



THE SECRETARY OF TRANSPORTATION
WASHINGTON, DC 20590

June 19, 2014

Director John R. Cooper
Alabama Department of Transportation
P.O. Box 303050
Montgomery, AL 36130

Dear Director Cooper:

I am writing to follow up on my letter of May 7, 2014, regarding the impending Highway Trust Fund (HTF) shortfall.

The situation remains dire.

As you may know, in about a month, the balance of the Highway Trust Fund's Highway Account will likely dip below a critical threshold at which the U.S. Department of Transportation (DOT) must begin to implement cash management procedures. Upon doing so, we will take every reasonable and appropriate step to fully reimburse your State for as long as possible. To be clear, however, if the trust fund becomes insolvent, DOT will likely need to delay some reimbursements owed to your agency. We understand and regret that such measures may be necessary as the current construction season is ongoing. We have and will continue to sound the alarm bell that hundreds of projects and thousands of jobs are at risk.

In the next few weeks, we will provide specific guidance on our cash management approach and when it is likely to go into effect. We do so with the goal of providing you as much notice as possible.

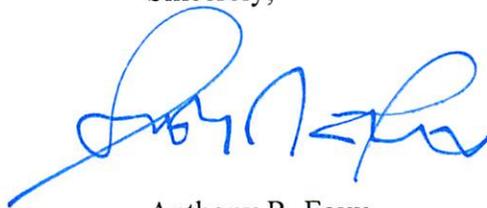
Having served in local government and from my frequent conversations with State DOT CEOs like you, I know how difficult this looming insolvency is for you, your team, and communities within your State that are depending on your work. After 18 continuing resolutions and 9 extensions, you know well that the current crisis is just the latest iteration of a longstanding problem—less revenue in the Highway Trust Fund, more uncertainty and, out of a crisis, a push for short-term measures. The cumulative effect is a system badly in need of a change, and working with you, we plan to keep pressing the case for a real solution.

Since January, DOT has published a "Highway Trust Fund Ticker"—a monthly update of our latest projections on the looming insolvency. The HTF Ticker also is a helpful way to keep States and congressional leaders updated. The enclosed charts, which also can be found on our website (<http://www.dot.gov/highway-trust-fund-ticker>), show our latest estimates.

I encourage you to join me in urging Congress to ensure the continued solvency of the trust fund while committing to a longer term agreement on surface transportation funding that increases investment and contains the policy drivers that put our country in a better position to get projects done, grow jobs, and improve the quality of life for all Americans.

If I can provide further information or assistance, please feel free to call me.

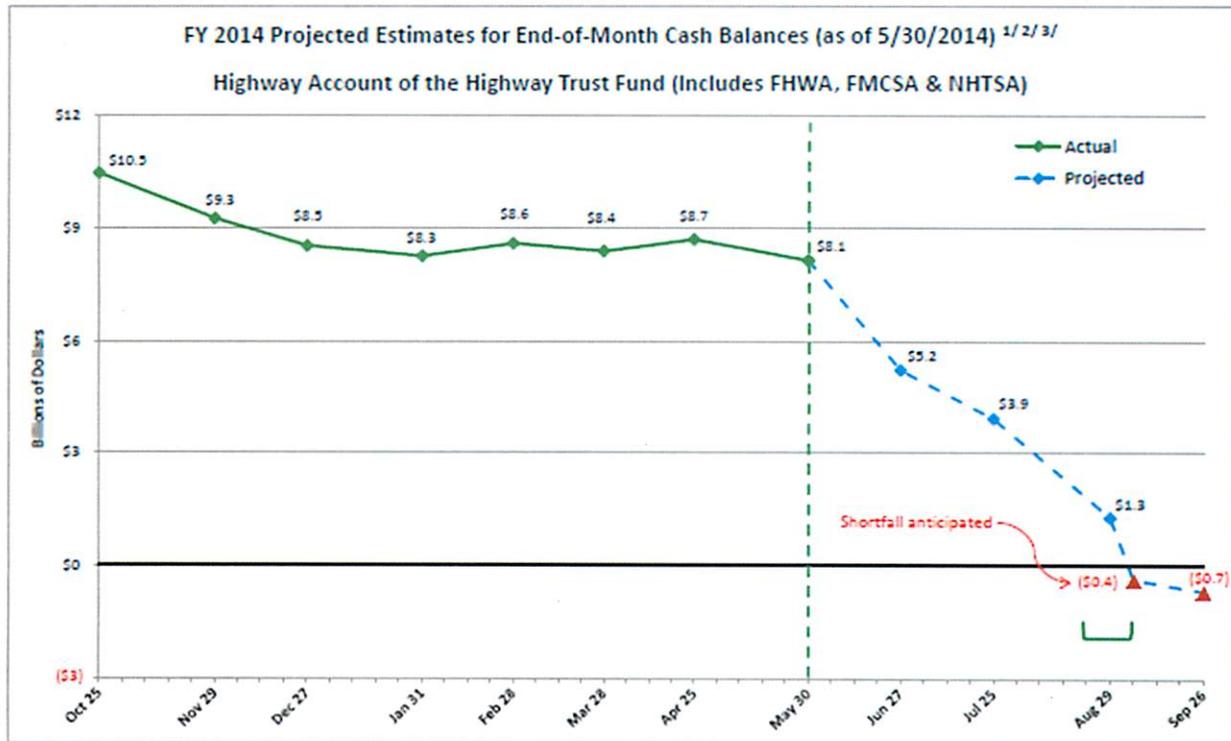
Sincerely,

A handwritten signature in blue ink, appearing to read 'Anthony R. Foxx', with a stylized flourish extending to the left.

Anthony R. Foxx

Enclosure

Highway Account



1/ Graph reflects actual data through 5/30/14 and end-of-month projections for the remainder of the fiscal year.

2/ Total receipt and outlay projections are based on FY 2015 President's Budget Baseline assumptions. Projected monthly receipt and outlay rates are based on historic averages.

3/ Range of anticipated shortfall: Green brackets denote the estimated window of when the anticipated shortfall will occur.

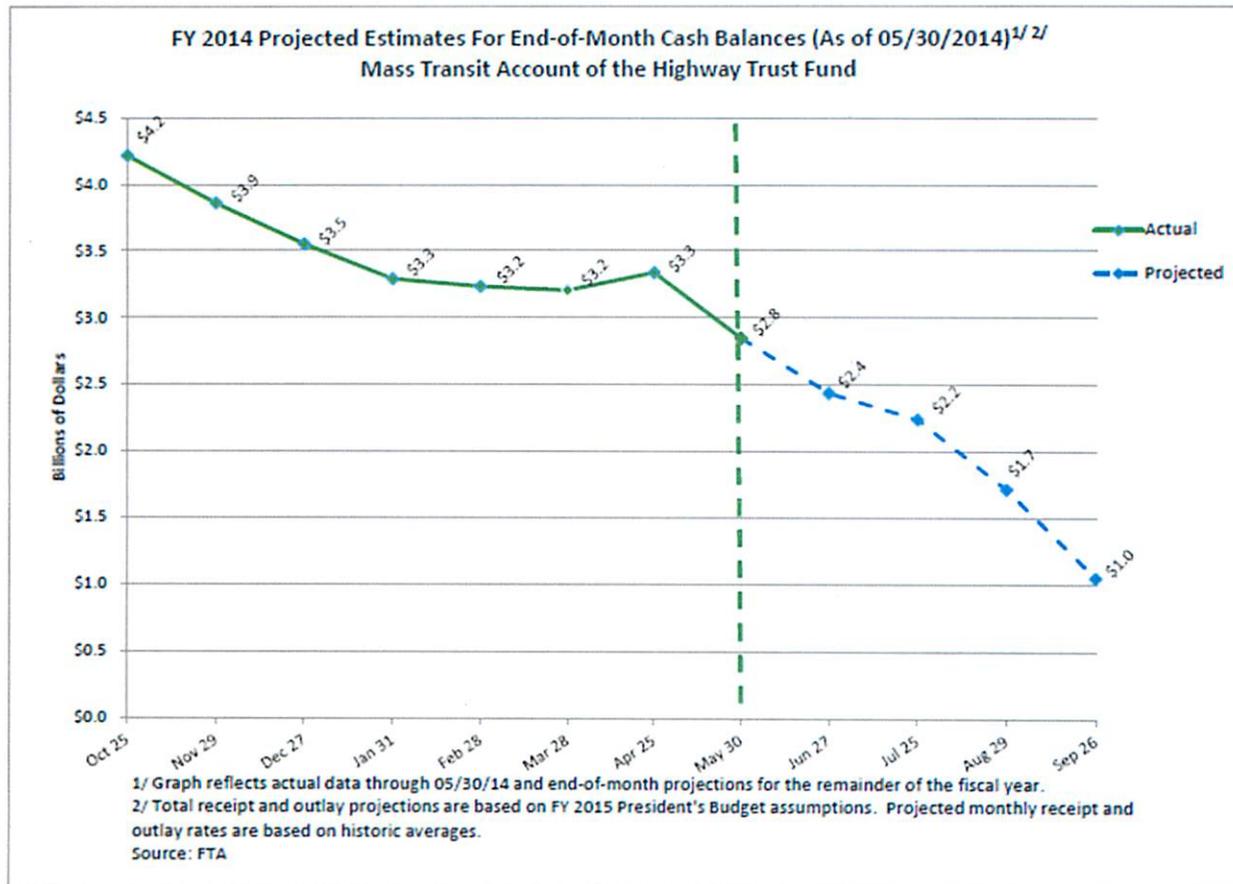
Source: FHWA

Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Highway Account of the Highway Trust Fund will encounter a shortfall before the end of fiscal year (FY) 2014.

- The Highway Account began FY 2014 with approximately \$1.6 billion in cash.
- A \$9.7 billion transfer from the General Fund to the Highway Account was processed shortly after the start of the fiscal year (\$10.4 billion authorized in MAP-21, reduced by sequestration).
- The cash balance has dropped by nearly \$3.8 billion since the General Fund transfer occurred. As of May 30, 2014, the Highway Account cash balance was \$8.1 billion.

Updated: June 17, 2014

Mass Transit Account



Based on current spending and revenue trends, the U.S. Department of Transportation estimates that the Mass Transit Account of the Highway Trust Fund will have a balance of approximately \$1 billion at the end of FY 2014.

- The Mass Transit Account began FY 2014 with approximately \$2.5 billion in cash.
- A \$2 billion transfer from the General Fund to the Mass Transit Account was processed shortly after the start of the fiscal year (\$2.2 billion authorized in MAP-21, reduced by sequestration).
- The cash balance has dropped by nearly \$1.7 billion since the General Fund transfer occurred. As of May 30, 2014, the Mass Transit Account cash balance was \$2.8 billion.

Updated: June 17, 2014