligated balances for a six-month or one-year extention; however, we would pay a future penalty for transfers from the BR program. Under a two-year extension, we will not have any unobligated balances in core programs in the second year. We will be about $375 million short in the second year.

5. We can see no adverse impacts to our transit program or operations under a six-month, one-year, or two-year extension assuming a continuation of current funding levels.

Maryland

1. Highways

If there is a simple extension of the highway program based on the ’03 funding level, and it’s timely, i.e., by October 1, 2003, then we would be able to meet the project commitments in the current program no matter what the time period of the extension, i.e., 6 months, 1 year, or 2 years.
Obviously, the shorter the extension period, the more difficult it will be to have a “business as usual” mentality to project decision-making and production. Further, without increased funding, unfunded system preservation needs and many new projects of national, statewide, and regional significance will be delayed.

Transit

If the FY04 Appropriations were the same as FY03 appropriations, the effect to transit would be greatest for the Baltimore Light Rail Transit (LRT) Double Track Project. That project, which is mid-construction, received $18 million out of the $24.3 million in the FFGA for FY03 and is slated to receive $40 million in FY 04 according to the FFGA. Therefore, receiving the FY03 amount for this project, which is already behind in funding, would create tremendous strain on this project and Maryland’s transit program. In addition, the WMATA Blue Line extension will suffer cash-flow difficulties if funded at the FY03 FFGA level. Receiving FY 03 funding in FY 04 should not seriously impact other current MTA programs (this assumes a full year of funding and any partial year of funding would seriously impact bus replacements and other ongoing programs). However, this will impact transit’s ability to expand capacity through fleet and parking expansion as well as the timely advance of new projects which are important in meeting growing demand and providing service reliability.

2. As stated in question #1, no highway projects in the current program will be impacted with a timely extension of current funding levels. Without an extension being enacted by October 1st and if uncertainty over when a bill is enacted increases, it would cause us to review the current schedule of notices-to-proceed.

3. Highways

Increased congestion from delayed road expansion would be a major effect considering that Maryland is second worse in urban Interstate congestion.
A recent Maryland research study found that assuming a 15% increase in the size of the federal aid highway proposal, 1,200 more jobs would be generated as well as $18 million in tax revenue.

Transit

The Baltimore Double Track Project is approaching the core period of construction, which involves service interruption and community disruption. Funding delays will not only impact the capital program in terms of cash flow, but, delays will risk lengthening the period that the community will suffer the already significant impacts of construction. The WMATA Blue Line Extension to Largo will also be faced with serious cash flow problems if funded at FY03 levels.

4. Assuming highway obligation authority would be provided, we would need the flexibility to make transfers among the various fund balances to utilize our unobligated balances.

5. Without a six-year bill, transit will not be in a position to expand capacity (through fleet and parking expansion) as well as the timely advance of new projects (which are important in meeting growing demand, providing service reliability, and reducing congestion). Furthermore, the reliability and predictability provided by a long-term authorization is critical for both the fiscal and physical assurances that are essential in continuing both existing and advancing future projects.

Michigan

1. As a long-standing donor state, Michigan is most concerned that the next six-year reauthorization bill address the donor states' coalition need for improving equity in highway funding. For that reason, Michigan would rather have a short term extension of TEA-21 than a six-year bill that fails to improve the equitable return from the Highway Trust Fund for donor states.

Given that background, however, it is important to note that a short-term extension also presents problems for the successful continuation of Michigan's highway program. In particular, the future funding uncertainty of an extension, or a series of extensions, makes it very difficult to sustain momentum and keep project schedules on track.

- With a short-term reauthorization, our construction partners will be hesitant to expand their capacity with new equipment purchases or additional staff. If, at the end of that time, there is a sudden increase in program size, their ability to take on additional projects will be limited unless they ramp up quickly. In either case, bid prices will increase as a result, increasing the overall cost of construction. It is also our concern that if the construction industry is worried about the continuation of a flow of work, the first few months under a six month extension would find us with the larger construction firms underbidding work to ensure their summer construction season. Smaller or marginally profitable firms would be cut out of the mix and the result could be that these firms close their doors. Driving smaller contractors out of the business is bad news for everyone involved in the construction industry. Under this scenario, long term prices would probably rise substantially.
- Our capital program would be severely disrupted by a six month bill. MDOT currently has a program delivery schedule that strives to have the entire program for a given fiscal year under contract in the first six months of that fiscal year. If we are only authorized with money for the first six months, it will be impossible to adhere to this strategy. MDOT has spent <u>years</u> working to achieve the momentum, organization; and production ability to achieve this goal. Our construction industry counts on the early lettings to be able to initiate construction early in the construction season, making it possible to conclude construction projects in one season when a later start might extend the project into a second construction season. We expect major disruptions

to the construction industry if we have to change our approach to letting schedules.

- Our announced program size would have to be decreased if the extension is at current funding levels, as our revenue assumptions included a modest 3.2% increase in Federal Aid).
- The longer the extension, the greater that impact would be.
- Future program development would also be negatively impacted, because of funding uncertainty inherent in a short-term extension, or a series of extensions.
- MDOT's accelerated program delivery goal (all projects let in first 6 months) would be negatively impacted.
    - 6 month extension scenario would provide half of federal aid available.
    - After two or three lettings federal aid would be exhausted. MDOT does not have the cash to substitute state money to keep the program at the level currently planned for 2004.
- State Planning and Research (SPR) and Metropolitan Planning (PL) funding used for staffing needs would be affected by funding uncertainty, limiting MDOT's and the MPOs ability to plan their research and staff their programs for the year.

MDOT would use state funds to continue to deliver our program to the best of our ability, in anticipation of receiving federal aid reimbursement, which would limit our ability to undertake other state-funded projects or provide funds to local transportation agencies.

2. Assuming an average project cost of $1.5 million per project, it is estimated that fourteen projects would be affected annually if federal aid does not increase from $31.2 billion to $32.2 billion (our projected 3.2% growth rate) in the six month extension. This estimate was derived as follows. Forecasted State Trunkline Fund (STF) revenue available for capital outlay program is based on a federal aid growth rate of 3.2% beginning in 2004, and the difference between FY 2003 and FY 2004 federal aid obligation authority less SPR is $21 million. We have not determined which specific projects would be affected.

3. Most of these impacts are covered under Question #1.

Beyond the loss of dollars for the road improvements, it is important to understand that any loss in road construction equals a major loss in jobs. It has been estimated that for every $100,000 spent on highway construction, one job in the construction sector is created and one job in the retail trade, services, manufacturing, and supplier industries is created.

Our announced 2003-2007 Five Year Program has increased safety funding levels by $8 million annually beginning in FY 2004 based on a 3.2% federal aid growth rate. The result of maintaining federal aid funding through short-term extension at current 2003 levels would be potential delay of currently scheduled safety projects. It is estimated that 10-12 safety projects could be delayed annually without the additional $8 million per year currently planned. This would undermine MDOT’s ability to help achieve the safety goal put forward by USDOT and endorsed by the AASHTO Board of Directors.

4. Michigan’s total federal aid unobligated apportionment balance is approximately $740 million, including the portion of the program that is distributed to local units of government. Of the $740 million unobligated balance, $520 million would be available to fund the capital outlay program. This amount would be insufficient to fund a complete year. Michigan does not have balances associated with the right categories needed to sustain a program that will allow us to deliver our planned program.

5. A short-term extension with funding is frozen at the FY03 level means any revenue increases would be forfeited, which would negatively impact transit agencies across the state. Our transit agencies advise that if funds are to be frozen as part of a short-term extension bill, they would prefer seeing them frozen at the FY03 level, as the FY04 budget is not good for transit.

A short-term extension, whether 6 months or two years, would make it more difficult for MDOT and local transit agencies to plan improvements, particularly to facilities, because of the lack of a six-year planning horizon and the uncertainty of future federal funding.

In transit, as in the highway trust fund, however, if the decision is between a six year bill that does not improve the equity position of transit donor states (or decreases transit funding overall) and a short-term extension, Michigan would prefer the short-term extension.

Again, as a long-standing donor state, Michigan is most concerned that the next six-year reauthorization bill address the donor states’ coalition need for improving equity in highway and transit funding. For that reason, Michigan would rather have a short term extension of TEA-21 than a six-year bill that fails to improve the equitable return from the Highway Trust Fund and Mass Transit Account for donor states.

Minnesota

1, 2, 3. A short term extension like continuing resolutions would add uncertainty and confusion to the orderly transportation planning process. An extension of only six months would certainly impact the ability of Minnesota to let projects assuming that a six month extension would bring only six months of funding. Minnesota’s Innovative Finance processes dictate that a significant amount of Advance Construction must be converted shortly after the Oct. 1 beginning of the Federal Fiscal Year. After these AC projects are converted there will be little or no money available for the letting of new projects for the next construction season. Without the certainty of a full years amount of federal funds being available Minnesota would be unable to advance projects on both the state and local government level. Short term extensions like this always raise the specter of additional delays in passage with the attendant concerns about funds to continue the program.

A one year extension would not serve to significantly impact next years program, however it would seriously impact our ability to produce an accurate ten year plan.

Minnesota's legislature just passed a bonding bill that will be used to leverage a significant amount of additional advance construction funds. The conversion of these dollars in a timely manner is an integral part of making the total package work. Lack of action could slow down or stop some of these projects.

4. Without additional apportionments, Minnesota would not be able to convert advance construction as needed and this would lead to a serious cash flow problem. Minnesota currently has no balance remaining in of several STP apportionments and this would cause a serious delay in projects off the NHS system as well as rail crossing safety improvements.

5. Like many other states, Minnesota has experienced a budget shortfall over the last year. The consequence of the budget shortfall has been a reduction in both statewide program funding levels as well as local government assistance. Therefore, status quo transit funding at the federal level represents the real possibility for a further decrease in transit service and the need by local governments to increase fares to address overall funding cutbacks.

Mississippi

We have reviewed the letter and request for information that you sent regarding the possibility of a short-term extension of the transportation bill. It is our feeling that the impacts to the Department from a short-term bill would be limited, **as long as the funding remains at the current levels**.

One other consideration is related to the issue of equity. From Mississippi's perspective as a donor state, it would be better for us to have a short-term reauthorization than a longer term bill that does not provide the 95% equity level proposed by the SHARE states.

Missouri

1. Missouri has conservatively programmed its construction projects because of the current federal funding uncertainty. There would not be an immediate impact on Missouri's program if only a short-term extension were to be approved, but long-range planning for projects would be negatively impacted. We will not commit to transportation construction projects while funding is uncertain, which could have a significant impact on our consultants and contractors who rely on the construction program's stability.

The majority of the 2004 construction season projects will be let between October 2003 and March 2004. Any delay in reauthorization beyond Oct. 24, 2003 will dramatically reduce the lettings starting in December and beyond until a new bill is enacted. This would be a major setback for our program and seriously jeopardize our ability to meet our strategic objectives.

2. Using more conservative estimates in our planning mitigates the immediate negative effects of a funding delay and the uncertainty surrounding the reauthorization. However, this conservatism comes at a price. Missouri has more transportation needs than can be addressed at this level of funding. Were reauthorization to take place in time to augment our federal funding, we could add many much-needed projects to our five-year plan.

The number of projects cannot be precisely determined, but no new projects would be started in Missouri until a long-term act is in place. We won't even consider starting our major projects until we can be assured of a long-term, reliable revenue stream. A six-month to two-year temporary fix will not provide that. As a result, the new Mississippi River bridge in St. Louis, the companion bridge to The Paseo in Kansas City, I-70 improvements across Missouri and the rebuilding of I-64 in St. Louis will remain among the major projects that will be unfunded due to this delay in long term funding.

3. The contracting and consulting industries would be negatively impacted because the unknowns of a long-range plan would affect how these companies allocate staff, equipment and materials. These industries base their allocation of business resources on the dollars available in MoDOT's five-year transportation improvement program. Uncertainty in our plans leads to uncertainty in theirs.

Environmental Assessments and Environmental Impact Statements take several years to complete and must be completed before any project design work can be done. MoDOT would be reluctant to begin any projects where an EA or EIS is required if funding is uncertain. These delays would negatively affect the planning and construction of Missouri's roadways.

Delaying projects also hurts economic development. We estimate every dollar spent on highway construction brings at least $3 back to the state's economy.

4. No. Missouri would need the same fund transferability that was granted during the short-term extension prior to the passage of TEA-21, to transfer the unobligated balances to the priority core highway programs such as interstate maintenance, National Highway System and the surface transportation program.

5. The biggest downside to the extension is the delay or curtailment of services. Monies that would be affected include the discretionary, earmarked transit funds in the FTA Sec. 5309 program. This amounts to a total of about $20 million a year to Missouri transit recipients. Other monies affected are those for congressionally earmarked projects in the Job Access and Reverse Commute (JARC) Program, which transports former welfare recipients and low-income people to work. This program administers about $5 million a year to Missouri's transit recipients.

Delaying these discretionary funds would negatively impact the acquisition of replacement transit vehicles, the construction of transit facilities and the operation of transit services funded by JARC.

More grant paperwork usually accompanies appropriations when there is an extension rather than reauthorization because the final appropriation usually differs from the prior year's extended funding. This means re-writing grant contracts for the new amounts in the final appropriations bill.

Montana

1. While everyone wants to see the Highway Program reauthorized before the deadline, at this time (given the amount of time Congress has before the end of the fiscal year) the most urgent issue is to ensure a program extension is dealt with functionally, efficiently, and fairly. This must be handled very quickly to ensure that federal reimbursements for payments to contractors continue without disruption. In Montana, we manage a very tight state cash flow. We cannot accommodate a situation where all contractor invoices would have to paid from state resources for any length of time. We also urge Congress to fix any extension issues well in advance of the September 30 deadline. Because of advertising and contract letting schedules we may have to stop progress toward fiscal year 2004 contract lettings, if the extension issues are not solved by mid-September. We cannot wait until the end of September for a resolution.

Assuming Congress fixes the problems with the extension, the Montana Department of Transportation may be able to continue letting projects already in the program for up to 4 months by utilizing the carry-over apportionment balances we have. To do this we would absolutely need 100% transferability between accounts. Without complete flexibility, it would be impossible to line up the future construction projects with the correct Federal-aid funding type.

The MDT allocates funds based on future estimates of performance for roadway condition, congestion, bridge condition, and safety. If we cannot anticipate long-term funding we will not be able to begin the development of future projects. In states like Montana, where fieldwork necessarily shuts down for the winter months, a delay that goes to late next spring could force the loss of an entire field season.

If an extension is needed, we first of all want a good result and secondly want duration. We would not support any extension that would impact our proportional share of the Federal-aid funds distributed under TEA-21.

If there is not a six year bill the largest impact on Montana's construction program may be the difficulty the state will have in selling Garvee bonds in 2004 to accelerate the construction of 40.6 miles on US 93 within the Flathead Indian Reservation. At this time, we are hoping to enter the bond market and sell $125 million in bonds that will pay for the construction phase of 8 reconstruction projects in fiscal years '04, '05, and '06. As you know Garvee bonds are be repaid with expected future federal-aid apportionment. Absent a 6 year bill it may be difficult to sell these bonds or the cost of bond service may be significantly greater as the revenue souce for repayment would be uncertain.

While no decisions have been made, anything less than a six year bill would clearly create risk for the future funding plan for 8 major reconstruction projects worth $125 million.

2. Six-month delay:
If we cannot obligate apportionment balances after September 30, 2003 approximately 130 construction projects worth $209 million will be halted in the first six months. However, we will need additional apportionment with a high degree of flexibility to even continue this long. If we only have access to our unobligated apportionment balances we can continue the scheduled lettings for approximately 4 months.

One-year delay:
If no additional funds are apportioned and the delay lasts a year, we will exhaust our apportionment balance in roughly the first 4 months leaving roughly 100 projects worth about $160 million on the table. In the future, the costs to revive these projects are likely to be much greater than current estimates. If we cannot obligate any funds after September 30, 2003 then 186 projects worth $298 million will be impacted.

Two-year delay:
If a delay goes on for two years with no new apportionment or obligation authority, roughly 246 projects will be stalled worth about $448 million. If we cannot obligate any funds after September 30, 20003 roughly 332 projects worth approximately $586 million will be stalled.

3. The Montana Department of Transportation has 629 projects moving toward construction. All of these projects could be delayed, or even terminated if funding to the Highway Program is seriously disrupted. Also related to this is the serious problem of maintaining manpower. All of the agency's resources are allocated to support the future construction program. If the program is seriously delayed it will be difficult to retain crews, and the eventual program re-start will not be a simple matter of turning on the funding.

As mentioned earlier, uncertainty and a funding gap lasting late into next spring could disrupt an entire construction season. This is in part due to the very short construction season in the northern Rocky Mountains/Great Plains region usually from mid-March through mid-October. If projects do not get to contractors in the late fall or winter they may not be able to finalize their planning for a major construction project before they run out of construction season. Any disruption at all will create problems, as a project cannot be advertised for bidding unless funds are obligated, it then takes about six weeks before the letting and up to 45 days before projects are awarded. To start the program after a disruption, will take at least three months for projects to start moving again through the pipeline. This type of disruption will also force contractors to eliminate work crews and may force some contractors out of business.

4. As described above we absolutely need additional apportionment authority to continue beyond four months, and we need complete flexibility within program categories to even proceed without disruption for four months. Again, to avoid disruption we believe action is urgently needed to ensure a program extension is dealt with functionally, efficiently, and fairly.

5. Montana's has 81 transit providers in the 5311 (non-metro general public) and 5310 (elderly and disabled) programs. Last year they provided about 1.2 million-passenger trips, primarily to Montana's transportation disadvantaged. We would have to stop the purchase of vehicles currently being planned for and also stop operating assistance to the 5311 providers. A disruption in transit funding will lead to a reduction in transit services and will make it difficult for our citizens to get to health care, to get to stores for the food, medications and clothing.

Nebraska

1. Nebraska, through its annual needs assessment, has identified nearly $8.4 billion in state highway system needs and wants. Maintaining funding at its current level would not allow us to make significant progress in closing the gap between funding and accomplishing needs. Without increases to current funding levels, annual inflationary costs will continue to erode the base, further spreading the gap toward meeting surface transportation needs.

Short-term extensions are extremely disruptive for planning purposes, projects get delayed further adding to their ultimate costs and staff is not used in the most efficient manner. Contractors, suppliers and engineering consultants are negatively impacted.

Nationwide, maintaining funding at the current level of $31.6 billion for highways is insufficient to even maintain the condition of the existing infrastructure and doesn't even begin to address improvements needed.

2. No Response

3. Based on information we received from our State Dept. of Economic Development, for every $1.00 spent on highway construction in Nebraska there is an economic impact of $2.50 to the contractors and suppliers and induced spending by their employees. Additionally, new and/or improved highways create economic development opportunities for business to start up or to relocate within the state.

4. Nebraska could continue to let projects and meet cash flow requirements for about 6 to 9 months without additional apportionments. Nebraska uses the advance construction financing technique, the equivalent of one year's worth of federal-aid, where we advance state funds in lieu of having federal funds and when those funds become available, we convert to federal-aid. If new apportionments were not made available within 6 to 9 months after September 30, we may have to delay approximately $150 million worth of projects. The amount and number of projects delayed would increase with the length of time it took Congress to pass authorizing legislation with corresponding apportionments.

5. A short-term extension at existing funding levels simply means that we would not be able to meet a greater share of the existing transit needs in Nebraska.

Nevada

1. We anticipate that a one year extension would result in a potential drop in funds of approximately $12 million. This would not impact any current projects, but would effect future projects scheduled for 2005.

While we feel that the short-term impacts on Nevada of a one-year reauthorization (at the same level of funding as FY 2003), would not have serious impacts on projects scheduled for construction in the very near future, we do have concerns should Congress extend the one-year reauthorization into future years, and, at the same time, leave funding at the FY 2003 level.

Nevada is currently in a somewhat unique funding position. The State's Highway Fund cash balance is very healthy at the current time and a recent bond sale has added another level of funding for projects that are scheduled for advertisement in the next few months.

We become much more concerned about our ability to continue with the delivery of major projects should funding go unchanged beyond one year. Should that happen, our ability to bond future "super projects" could be seriously impacted. It is very likely that we would have to delay or cancel one or more of the major projects that are currently in the pipeline causing an economic impact of as much as $285 million. Another project that could be delayed is the Hoover Dam by-pass Bridge at an estimated cost of $100 million.

2. A two year extension (without any funding increases) would dramatically effect NDOT's ability to deliver planned projects.

3. Short term impacts to Nevada would be minimal. The effects, if a multi-year authorization act is not enacted, would be substantial and would delay critical infrastructure needs.

4. No, we do not have any unobligated balances in the core programs. We would anticipate a shortfall of $16 to $17 million, primarily in STP Statewide Funds ($7.5m), STP-Clark ($7.9m) and STP-Washoe ($7m).

5. In the event of a short-term extension, the Nevada transit program would be in serious trouble and very likely would cease to exist.

New Jersey

1. The state's transportation capital program and associated financing needed for the program are essentially obligated out for the first six-month period. The concern regarding these first six months relates directly to "paying the bills" that will become due. Any uncertainty left to the Federal administering agencies in USDOT regarding the failure of reauthorization legislation is of immediate concern in that "cash flow" could be disrupted, as happened in the long delay for the 2003 appropriations. The uncertainty of a six-month extension, with potential reauthorization occurring midway in a Federal fiscal year, could result in constraints imposed by the Federal funding agencies anticipating as-yet-

unknown programs. There could be a tendency toward "back loading" to the second half of the fiscal year the annual appropriations so that they are available for the new programs, when they may become known.

Just as uncertainty about the future substantive programs will likely affect the administering Federal agencies, it will also affect state DOT decision-making. Some delay in letting contracts for engineering and construction may occur, depending upon the length of the period of uncertainty and upon the particulars of the projects. Likewise, transportation planning will be left in the unpredictable context of uncertain future Federal programs, deferring decisions and causing delay.

"Ramping down" transportation activity, because of the uncertainty of an interregnum period before final reauthorization, though, would be of greatest and immediate concern with regard to capacity and employment in the private sector that supports our capital program (engineering firms, construction companies, planners, material suppliers, etc.). It is ill advised to risk such capacity and jobs in a time of serious economic downturn, by introducing uncertainty into transportation program and project decision-making. Staffing in the state DOT has been decreased significantly over the last few years, and would likely not see immediate effects from any proposed temporary continuation(s) of TEA-21.

2. Numbers of highway projects impacted are not readily ascertained. Larger projects, that can, will likely be the ones deferred, impacting monetarily the professional service providers (engineering, etc.), construction industry and material suppliers. "Ramping down" our activity will undoubtedly be harmful to our engineering and construction capacity and employment. Unlike the airline industry which has also recently ramped down its activity and which may be flexible enough to return parked planes and furloughed employees to service within a year, the states will not be able to "ramp up" that easily since turning the ship of state has a considerable lag time. In any continuation measure, extra Federal funding for that period would be advisable to continue and accelerate engineering design of projects, recognizing the need to be prepared to move projects to delivery when reauthorization actually does occur. Such extra funding is problematic and unlikely when authorization and appropriation schedules and actions now no longer coincide in the Congress.

3. Any delays, particularly extending projects into additional construction seasons, will be of concern as they unnecessarily and inevitably increase the costs of those projects. As a state with great congestion, staging construction schedules is very important. Uncertainty in capital programming relating to temporary continuation(s) in anticipation of unknown program reauthorization could disrupt or postpone certain construction because authorizations and funding may not be timely for the particular project. Delays have a larger external economic cost, including erosion in employment, and they also have economic and social impacts on the public since the infrastructure falls further behind, safety improvements are slowed, and congestion relief deferred. Quantifying these costs is not easy, in that it often refers to missed or lost opportunity.

4. Our state has been taking a long-term approach to its financing and has obligated out monies accordingly. It is fortunate to have available a state

transportation trust fund from which such financing can be used and which affords the necessary flexibility and predictability with respect to state financing of transportation projects. As with all the states, Federal funds are integral to our efforts. Some shortfalls may temporarily be addressed, but any prolonged uncertainty as to Federal funding will have its impact on the program.

5. Failure to provide a long-term reauthorization defers identification of transit new starts. It could potentially impact schedules for the construction of intermodal transit centers and park and ride facilities that are important in meeting public need and addressing the pressing congestion concerns.

New Mexico

1. Given that the 2004 New Mexico STIP was based on slightly lower projected federal funding, programmatically based on TEA-21, the impact of a one year or two year extension would be minimal. A six month extension could present some timing issues, though they will more than likely be less sever than issues raised by this years (2003) late appropriation.

2. See question 1.

3. See question 1.

4. New Mexico's unobligated balances amount to between 70% and 90% of one years full funding (depending on how minimum guarantee is dealt with). Categorically we are short in Interstate Maintenance. MPO funding and Research funding have been fully obligated. Flexibility will be a necessity.

5. Since New Mexico has traditionally obligated state administered transit funds in the year following appropriations, the impact would be minimal and delayed by one year.

North Carolina

1. Any short-term extension would slow down our reaction to new funding levels and/or initiatives. Our historical reaction to uncertainty on timing of federal funding availability has been to continue business as usual for the highway program. This reaction has been based on large cash balances, which has allowed us the "carry" the federal program for extended periods of time. We have undertaken several initiatives within North Carolina to better utilize these cash balances to where we no longer have large amounts of cash on hand. Uncertainty about the timing of receiving federal reimbursement, may cause us to delay letting of contracts and become very cautious when making long term commitments to staff and project planning activities. Our budget projections have assumed that the TEA-21 funding growth rate would be extended into the future. A flat budget for any length of time will cause us to delay project delivery by roughly 2% compounded per year.

2. In FFY 2004 up to 14 right of way and construction projects could be affected with an estimated impact of $25 million. For FFY 2005, more than 20 projects could potentially be affected with impacts estimated at $50 million.

3. Many projects have a narrow “window of opportunity” in terms of seasonal or other time-related construction moratoria. A short-term delay in funding availability could translate to a considerably longer delay for construction.

4. No. We are already experiencing a shortfall in covering our IM, NHS, and STP advance construction.

5. TEA-21, through its guaranteed levels of funding, allowed transit systems to plan out service changes and expansions and capital expenditures. With a short-term extension, transit systems will not be able to plan for the future because of not knowing what the funding levels will be.

Also, a short-term extension means that the structure and funding levels of major FTA programs cannot be assured for more than a very short-term. This hurts transit systems that are in the process of designing New Start projects (Charlotte and Triangle Transit Authority). They cannot be assured of annual funding levels for construction of their projects, which could cause delays in completing the projects, add to the costs of the projects due to inflation, add interest costs for any market financing needed for the projects due to less certain federal funding, etc.

A short-term extension means that the bus and bus facilities discretionary program remains very uncertain which means that major facility or bus projects would be delayed until funding became clearer.

North Dakota

1. Project development takes anywhere from 3 to 5 years depending on project size. Without a bill in place NDDOT future projects (3 to 5 years) may be affected. These impacts are not initially known.

A short term action will impact our ability in advancing several large multi-year projects. We are developing a bridge replacement that could cost approximately $50 million and take three years to build. A short bill of 2 years will not provide enough apportionment to advance construct this project. We will not advance this major ND project without some clear projection of funds. The same is true of a 100 mile corridor planned for 4-laning. Each phase of grading would be scheduled for a following year of surfacing. Without a longer term program we will likely reconsider advancing the first phases of grading.

The delay should not impact our staffing but obviously our bid openings will be less than the projected levels we anticipate as per the Senate budget resolution. An extension is also likely to be delayed and ND tries to bid large percentage of its projects prior to April of each year. Going later than this impacts our short construction season. If the action is delayed past April, we will likely delay all major reconstruction projects until the following year.

We are concerned, however, if Congress does not do something soon to at least allow FHWA to continue the business of paying current obligations and authorizing advance construction. TEA-21 currently limits these activities as of September 30, 2003 without a reauthorization or some other enabling legislation.

2. We currently have approximately $100 million in apportionment available at the end of this year. Assuming we can advance construct this funding by applying it to the correct project categories, we will need to withhold at least $100 million in construction projects until legislation is passed that provides apportionment and spending authority.

3. We have multi-year projects such as 4-Bears Bridge that would be impacted. Funding started in 2003 but will continue until 2005. US 2 4-Laning will be impacted, US 52 corridor. The major projects (PCC recycle, Grading, Blended Base, and widening) may not get completed in our short construction season if delayed. Our projects are bid early to allow the successful contractor time mobilize and complete the project in one year.

4. We do not have sufficient state highway funds to cover any of the federal aid projects. Carry over apportionments would fund the national highway system projects for awhile; but STP projects including rail-highway crossing projects, enhancements, CMAQ and urban projects, bridges, city and county projects would all be delayed. STP projects would definitely be delayed.

5. We are currently in the process of signing agreements for the 5311 program with the statewide public transit providers for FY 2004. We are using the 2.2% increase figures from the proposed reauthorization budget. If we do not have a reauthorization bill approved by October 1st we will have to operate as long as we can with the state aid funds but we will have to cancel the 5311 contracts. We are in the preparation stages of preparing contracts for the 5310 funds but have not signed any agreements as of now. We are always operating on a very short funding position so a short term extension would not be a problem but the day it lapsed we would be in a shut down of service position almost immediately because the state funds could not carry the program for very long. The funding is already inadequate so a reduction would also have a devastating effect.

Ohio

1. A six-year horizon for transportation funding bills is key to successful planning activities and objectives. Any truncation of that time frame would put our planning functions for the delivery of a long-term transportation program into question. However, the impact would be minimal if the extension did continue funding based upon current levels.

2. None of our projects would be delayed if Congress continues to authorize funding, regardless of the authorization time period.

3. We recently enacted a significant increase in the state motor fuel tax. The funding it generates would allow for continued operations. Unless the federal-aid program is suspended entirely, our operations would not be affected.

4. Yes, we currently have approximately $400 million in unobligated balances in the core highway programs.

5. There would not be an impact to the transit program in our state provided the short-term extension included funding at current levels.

__Oregon__

1. In the event there is a six month or one year extension, the impact on ODOT would be minimal. The reason for this is attributed to the funding level that we received in Federal Fiscal Year (FFY) 2003. As it turns out, the funding level in this particular year is equal to or greater than what we expect in FFY 2004. Therefore, we would be able to fund our programs at a consistent level during this period. However, if there is a two year extension, we would be funded at a level far less than we anticipate for FFY 2005. The shortfall in funding is expected to be in the tens of millions of dollars, which would impact the level of programs that we could deliver. We would then either have to reduce the size of our STIP or cut other non-capital programs to adjust for the lower level of Federal funding.

2. If an extension is put in place that exceeds one year, ODOT would experience a shortage of Federal revenue in the tens of millions of dollars, as stated above. This would directly result in a dollar-for-dollar reduction in the amount of projects that could be done. Additionally, if an Act is not passed, there would more than likely not be any new Earmark funds available, which would further erode our ability to deliver projects. Currently, ODOT has submitted Earmark requests in the amount of $250 million that span over nine major projects.

3. The major effect of a delay would be the impact that it would have on the local economy. Oregon is currently in the late stages of a recession, as are many other states. The economic stimulus that is provided through the Federal-Aid Highway Aid (FHA) program is critical to the growth and recovery of Oregon's struggling economy. A shortfall in Federal revenue would result in less projects being developed, and therefore, reduce the amount of money going back into the economy.

4. ODOT does not currently have sufficient unobligated balances in its core highway programs to sustain it in the event that additional apportionments are not provided. As the below table illustrates, the FFY 2003 obligation rate exceeds the ending balance amount in each category with the exception of HBRR. Therefore, if ODOT continues to obligate at the same rate in FFY 2004 as it did in FFY 2003, it will not have sufficient apportionments.

	IM	NHS	HBRR	STP	CMAQ
FFY 2003 OBLIGATIONS	$75,756,894	$85,434,005	$53,402,757	$100,644,342	$8,827,654
UNOBLIGATED BALANCE	$0	$61,741,513	$62,217,838	$60,822,058	$6,858,077

5. It is unclear what the impact would be to Oregon's transit providers. ODOT's Transit Division will be discussing the issue with transit providers and may have additional information later this summer.

Pennsylvania

1. Impacts of 6, 12, and 24 month extensions on PENNDOT operations.

Pennsylvania is on target to bid $1.25 billion worth of construction contracts in calendar year 2003. This is based on the assumption that federal legislation of some sort will be in place in early federal fiscal year 2004. Assuming that an extension includes new apportionments in the core funding categories, Pennsylvania would intend to continue to proceed toward this construction letting goal. However, the impacts will most likely first be realized in calendar year 2004. Under any extension, funding which is received will be applied to those projects which are currently advance constructed or which will be advance constructed to support construction lettings during the balance of this year. The impact that any extension will have will be dependent upon the outlook as we proceed into the new year. A six-month extension will definitely cause us to reassess our approach to lettings and to new consultant engineering contracts in calendar year 2004. It is possible that some lettings and new consultant agreements may be delayed until the federal funding picture becomes clearer. On the average, we would expect to bid approximately 25% of our annual program in the first quarter of 2004, so a six-month extension could impact some or all of that $300 million in potential first quarter lettings. One and two-year extensions will have less of an impact, as we will be able to plan for an entire year at a time. Some early lettings in 2005 or 2006 could be impacted as we await clearer direction at the federal level, but that is expected to be less disruptive than a six-month extension with no clarity as to what will follow.

2. Number and dollars of impacted projects

It is difficult to indicate even approximate numbers of projects which could be impacted by the aforementioned extensions. Using the assumption that Congress will continue to enact legislation to provide both funding and obligation authority, the only impact on our operations would be the possible delay of some projects to assure that funding is actually available to proceed with them. This would be most acute with a six-month extension. Our program consists of approximately $1.25 billion worth of construction contracts annually. Our goal is to let approximately 25% of this amount during each quarter (roughly $300 million per quarter). A six-month extension could cause us to reevaluate lettings in early 2004, delaying some until a clearer picture of future federal legislation emerges beyond the period covered by that short extension. A one-year extension would enable us to proceed with our 2004 construction program, but would cause us to reevaluate our 2005 program. Likewise, a two-year extension would push this reevaluation point out to our 2006 construction contract lettings and a reassessment as to how much we advance prior to a full reauthorization.

3. Other effects on operations

Much of Pennsylvania has a seven month construction season, essentially from April 1 through October 31. The actual length of the season varies throughout the state, with the construction season obviously being shorter in the north and longer in the south. Likewise, the beginning and ending dates are defined by actual weather conditions each year. The combination of a short-term extension and the climactic conditions could result in some projects being extended into a second season if they have to be delayed due to federal funding uncertainties. This would be most likely under a six-month extension, where the subsequent legislation was not readily visible on the horizon. If construction lettings were delayed until such a time as funding is more predictable, then some projects might not be completed in a single season, and hence they could require maintenance and protection of traffic throughout the winter – a possible safety concern. Another impact would be the economic impact on the contracting community. If construction lettings are delayed, contractors could face economic stresses due to a slowing in the construction lettings. This would also apply to engineering consultants, whose workloads might also be lightened by the slower rate of consulting contracts.

4. Extensions without apportionments

Assuming that an extension does not provide additional apportionments, Pennsylvania would not have sufficient unobligated balances of funding in the right categories of funding to continue its highway and bridge programs as currently configured. We expect to completely zero out most highway funding categories (Interstate Maintenance, National Highway System, Surface Transportation Program) by the end of 2003. We will still have a balance of bridge funding, but would expect that to be fully committed by the spring of 2004. CMAQ is the one core funding category where Pennsylvania will continue to have funding to advance projects.

5. Impact on transit

One of the most important benefits of TEA-21 for many transit systems was the enhanced predictability of federal assistance for multi-year capital projects due to the six-year funding guarantee provisions. Previously, transit systems implemented capital projects at an incremental basis since federal capital funding was only assured one year at a time. The result of this ineffective capital project implementation procedure was an increase in both the time and cost for these capital projects.

If a short-term reauthorization bill extension is enacted instead of a longer-term six-year bill like TEA-21, many transit systems will be forced to revert to the previous ineffective year-by-year approach to implementing multi-year capital projects due to the uncertainty of future federal capital assistance.

Another important consequence of a short-term reauthorization bill is the resulting adverse impact on the annual operating budget for two of our State urban transit systems, the Berks Area Reading Transportation Authority (BARTA) and the Red Rose Transit Authority (RRTA). As a result of the most recent census, both Reading, PA and Lancaster, PA became medium-size urbanized areas having a population of over 200,000 persons instead of being defined as small urbanized areas. As a result, these two transit systems may no longer be able to receive federal operating assistance. BARTA and RRTA succeeded in obtaining a one year extension for this transition for FFY 02/03 in this year's federal transit appropriations bill. However, this waiver expires in FFY 03/04. These two transit systems hope to attain a legislative extension of this waiver for six more years as part of the next reauthorization bill. If this proposed longer-term reauthorization bill is delayed, and a short-term reauthorization bill is enacted instead, these two transit systems may have to raise fares, and/or decrease service to make up for this loss in federal operating assistance next fiscal year.

Rhode Island

1. There will be little to no impact in these areas if no program changes are made.

2. Same as Answer #1.

3. Same as Answer #1.

4. No. We would have a hugh shortfall in the Interstate, NHS and STP flexible programs. The shortfall would be approximately $120 million.

5. We do not see any impact on transit with a short-term extension.

South Carolina

1. Currently, South Carolina Department of Transportation has planned its Statewide Transportation Improvement Program (STIP) on the funding level of $31.2 billion for highways. Also, for fiscal year 2004, South Carolina's estimated program was based on the same funding level for FY 2003. This estimate is contingent on the reauthorization of TEA-21. At the current level of $31.2 billion for highways, South Carolina probably would not have to delay letting projects or reduce staff. A six months or one year extension would not have a major impact on South Carolina, if the funding level stayed at $31.2 billion. A two-year extension or any decrease in funding levels would have an impact South Carolina's ability to advance construction projects.

2. Because South Carolina has programmed its projects based on the funding levels in TEA-21, we will continue to let projects as programmed. However, if there were a two-year extension, South Carolina would be impacted and would then have to delay letting projects in all categories. Generally advancing projects

through the NEPA process when future funding is not apparent has been a difficult sell to impacted property owners.

3. A two-year extension may force South Carolina to delay projects. Missed construction seasons as currently planned would delay in delivering much-needed road and bridge projects to the motoring public. This delay would be detrimental in our efforts to improve safety on our highways. In addition this could delay addressing environmental concerns as well as forcing consultants/contractors and others that are impacted by the highway construction dollar to decrease staff in the current economy.

4. If an extension does not provide additional apportionments, South Carolina would use all its unobligated balances within a year.

5. If an extension does not provide additional apportionments, South Carolina would use all its unobligated balances within a year.

South Dakota

1. **The most critical issue is whether or not the federal government has something in place on October 1 to continue operating.** It is essential that we are able to bill the FHWA for expenditures we pay out on current ongoing federal aid projects in order to sustain our cash flow. It is the uncertainty of what level of federal funding we can expect for the entire year that will delay implementing our construction program because of concerns about cash flow. A decision needs to be made as soon as possible for the entire year.

A six-month extension would be disastrous. The decision to cancel the March letting must be made in January of 2004. SDDOT would need to be absolutely certain by January that the new Act is passed or a second six-month extension is in hand or the lettings from March through September, 2004 would have to be cancelled. With $15+ million being paid out weekly during the construction season it would be too risky to let any projects after the February letting without the physical passage of legislation beyond the initial 6 month extension. Once the lettings are cancelled, South Dakota's (or any northern state) construction season is compromised, resulting in the 2004 contracts carrying over to 2005. An entire grading season is lost as is 34 jobs for every $ 1 million that would have been spent.

A one-year extension with no change in the funding allocation would result in approximately $10 million in projects to be delayed. A two-year extension with no change in the funding allocation would result in approximately $15 million in additional projects to be delayed.

2. The number of highway projects that may be affected cannot be determined until the planning process is complete because of uncertainties in project development and project advancement. As stated earlier, a one-year extension with no change in funding allocation would result in approximately $10 million in projects to be delayed. A two-year extension would result in approximately $15 million in additional projects to be delayed.

3. A six-month extension would cause a delay in the March 2004 lettings and beyond to be delayed. Because of the limited number of contractors in South Dakota, doubling up of the 2004 projects is 2005 will reduce competition and cause the construction prices to increase beyond normal inflationary trends. Needed safety projects could be delayed. The impact on the environmental issues related with projects would be the time slippage of projects by a year on grading projects and a partial completion of other projects. The economic impact to South Dakota would be the lost of 34 jobs for each $1 million in projects that are delayed.

4. The 2004 STIP core categories of IM, NH and STP requires $162.933 million of Federal funds/obligation authority; available apportionment less 2003 advance construction used on 2003 projects totals $77.672 million Federal. Therefore, $85.161 million Federal or $101 million worth of IM, NH and STP projects (52% of the program categories) will need to be put on hold until some kind of legislation is passed.

5. A six-month extension is completely unworkable because of the length of time and effort needed to complete operating contracts for rural transit providers under the 5311 and vehicle contracts under the 5310 programs. A 1 to 2-year extension of current law with no increases in funding would severely hamper any type of planning for current and new projects. Current projects already fund nearly half of their operating budgets because of current funding for the Section 5311 program. The normal costs of business are steadily rising plus the exorbitant increases in vehicle insurance costs combine to make it extremely difficult for these rural transit providers to operate.

Tennessee

1. The impact is already being felt. With the uncertainty of future legislation, we have been reassessing our statewide priorities. Our current obligational authority balance in insufficient to proceed with every planned project through the remainder of this fiscal year, and now we have to look past that into next year. Numerous projects will be delayed. This destroys our current project development scheduling, commitments will go unmet, and the future is unpredictable. Each day that a new Act is delayed will further compound this problem.

Any delay in a new Highway Act will also impact our scheduled approach to addressing pavement conditions on our Interstates and State Highway System, and will add to pavement deterioration. Any delay also impacts the planned approach we have underway to address our Bridge Replacement and Rehabilitation Program, and could impact the Inspection Program. Also, our Planning and Research Program, including Metropolitan Planning, will have to be analyzed to see if funding for these important activities will be available. We are already considering delaying projects for right-of-way acquisition and for advertising for construction in the September, October and December contract lettings.

We continually are asked when we are going to do certain things. Again, the State's credibility is diminished.

Tennessee suballocates STP funds to over 50 cities. We partner with each agency to develop and implement improvements and the impact statewide to all our partners is going to be difficult to explain. As we develop the STIP's and TIP's, we do so with that uncertain feeling of the future. When funding becomes available, "all of a sudden" the rush starts and the shear volume can't occur due to overload.

2.

Program	Federal Funds	Projects
IM	$123 million	30
NH	$127 million	19
STP	$130 million	50

3. The potential for increased traffic accidents, congestion, fuel consumption, reduced level of service, and loss of jobs within the construction industry are concerns. When funding is finally released to the states, most will probably flood the market with construction projects and cost will increase. The construction industry cannot absorb a tremendous increase immediately without increasing the cost of doing business, resulting in a higher cost to the taxpayers. Everyone knows that delays cause safety hazards, traffic disruptions, and inconvenience to the public and additional cost.

4. Our current unobligated balances are in categories that will not permit us to proceed with all our major needs. (Impacts are identified in number 2 above). Bid cancellations will occur, probably starting with our Fall Lettings.

Should unobligated balances be made available without restrictions to individual categories, states will probably be able to postpone, to some degree, the immediate shutdown in certain programs. This would allow the states to make the decisions on how and where to spend our apportionment balances. Adjustments could be made after new legislation is enacted.

5. Many important public transit projects across the state would be delayed.

Texas

1. Texas is currently preparing for a federal-aid highway project letting based upon a $31.2 billion federal budget for highways in FY 2004 and a $32.1 billion budget in FY 2005. We see virtually no impact on TxDOT letting or operations as result of a six month or one year extension. A two year extension could result in 3 percent slow down of federal project letting in FY 2005.

2. Provided that TxDOT receives the same percentage of obligation limitation under an extension, we see virtually no impact on letting in FY 2004 and approximately a 3 percent reduction in federal letting in FY 2005. This reduction

would equate to approximately $60 million in reduced project letting. This could be as many as 30 projects based on an average federal-aid project cost of $2 million.

3. TxDOT sees minimal effects on other operations. TxDOT does not use federal dollars for environmental study or coordination with regulatory agencies. Thus, the delay would have no foreseeable impact on environmental considerations unless the non-federal dollars used for environmental studies had to be re-programmed due to 3 percent reduction noted in question 2 above. The statewide 402 Traffic Safety Program could continue to operate for approximately 9 months on carry-over federal funds. After that time traffic safety projects would have to be reduced in scope or some project funding would have to be cut. Without a continuing source of federal funding, eventually high-priority safety and congestion projects would have to be delayed or canceled (such as in the Hazard Elimination, Intelligent Transportation, Federal Railroad Signal Programs). There could be delays to portions of the Interstate seal coat program if Interstate Maintenance apportionments were not received by January 2004.

4. Our current unobligated apportionment balances would allow us to let the majority of projects scheduled through the February letting with the exception of the STP Urbanized – TEA21 (STP-MM) allocation. The amount remaining in this allocation will not be sufficient to convert the necessary amounts of advance construction to cover expenditures in this category in late 2003. The Interstate Maintenance and National Highway System apportionments will be depleted in January or February of 2004.

5. If TEA-21 were extended two years with comparable program funding levels, the impact to the Texas transit program would be minimal.

Utah

1. The near-term impact to the Utah Department of Transportation's program would be minimal since the STIP is currently programmed at or near existing funding levels. Because of the uncertainty of whether Congress would enact a long-term bill this year and, if so, at what level of funding, we took a conservative approach programming the STIP and kept it at current funding levels. However, failure to enact a long-term bill could have an impact on the program in the out years. We would be reluctant to move forward with early action items contained in the STIP because of uncertain future funding. For example, we have projects in the concept development (non-funded) phase of the STIP that require environmental assessments. Without a long-term authorizing bill we would be reluctant to initiate new studies for multi-year, major projects because of uncertain future levels of funding.

2. As stated above, minimal impact on current projects because we used a very conservative approach programming the STIP due to uncertainty over the reauthorization.

3. Same as above.

4. No, we do not have sufficient apportionments for FY04. We would have a shortfall of over $33 million in our core programs. ($18 million shortfall in IM and $15 million shortfall in NH. Unobligated balanced in other core categories for FY04 are sufficient.)

5. The two year bill does not necessarily have huge negative effects. However, it creates more uncertainty about multi year funding commitment levels in a full funding grant agreement. More funding would have to be identified as contingent commitment. This has some potential to make borrowing more difficult. Further, with a two year v a six year bill there is concern about have guaranteed funding levels.

A six month bill is the most problematic because of the short time frame and continued work on this issue with out really coming to closure for a reasonable length of time.

Vermont

1 & 4. The biggest problem of not having a 6 year reauthorization Act in effect at the beginning of FFY 2004 is the uncertainty of future federal funding levels over a multi-year period. Having some idea of what we might expect in Federal funds each of the next 6 years would certainly be helpful in developing the STIP/TIP and Capital Program in the future, especially if we receive more funds than we are currently getting. For example, the past several years we have utilized the Advance Construction (AC) provision of federal law to continue a reasonable paving program, and have also used AC to advance a couple of bridges. We also have a considerable amount of federal funds committed to several large projects that will take several years to complete. These projects will take a substantial portion of federal funding available over the next several years, and knowing what we can expect in federal funding during these years is important. I believe not knowing our share of federal funding over the next 6 years probably will limit the use of Advance Construction funding until a multi-year Act is passed.

If, however, a short term extension of current law that provides federal funding at current levels is what happens, it is very important that 1) It take effect on October 1, 2003; 2) It provides additional Apportionments along with Obligational Authority.

If the short term extension does NOT provide additional apportionments (hopefully unlikely) it is important that a provision be made that would allow us to use unobligated balances in any category on a project in any other funding category. We have, in fact, already planned and budgeted for beyond the six month period we are hypothetically concerned with. Our (my) point is that six months is less desirable than 1 year, but much better than an 8 day continuing resolution. If we are granted obligational authority of a specified amount identified for a six month period, I believe we can reasonably assume that the amount for the next six months will be AT LEAST the amount granted for the first six months. If that is not the case, the feds would be setting up all the states (not just us) for a major funding dilemma at the end of the six month period, which I don't believe is likely.

If a six month authorization means that we can continue for six months with 50% of the previous year's obligational authority, then this would not be such a bad thing. In fact this would be preferable to a series of short term continuing resolutions, which is how our obligation authority has been doled out in advance of the budget bill for the previous two years. Thus we can identify only two reasons that working with six months of obligational authority is a "bad thing." Those are: 1. Six months is less than one year, and six months worth of money is less than one year's worth of money (or at least we hope so!) 2. The large projects we are currently undertaking could consume large amounts of obligational authority quickly, thus limiting the availability of funds for other projects unless the entire year's obligational authority was available.

I reiterate my earlier comments, but would like to add that longer term extensions would be preferable, but only to a point. For example, if a two year extension grants only the same apportionments and obligational authority as for the last year of TEA21 for each year of the two year extension, then this would be the equivalent of "freezing" our available funding at earlier levels. Typically, apportionments and obligational authority increase over the life of the authorization. We would hope to see any extensions increase our available funding in a similar manner.

The subject of contract lettings could become problematic if only short-term extensions (six months or less) are granted, particularly with such large projects on our horizon. For example, having only six months of operating funds available could seriously limit the number of projects we can put to bid in the late winter and spring (Feb-March) for summer construction projects. We could potentially have to delay bidding on many projects until funding for the following six month period is identified and obligational authority granted.

2. For our paving program we have utilized $20-25 Million in Advanced Construction annually which we would not do without the assurance of a 6 year bill. We have also done $10-15 Million in Bridge AC.

3. The delay in getting bridge and paving projects out will have the greatest impact on our interstate system, since these are the projects most likely to be delayed. The rutting creates hydroplaning problems and pavement surface failures make it difficult to remove snow and ice. Failing to address our interstate bridge needs may result in weight restriction on some interstate bridges that will have a direct impact on our state's ability to compete economically.

4. Hopefully this event is unlikely, because this situation could drastically affect our ability to operate, particularly for an extended period of time. In addition, there are currently funding categories in which we have no remaining unobligated balances, interstate maintenance for example. If the use of our unobligated balances is allowed but is still restricted by category, then there will be categories in which we have no funds to obligate. Even if we are allowed to use unobligated balances without category restrictions, this option would provide only a very short term solution. It would be preferable for any short term extensions to utilize new apportionments and obligational authority.

5. A one- or two-year extension would make planning for capital procurements difficult—especially for vehicles. Vehicles used in public transit have a four to twelve year expected useful life.

In Vermont, most are small to medium-sized vans and buses rated at four to seven years by FTA. Uncertainty about future funding leads to shaky capital replacement plans.

We require Vermont's public transit grantees to prepare five-year capital replacement plans each year. The plans let us phase in replacement costs in an orderly way statewide to avoid peaks and valleys. The plans are based on projecting a more or less steady stream of funding. If funding comes in fits and starts, because of frequent legislative delays and changes, there is a tendency to ask for early replacement of vehicles that are not at the end of their useful lives, because there is uncertainty about future funding. Early replacement is costly.

On the other hand, if funding is delayed while battles are fought over short-term reauthorization bills, vehicles may be used beyond their optimal retirement dates. Ironically, this too increases costs. Older vehicles often need expensive repairs.

At the 2003 State Public Transit Partnerships Conference in Albuquerque earlier this week, Jena Dorn said that a one- or two-year reauthorization would force FTA to spend down federal funds faster, which might mean the cupboard is bare in future years, when it is time to pass another bill.

<u>Virginia</u>

1. Virginia's Transportation Program must have a consistent and reliable source of funds in order to operate efficiently. We have spent the past eighteen months streamlining our Six Year Improvement Program (SYIP) by removing projects that could not be fully funded, eliminating many consultant contracts, and delaying construction work to match the cash flow expectations.

The Commonwealth Transportation Board has set policies that require transportation projects to be fully funded by the time they are completed. This effort has renewed our credibility with the public and the industry but it relies heavily on Federal revenue. Any interruption of the Federal stream will have a very detrimental impact on Virginia's Transportation program.

See the attached chart detailing the financial impacts of the three requested scenarios.

CONSTRUCTION PROJECTS

	IM FUNDS			NH FUNDS			STP Flexible FUNDS		
	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects
10/03 - 3/04	$1,300,000.00	$1,170,000.00	1	$42,186,000.00	$33,748,800.00	4	$66,518,882.00	$53,215,105.00	10
10/03 - 9/04	$1,300,000.00	$1,170,000.00	1	$46,137,000.00	$36,909,600.00	8	$149,966,099.00	$119,972,879.00	19
10/03 - 9/05	$1,400,000.00	$1,260,000.00	2	$150,738,000.00	$120,590,400.00	11	$237,362,215.00	$189,889,772.00	32

PRELIMINARY ENGINEERING PROJECTS

	IM FUNDS			NH FUNDS			STP Flexible FUNDS		
	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects
10/03 - 3/04	$0.00	$0.00	0	$150,000.00	$120,000.00	1	$0.00	$0.00	0
10/03 - 9/04	$254,000.00	$228,600.00	1	$1,452,000.00	$1,161,600.00	2	$295,500.00	$236,400.00	2
10/03 - 9/05	$854,000.00	$768,600.00	3	$1,452,000.00	$1,161,600.00	2	$1,042,500.00	$834,000.00	5

RIGHT OF WAY PROJECTS

	IM FUNDS			NH FUNDS			STP Flexible FUNDS		
	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects
10/03 - 3/04	$0.00	$0.00	0	$1,560,300.00	$1,248,240.00	2	$23,067,024.00	$18,453,619.00	9
10/03 - 9/04	$0.00	$0.00	0	$1,560,300.00	$1,248,240.00	2	$125,423,679.00	$100,338,943.00	32
10/03 - 9/05	$768,200.00	$691,380.00	1	$6,294,000.00	$5,035,200.00	5	$137,803,834.00	$110,243,067.00	45

STATEWIDE SUMMARY

	IM FUNDS			NH FUNDS			STP Flexible FUNDS		
	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects	Total Cost	Federal Cost	# Projects
10/03 - 3/04	$1,300,000.00	$1,170,000.00	1	$43,896,300.00	$35,117,040.00	7	$89,585,906.00	$71,668,724.00	19
10/03 - 9/04	$1,554,000.00	$1,398,600.00	2	$49,149,300.00	$39,319,440.00	12	$275,685,278.00	$220,548,222.00	53
10/03 - 9/05	$3,022,200.00	$2,719,980.00	6	$158,484,000.00	$126,787,200.00	18	$376,208,549.00	$300,966,839.00	82

STATEWIDE SUMMARY

	Total Cost	Federal Cost	# Projects
Six Months	$134,782,206.00	$107,955,764.00	27
One Year	$326,388,578.00	$261,266,262.00	67
Two Years	$537,714,749.00	$430,474,019.00	106

2. Total CN projects – 45 projects estimated to cost $389,500,215.00
Total PE & RW projects – 61 projects estimated to cost $148,214,534.00

3. The current Six-Year Improvement Program approved by the Commonwealth Transportation Board (CTB) includes all available federal and state funds expected to be available between FY04 and FY09. As indicated in 1 above, the CTB is in the process of rebuilding its credibility with the public and contracting industry and would not want to delay those improvements identified in the SYIP. A good number of new improvements included in the FY04 SYIP are safety improvements and congestion relief projects in major urban areas. Without an approved new federal highway bill, and unless Virginia received the anticipated federal funding as anticipated funding, the improvements included in this program cannot move forward. Delaying some of the improvements, even if it is only a few months, would have a detrimental impact on delivering the projects on time. Some of the projects have environmental restrictions or only a portion of a construction season may be available thereby extending the completion date. In some cases, staff may have to be shifted from one area of the state to another as workload on existing construction projects decreased in certain areas. Additionally, as projects are delayed, the cost of right of way and construction tends to increase rather significantly in large urban areas.

4. As of September 30, 2003, Virginia would have obligated all of its IM, NH, and STP Flexible apportionment. Therefore, if apportionments are not included in the extension, based on current advertisement schedule for Preliminary Engineering, Right of Way, and Construction projects, the following shortfalls will occur for a two-year time period beginning October 1, 2003 through September 30, 2005.

IM Funds -- $2,719,980.00

NH Funds -- $126,787,200.

STP Flexible Funds -- $300,966,839.00

Data based on two years (October 2003 – September 2005)

5. A six month extension would allow for partial funding of operating assistance grants but potentially could create cash flow problems for transit operators depending on enactment dates.

A six month extension would delay capital and planning projects because procurement of services and equipment will not advance until full funding is secured.

A six month extension would severely impact discretionary capital projects and Jobs Access and Reverse Commute (JARC) projects. Partial funding likely would not be sufficient to support all projects under full funding grant agreements (FFGA) and this may produce the need for borrowing thereby increasing project costs. Other bus capital discretionary projects and new start projects would see delayed implementation also producing increases in project costs. The Jobs Access and Reverse Commute program would see partial funding thereby placing many existing services at risk - not all of the current services could receive grants.

A one or two year extension would have less impact as long as the firewall provisions and general fund draw down provisions of TEA-21 were retained. The impacts on discretionary projects (JARC, new starts, bus capital) would depend on the timeliness and fullness of appropriations.

Washington

1. A one to two year extension of TEA-21 is strongly preferred to a short-term extension or a series of short-term extensions. It is difficult to plan implementation of a construction program that coincides with the limited funds received from a continuing resolution; planning for a short-term extension is possible due to the longer time period and certainty in funding levels. Assessing the impacts of a short-term extension of TEA-21 depends on an assumption of when the extension would be passed by Congress. For this analysis we have assumed congressional action would take place by October 1, 2003. A six-month extension would have little impact on Washington's federal aid program for the first six months. Assuming Congress continued with extensions, there would be no impact on the program. If Congress did not provide another extension, then federally funded construction projects would have to be authorized as advanced construction, or would have to be delayed. WSDOT's current highway program was developed using a forecasted FFY 2004 funding level of $240m. Assuming that an extension is funded at the FFY 2003 level, the shortfall totals $20m per FFY, and could impact 20 or more projects per fiscal year.

2. Washington State currently has over 350 state and local federally funded projects programmed in FFY 2004. Washington State plans on obligating approximately $450 million in obligation authority in FFY 2004.

3. A six month, one year, or two year extension of TEA-21 would not have any apparent impact on the highway construction season, safety, environmental considerations and economic development for the time period covered by the extension. Provided that an extension is funded at a level consistent with WSDOT forecasts. If Congress provided a series of short-term extensions over a longer period of time project design, environmental analysis, and advertisement could be delayed.

4. No, Washington State does not have sufficient remaining unobligated balances in its priority core highway programs to cover its apportionment needs. The following displays the core programs that will experience apportionment shortfalls, and the corresponding amounts for FFY 2004.

Program	Shortfall ($ in millions)
Interstate Maintenance	($55 M)
National Highway System	($56 M)
Surface Transportation Program	($40 M)
Total	($151 M)

5. Our Washington State Ferries (WSF) division is the state's 2nd largest transit system and the state's largest fixed guideway transit system. The system carries approximately 26 million passengers (commuters and tourists) and 11 million vehicles auto and commercial). As long as TEA-21 ferry and transit funding formulas and programs are continued as currently authorized and appropriated - particularly the Ferry Boat Discretionary program - an extension would not have a significant impact. If the transit and ferry formula or discretionary programs are not continued, or are continued at lower funding levels, WSF capital projects may not be completed or started.

WSDOT does not operate a traditional transit system so would defer to individual systems and APTA for this information. We do wish to express strong support for continuing current TEA-21 transit funding formulas and programs as currently authorized and appropriated.

Finally, we do wish to express opposition to a short-term extension of those bills should they become caught up in the TEA-21 reauthorization extension. In particular it is our strongest desire that Amtrak receive adequate funding and is not subjected to a short-term extension or continuing resolution. Amtrak operations in Washington State are very successful (over 1 million passenger trips in 2001) and are supported in part by significant state funding.

West Virginia

COMBINED ANSWER TO 1,2,3: Assuming that any extension would continue the same level of funding and obligation as currently exists, the primary effects of a 6-month extension would be the inability to fully plan for the long term projects which take several years to complete through design, environmental, right of way, and construction. The main problem is the possible delay in starting design projects.

If funds are not known, it is probable that we would delay starting design work on projects that would be equivalent to 10 percent of the yearly apportionment or approximately $30 million in construction cost or $3 million in design and environmental work.

In a two-year extension this would be reduced to approximately $1.5 million of design environmental start-ups. A six month delay would probably amount to a 6-month delay in construction 2-5 years in the future. This would cause some construction projects to be constructed a full construction season later. An estimate for this delayed work would be $15-30 Million. Any delay would delay the benefits of any project to the public and would in all probability increase the cost due to inflation; therefore, resulting in less improvements.

4. Obligation authority has lagged appropriations in the last few years to where there is an accumulation of funds amounting to approximately one year of funds which have not been obligated. If obligation authority were to be released for those funds, then there would be adequate funds to continue with the current program. This would amount to approximately $300 million. Normally, we use all the obligation authority given each year and submit requests for additional funds when the FHWA requests applications for additional obligation authority in July of each year.

5. The effect on the Transit Program would be directly proportional to the availability of funds, in that our Transit Program is essentially a grant program with a "pass through" of federal funds. This would delay the grants to the operating systems and could place some of the systems in jeopardy of having to cease operations.

Wisconsin

Congress faces many challenges as the expiration of TEA-21 draws near. With limited support for user fee increases or indexing, Congress is considering a number of bonding approaches to increase the size of the Highway Trust Fund (HTF). Wisconsin **does not support bonding to increase the program size.** In our view, the costs of bonding for the federal program outweigh the benefits. The Congressional Budget Office's report on this issue indicates that bonding adds two percent in costs to the HTF. Two percent of the HTF is over $750 million per year. We believe the integrity of the HTF is wholly attributable to the system continuing as a pay-as-you-go system. Introduction of additional debt to the federal program at a time when federal deficits are reaching record levels is ill-advised in our view. If Congress cannot address program growth without a bonding component, Wisconsin prefers to see an extension of the current program or a short-term bill.

Wisconsin DOT believes it could effectively manage its highway and transit program under a six-month, a one-year, or a two-year extension. However, it would be our recommendation that Congress address the following issues in any extension or short-term bill:

- Allow states to continue to pay for projects for which there were obligations prior to September 30, 2003.
- Address the IRS provision in current law that precludes states from using the advance construct tool. This tool is very important to Wisconsin. At any given time, our state has approximately $100 million in advance construct projects on our financial books.
- Allow the obligation limitation under the extension to capture the expected natural growth of the HTF. Both the Budget Resolution and the 2004 House transportation appropriations bill, as approved by the full committee, contain an obligation limit of $33.8 billion for highways and $7.3 billion for transit, amounts well over the levels of funding contained in the survey.

- Capture ethanol revenues and direct those revenues to the Highway Account of the HTF, allowing the account to grow by an average of $1.8 billion per year.
- Retain the current program structure, with the highway and transit accounts both having full guarantee under the firewalls.

What follows are Wisconsin DOT's specific responses to AASHTO's survey questions.

1. & 2. Wisconsin DOT's federal funding estimate for FFY 2004 is $568 million, based on the funding level of $33.8 billion contained in the Budget Resolution. A $31.2 billion extension (an extension of current funding levels) would provide approximately $535 million for Wisconsin resulting in a $33 million gap in federal funds. If one assumes $1 million per project, 33 projects could potentially be delayed. Alternatively, assuming the decrease affects larger projects at the $5 million level, six to seven projects could be delayed.

Wisconsin's State Highway Rehabilitation (SHR) subprogram would be most heavily affected. A six-month extension at the lower funding level would have the same impact on delayed projects as a one-year extension at the lower level. Wisconsin is currently financing projects for the November schedule. If Congress passes an extension in October, these projects will be close to construction. Wisconsin will then be financing projects for the January letting. Any decrease will need to be absorbed in the second half of the state fiscal year, which ends June 30, 2004.

The impact of a two-year extension at the $31.2 billion level would be relatively the same for Wisconsin. Our federal funds assumption for the second year of our budget is $580 million. The difference between this level and $535 million results in a funding gap of $45 million. However, as noted above, both the Budget Resolution and the House Appropriations Committee approved a 2004 obligation limitation for highways of $33.8 billion. Under that funding scenario in a short-term bill or extension, there would be no impact on Wisconsin.

3. Multi-year authorizations are important to states because the time horizon associated with construction projects is long, in some cases two years or more. As indicated earlier, Wisconsin DOT would prefer that Congress pass a six-year authorization bill that does not use bonding as an approach to grow the transportation program. If this cannot be accomplished, an extension containing the provisions described above would help to mitigate the problems associated with the lack of a multi-year bill. Contract lettings at the state level tend to occur approximately six months prior to construction. It is critical that extensions be adopted on a timely basis so that construction planning is not delayed. It is Wisconsin's preference that an extension be passed well before October 1, 2003, so that states know in advance the program parameters under which they will be operating.

4. No. Assuming FFY 2003 funding of $535 million as the minimal level of funding necessary, our total remaining contract authority is $368 million across all categories. This leaves a funding gap of $157 million. In addition, for Wisconsin to use the full amount of its available contract authority, Congress would need to include a provision in any extension or short-term bill allowing the states to borrow contract authority across apportionment categories. In this way,

the states could use funds in the categories necessary to fund their planned projects. A similar provision was included in the extension approved by Congress prior to TEA-21 passage.

5. Funding guarantees and continued funding levels are important to transit project delivery. Any short-term extension would have to provide guaranteed funding for transit from both the Mass Transit Account and from general funds. With those guarantees and funding at current levels, the impact on Wisconsin's transit program would be minimal.

The Administration's SAFETEA proposal removes the funding guarantee for general funds (approximately 20 percent of transit funding); from that perspective, an extension of the current program is far preferable to the adoption of the transit provisions contained in SAFETEA.

Wyoming

1. The most critical issue is whether the federal government has something (either a reauthorization or extension) in place on October 1 to continue operating. First, it is essential that the Wyoming Department of Transportation (WYDOT) retain its ability to bill the FHWA for expenditures the department pays out on current ongoing federal aid projects to sustain the department's cash flow. Second, the uncertainty of what level of federal funding to expect for the entire year would also delay the department's construction program. A decision needs to be made as soon as possible for the entire year. A six-month extension would not give WYDOT sufficient information to let projects as they are currently scheduled in FY 2004 and would also result in significant delays. The department has a number of projects on the shelf ready to let to contract when federal obligation authority is received, but WYDOT cannot continue to use advance construction to any large degree unless the department borrows from the State General Fund to back up contractor payments. WYDOT can conceivably continue to operate for some time on the large carryover of apportionments from TEA-21 if given the authority to use those carryover funds. If necessary, WYDOT could also adjust to a one- or two-year extension of TEA-21, but again, the most critical issues are to keep the federal government operating and to provide some kind of decision for the entire year instead of leaving any funding uncertainty.

While it is imperative that Congress work to reauthorize the transportation program as quickly as possible, a separate issue requires attention as well. As time passes, it becomes increasingly clear that an interim extension to TEA-21 will be necessary. AASHTO must work with Congress to make certain that any extension comes quickly, effectively, and efficiently. Ambiguity about the timing or other provisions of any extension will only compound uncertainty as states try to keep delivering construction and other programs.

2. If a one- or two-year extension of FY 2003 funding is received, WYDOT would see no significant impact. If WYDOT doesn't have firm federal funding for the entire year, the department will begin delaying scheduled federal-aid projects as early as October. This delay would affect about 13 projects in October totaling

$33,585,000; 6 projects in November totaling $37,042,000; 10 projects in December totaling $30,773,000; and every federal aid project thereafter.

Delayed/Deferred Projects

Extension	Number of Projects	Dollar Impact
Six-Month	46	$140 million
One Year	98	$ 89 million
Two Years	145	$200 million

Six Month:
The Wyoming Department of Transportation lets about 80 percent of its federal-aid construction projects between October1 and April 30 because of the short construction season. Funding uncertainties early in FY04 can have significant impacts. A six-month extension could push the bulk of WYDOT's projects into the next construction season, extend two-season projects into three seasons, add considerable costs to projects, and jeopardize the ability to complete projects within the typical two-year period on environmental agreements. In addition , restrictions imposed by mountain run-off, wildlife migration, and irrigation canals in farming and agricultural areas could make it impossible to initiate some projects for an entire year.

One Year:
In addition to the impacts described with a six-month extension, a one year extension could cause a severe cash flow problem and crease considerable uncertainties and disruptions with the Statewide Transportation Improvement Program including design and construction activities, letting schedules, environmental processes, and many other critical program elements. Further, the economic impact of a disrupted construction program would be significan in a sparsely populated state like Wyoming.

Two year:
A two year extension would possibly exacerbate the uncertainties with financial forecasts and disrupt project scheduling and design activities, long-term planning, and environmental processes.

3. The delay would impact WYDOT's contract maintenance program and safety programs the most. Even if the department is able to use carryover apportionments, safety projects, bridge projects and projects off the national highway system will be affected. If work that could be done in November and December and early spring is delayed, later project work may also be slowed. Project completion might be delayed by as much as a year.
As far as environmental operations are concerned, the chief impact would be that WYDOT would be denied the benefit of any streamlining provisions to be included in the reauthorization until the reauthorization actually occurs. In the short-term, delay to reauthorization will not otherwise harm the department's environmental activities, as long as cash flow continues. Over the long-term, however, delayed reauthorization will probably complicate the already-slow environmental assessment process.

4. WYDOT does not have sufficient state highway funds to cover any federal-aid highway projects. Carryover apportionments would fund National Highway System projects for awhile, but projects off the National Highway System–including safety and rail-highway crossing projects, enhancements, urban projects, bridges, and local city or county projects–would all be delayed.

5. WYDOT's local government coordinator is currently preparing project agreements for upcoming FY 2004 statewide public transit providers. To prepare this program budget, WYDOT has anticipated that a reauthorization bill will not be passed before the FY 2004 beginning date of October 1st. Therefore, the department has assumed a hold-harmless level of FY 2003 apportionment in calculating funding for FY 2004. With growing public transit demands, especially for non-emergency medical transportation (such as trips for dialysis treatment), many Wyoming transit service providers will receive less funding than they need to provide this essential service. With limited or non-existent bus and air service to many rural areas of Wyoming, public transit (where available) is the only transportation option for many disabled and elderly rural residents. Public transit demand in Wyoming has doubled in the past 10 years, and transit costs for fuel, driver salaries, maintenance, communications, administration, and other direct and indirect costs continue to grow.

Needed is a stable and growing funding source to offset growing public transit demand and costs. In preparing annual funding distributions, WYDOT needs a reliable estimate of federal funding that can be combined with state and local funds to determine fair and equitable allocations.

If Congress determines to fund public transit programs with short-term extensions, an element of uncertainty will exist. A more conservative approach to budgeting and funds allocations will have to be implemented. Needed staff and services may be eliminated at both the state and local levels. Faced with funding uncertainty, needed maintenance may be deferred, or a needed bus route and driver may be eliminated.

Long-term commitment from a multi-year reauthorization would help provide stability to the funding process and stability at all levels of public transit.

Appendix III
Survey Response Correspondence

John,

In response to your letter to Secretary Abreu on July 29, 2003 (shown in the attachment), Florida DOT offers the following response.

Florida DOT has been preparing for some time for the likelihood that TEA-21 would not be reauthorized on time. History has shown in reauthorizing ISTEA and the Acts prior that action by Congress is generally late and this usually leads to periods of time when Federal funds are not available or only small amounts of funding are provided for a limit period of time.

In Florida the Federal program is about 35% of our total transportation funding. This is due in part to our donor status on Federal transportation funds, but more so because the State of Florida has made a major investment in transportation through dedicated state tax sources and toll revenues. This provides FDOT the flexibility to use cash management techniques and Advanced Construction to ensure that projects stay on schedule. During the 9 months of uncertainty between the end of ISTEA and the creation of TEA-21, there were NO delays of projects in the FDOT Work Program due to the lack of Federal funds or the uncertainty of the reauthorization of ISTEA.

Governor Bush expects us to provide the leadership to deliver the transportation program the FDOT has committed to him, the Legislature, local officials and the public. We take this mission to heart and are meeting his expectations.

On a side note, our more immediate concern is that Congress take care of the "End of TEA-21" issue that stops all FHWA reimbursements and approvals beyond September 30, 2003. We have a plan to carry FDOT for 60 to 90 days with no impact, but if this is not taken care of in that time period the FDOT will have impacts to our scheduled projects. We look forward to your assistance in fixing this concern in an interim or permanent transportation act.

I look forward to seeing you at the Annual meeting.

Lowell

Lowell R. Clary
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Florida Department of Transportation
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August 1, 2003

Mr. John Horsley
Executive Director
American Association of State Highway and Transportation Officials
444 North Capitol Street Northwest, Suite 249
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Dear ~~Mr. Horsley~~: John

A short-term extension of TEA-21 is not good for Missouri.

We have suffered tremendously from a failed, under-funded 1992 road and bridge improvement program that eroded the public's trust. Missouri also has a history of building and expanding the state highway system at the expense of taking care of what we have. We have in the past, exacerbated this problem by starting new expansion projects before others were finished, stretching our funding to the breaking point. Because of this situation, The Missouri Highways and Transportation Commission has focused on delivering our Statewide Transportation Improvement Program. Our conservative approach is based on promising only what we know we can deliver, taking care of our system and finishing what's been started.

While a short-term extension of TEA-21 would not prevent us from moving forward with our STIP due to the manner in which we are planning and promising, it would prevent Missouri from responsibly addressing serious transportation needs.

Missouri has many serious transportation needs, primarily because of inadequate funding. Our state has the nation's seventh-largest state highways system, but we rank 43rd in revenue per mile. It's not surprising that Missouri has the nation's third-worst pavement conditions, behind only California and Massachusetts. We have the nation's second-highest percentage of deficient bridges (26 percent, behind only Oklahoma). There are about 10,000 bridges on the state's highway system, and the average age of these bridges is 46 years old.

Our interstates are 30 to 40 years old. Missouri was the first state to begin construction in 1956, and these highways are now way beyond their life expectancy.

While the system is continuing to deteriorate, the demands from the public are increasing. More than 67 billion miles were driven in Missouri last year. This is the nation's 14th highest total. More than 47 billion of these miles were on state highways.

While the size of the system has remained virtually the same, miles traveled on state highways have tripled over the past 25 years. All in all, travel in Missouri has increased eight times faster than population in the past 20 years. The investment in highways in this same period has fallen 32 percent on an inflation-adjusted basis.

A short-term funding approach also adds to the state's economic woes. For every $1 invested in our highways, there is a $3 return to the state. Without timely transportation improvements, Missouri suffers.

Thus without full reauthorization funding, Missouri will fall further and further behind. Our responsibility to provide a safe, efficient transportation system is thwarted. Short-term funding causes us to compromise our mission and our ability to serve the traveling public. We have said transportation in Missouri is in crisis. Short-term extension of TEA-12 feeds the crisis and negatively affects the public's safety.

If you have questions or need additional information, please contact me. We appreciate your efforts, and we will be glad to do all we can to help you help us.

Sincerely,

Henry Hungerbeeler
Director

kk/pr-tp

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STATE OF KANSAS

KANSAS DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY OF TRANSPORTATION
Docking State Office Building
915 SW Harrison Street, Rm.730
Topeka, Kansas 66612-1568
Ph. (785) 296-3461 FAX (785) 296-1095
TTY (785) 296-3585

Deb Miller
Secretary of Transportation

Kathleen Sebelius
Governor

August 1, 2003

Mr. John Horsley
AASHTO Executive Director
444 North Capitol Street, N.W.
Suite 249
Washington, D.C. 20001

Dear Mr. Horsley: John

Our original submittal of the AASHTO survey did not clearly communicate why the Kansas Department of Transportation (KDOT) prefers a long-term reauthorization of transportation legislation with a substantial increase in funding rather than a short-term extension of TEA-21. We have provided some clarifying language that I trust will more accurately express the reasons for our preference for a long-term fully funded reauthorization bill.

You will note that our response still does not indicate a substantial impact to state programs from a short-term extension of federal funding. This is consistent with testimony the department has made to the Kansas Legislature regarding KDOT's ability to deliver the Comprehensive Transportation Program (CTP) in the midst of revenue transfers resulting from the state's budget shortfall. While delivering the CTP without increases in federal aid will be challenging, it is something we have said we could do. To indicate that projects will be cut unless federal funding is increased would be contrary to that testimony.

Quite frankly, our biggest concern is that the lack of progress on reauthorization may leave states in a worst case situation, without either a long-term reauthorization or an adequate short-term extension. While we prefer a long- term bill for the reasons explained in our survey, states need some action taken very soon to prevent a significant disruption of programs. We fear it may be past the time when Congress will be able to move a bill to enactment prior to expiration of TEA-21. We therefore have concerns with AASHTO's current strategy of exclusive support for a long-term bill and suggest instead that efforts should be directed to insuring we at least have a solid two year extension containing funding that can be readily approved. That would leave the contentious funding issues including bonding, motor fuel tax increases, and indexing for which there is little agreement until 2005 after the presidential election.

Sincerely,

Deb Miller
Secretary of Transportation

Attachment
cc: James C. Codell, President of AASHTO
John Njord, Vice-President of AASHTO

KANSAS DEPARTMENT OF TRANSPORTATION RESPONSES TO THE AASHTO SURVEY REGARDING THE POTENTIAL EXTENSION OF TEA-21

1. Considering the advance preparation that must take place for federal-aid projects, given their multi-year nature, if TEA-21 is not reauthorized by October 1, 2003 and Congress instead enacts a short-term extension of current law with funding at current levels ($31.6 billion for highways and $7.2 billion for transit), when and how would your department's operations, including contract lettings, staffing, and projects be impacted? Please provide this information assuming a six month, one year or two year extension.

The recent state budget shortfall in Kansas has resulted in certain state highway funding being diverted to other general purposes. This has eliminated any flexibility the Kansas Department of Transportation (KDOT) has had in managing the State's multi-year transportation program. Although a short term extension of current TEA-21 levels for six months, one or two years, would not result in curtailed operations, lettings or staffing, an extension of TEA-21 without increased funding would leave the State dangerously short of funding to complete projects promised to legislators, citizens and businesses. Any further diversion of state funding due to the continuing budget shortfall would then likely result in canceled or delayed project design and lettings.

Increased funding from reauthorization would definitely improve the ability of the State to continue to deliver committed projects. KDOT has positioned itself to continue as though federal programs will continue in the future and we will continue to develop our projects on that premise.

2. Please list the estimated program impacts in terms of numbers of highway projects that may be affected, and the estimated dollar impacts.

Assuming an extension of current TEA-21 highway apportionment and obligation limitation levels, KDOT estimates minimal impacts on state transportation projects and dollars. However, the longer the delay in reauthorizing TEA-21, the greater the impact will be for local governments in Kansas which depend on federal and state funds to sustain their programs.

3. What other effects would a delay have on your operations? Please include impacts on construction seasons, safety, environmental considerations and economic development.

Assuming an extension of current TEA-21 highway apportionment and obligation limitation levels, KDOT does not anticipate delays in the department's operations. However, a well-funded, long-term reauthorized federal program is much more desirable as it allows the State to plan with greater certainty for the future. A long-term reauthorization bill provides more time for the State to plan for improvements that often take many years to plan, design and build. A short-term extension of six months or even one year does not provide the predictability needed to plan for and implement large, complex projects and programs.

A delay in reauthorizing TEA-21 will have an even more serious effect on local governments in Kansas because their funding has been greatly affected by the State funding shortfall. Although the State program is set for the next seven years, local projects depend more directly on federal funding and therefore, the sooner an increase in federal funding is provided, the sooner planning can begin in metro areas, cities and counties.

4. In the unlikely event that an extension does not provide additional apportionments, do you have sufficient remaining unobligated balances in priority core highway programs? If not, what is the shortfall?

No, KDOT would not have sufficient remaining balances of obligation authority to continue our program if additional apportionments are not provided. Proceeding with the program we have in place, the following table shows the impacts to state and local highway construction programs in Kansas for six months, one year, and two years after the expiration of TEA-21 without new apportionments. These numbers estimate the anticipated ending balances at the close of FFY 2003; the numbers also assume there would not be transfer provisions in the extension measure. It should be noted that while sub-categories are not shown in the table, there would be a significant shortfall of STP apportionments in the metro areas after the first six months of an unfunded extension.

KANSAS DEPARTMENT OF TRANSPORTATION'S ESTIMATES OF PROJECTED OBLIGATION LIMITATION AND CONVERTED ADVANCE CONSTRUCTION FUNDS FOR 6 MONTHS, 1 YEAR AND 2 YEARS FOLLOWING THE EXPIRATION OF TEA-21 FOR THE CORE HIGHWAY PROGRAMS
(Dollars in Millions)

PROGRAM	Projected 3/31/04 Balances	Projected 9/30/04 Balances	Projected 9/30/05 Balances
IM	($20.6)	($55.9)	($73.4)
NHS	($13.9)	($18.0)	($92.0)
Bridge	$41.4	$21.4	($15.6)
STP	$68.4	($5.7)	($82.2)
CMAQ	$2.3	$1.3	$0.3
MG	$0.2	$0.2	$0.2

5. In the event of a short-term extension, what would be the impact on the transit program in your state?

Assuming an extension of current TEA-21 transit apportionment and obligation limitation levels, the Kansas Department of Transportation would be able to maintain our 5310 and 5311 programs for two years. However, if the 5309 program was not extended for more than six months, KDOT would have to curtail its extensive public transit vehicle purchases and building program. This would present serious problems for our public transit program.

If new apportionments are not provided in the extension of TEA-21, KDOT would have only three months of 5311 funds available for operating expenses and little to no funds for the 5309 and 5310 programs.

Kansas Department of Transportation
Division of Planning and Development
August 1, 2003

Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

August 4, 2003

Mr. John Horsley
American Association of State Highway
and Transportation Officials
444 N. Capitol St., N.W., Suite 249
Washington, DC 20001

Dear Mr. Horsley:

After reexamining our response to the AASHTO survey on the impact of a short-term extension of the Transportation Equity Act for the 21st Century, the Texas Department of Transportation (TxDOT) reaffirms its earlier response indicating that a short-term extension would have little or no impact on Texas.

At TxDOT, we aggressively use the broader range of financing tools the Federal Highway Administration (FHWA) makes available. Today, a state's "advance construction" commitments are no longer limited to a state's total annual federal apportionment. TxDOT's planners assume that Congress will not permit the federal-aid highway program to collapse and that the federal government will honor its obligations under that program. As long as Congress continues to reauthorize federal-aid highway programs at current levels, allows FHWA to continue to operate, and continues to allow us to use available financial tools, we see no significant effect on our program. Particularly with the ability the Texas Legislature has recently given us to borrow up to $3 billion from the Texas Mobility Fund, we can continue letting projects under federal advance construction provisions and claiming reimbursements as they become due, as we have always done. The term of the reauthorization, be it a full six years or a six-month extension, makes little difference.

Texas supports increased funding for the federal-aid highway program. However, a more equitable return on our highway user fee contributions to the Highway Trust Fund and broader state and local discretion over the federally funded, state administered federal-aid highway program are higher priorities for us than a "well-funded six-year" reauthorization bill. We strongly prefer a short term bill to a longer-term bill that does not advance those goals.

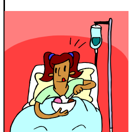
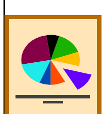
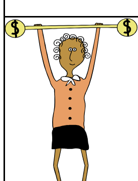
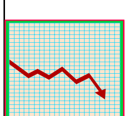
Sincerely,

Coby C. Chase, Director
Legislative Affairs Office

cc: Michael W. Behrens, P.E., Executive Director, TxDOT
Steven E. Simmons, P.E., Deputy Executive Director, TxDOT
James L. Randall, P.E., Director, Transportation
Planning & Programming, TxDOT

THE FACTS SHOW: AMERICANS ARE WORSE OFF UNDER REPUBLICANS

A Voter's Guide By the Numbers

INDICATOR	Democrats (1993-2001)	Republicans (2001-2004)
 **MEDIAN INCOME**	**Increased by $5,489** (Joint Economic Cmte – Democrats)	**Decreased by $1,535** (Joint Economic Cmte – Democrats)
 **JOB CREATION**	**20.8 Million Jobs Created** (Private sector- Bureau of Labor Statistics)	**1.7 Million Jobs Lost** (Private sector- Bureau of Labor Statistics)
 **UNINSURED**	**In 2000: 39.8 Million** (U.S. Census Bureau)	**In 2003: 45 Million** (U.S. Census Bureau)
 **HEALTH CARE COSTS**	**6.5% Avg. increase ('90-'00)** (Employee Benefits Research Institute)	**8.9% Avg. increase ('01-'02)** (Employee Benefits Research Institute)
 **AMERICANS IN POVERTY**	**Declined by 8 Million People** (U.S. Census Bureau)	**Increased by 4.3 Million People** (U.S. Census Bureau)
 **BUDGET**	**$61 Billion Cumulative Surplus Over 8 Years** (Federal Budget Historical Tables)	**$1.31 Trillion Cumulative Deficit** [incl. OMB Mid-Session FY04-05 estimate]
 **DEBT HELD BY PUBLIC**	**Increased by $71 Billion** (Federal Budget Historical Tables)	**Increased by $1.35 Trillion** [incl. OMB Mid-Session FY04-05 estimate]
 **GROSS DOMESTIC PRODUCT**	**3.6% average growth rate** (Joint Economic Cmte – Democrats)	**2.5% average growth rate** (Joint Economic Cmte – Democrats)
 **STOCK MARKET**	**S&P up 15.2% (average yearly) from 1993-2000** (NYSE/JP Morgan)	**S&P down 4.5% (average yearly) from 2001 - 2004:** (Joint Economic Cmte – Democrats)

Prepared by the Office of the Democratic Whip

THE WAR IN IRAQ:
LOSING CONTROL AND CREDIBILITY





President Bush insists that we're making progress in Iraq, and that we will succeed if we stay the course. However, an increasing chorus of skeptics – including prominent, respected members of the Republican Party and military leaders – is expressing its grave concern about the deteriorating security situation in Iraq, the President's refusal to adjust his failing strategy there, and the prospects for a stable, friendly Iraq. It is abundantly clear that only with new leadership and a new plan will America succeed.

⇒ **"We're in a lot of trouble… We've gotta be honest with ourselves, as I said yesterday, the worst thing we can do is hold ourselves hostage to some grand illusion that we're winning. Right now we're not winning... It isn't good enough to just say, well we just have to stay the course. Well, stay the course, what does stay the course mean?"** – Sen. Chuck Hagel (R-NE) [News Conference, 9/17/04]

⇒ **"We made serious mistakes right after the initial successes by not having enough troops on the ground, by allowing the looting, by not securing the borders… [Bush has been] perhaps not as straight as maybe we'd like to see… It's very serious. The situation is deteriorating."** – Sen. John McCain (R-AZ) [Fox News, 09/19/04]

⇒ **"The administration has been stubborn about troops… We do not need to paint a rosy scenario for the American people. I think the security situation in Iraq is going to get worse before it gets better."** – Sen. Lindsey Graham (R-SC) [CNN Late Edition, 09/19/04]

⇒ **"This is the incompetence in the administration."** – Sen. Richard Lugar (R-IN), referring to the fact that only $1 billion of $18.4 billion appropriated by Congress for rebuilding Iraq has been spent [ABC "This Week," 09/19/04]

⇒ **"Bush hasn't found the WMD. Al-Qaeda? It's worse- he's lost on that front. That he's going to achieve a democracy there? That goal is lost, too. It's lost. Right now, the course we're on, we're achieving [Osama] bin Laden's ends."** – Retired Gen. William Odom, former head of the National Security Agency [Salon, 09/16/04]

⇒ **"The idea that this is going to go the way these guys planned is ludicrous. There are no good options. We're conducting a campaign as though it were being conducted in Iowa, no sense of the realities on the ground. It's so unrealistic for anyone who knows that part of the world. The priorities are just all wrong."** – Retired Gen. Joseph Hoare, former Marine commandant and head of the U.S. Central Command [Salon, 09/16/04]

⇒ **"I see no ray of light on the horizon at all. The worst case has become true…I see no exit. We've been down that road before. It's called Vietnamization."** – Jeffrey Record, professor of strategy at the Air War College [Salon, 09/16/04]

⇒ **"I don't think that you can kill the insurgency. We see larger and more coordinated military attacks. They are getting better and they can self-regenerate. The idea there are X number of insurgents and when they're all dead we can get out is wrong. The insurgency has shown an ability to regenerate itself because there are people willing to fill the ranks of those who are killed. The political culture is more hostile to the U.S. presence. The longer we stay, the more they are confirmed in that view."** – W. Andrew Terrill, professor, Army War College's Strategic Studies Institute [Salon, 09/16/04]

⇒ **"A classified National Intelligence Estimate prepared for President Bush in late July spells out a dark assessment of prospects for Iraq, government officials said Wednesday. The estimate outlines three possibilities for Iraq through the end of 2005, with the worst case being developments that could lead to civil war, the officials said."** – [New York Times story, 09/16/04]

⇒ **"There has been poor strategic thinking in this. There has been poor operational planning and execution on the ground. And to think that we are going to 'stay the course,' the course is headed over Niagara Falls. I think it's time to change course a little bit, or at least hold somebody responsible for putting you on this course. Because it's been a failure."** – Ret. Gen. Anthony Zinni, former commander-in-chief, United States Central Command Middle East [CBS News, 05/14/04]