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The Road Hazards Ahead for Transportation Funding.

A decade-long revenue decline is about to get worse.

The U.S. Department of Transportation says balances in the federal Highway Trust Fund will drop so low next month that payments to states for work already underway will be delayed. Meanwhile, the Congressional Budget Office warns that trust-fund balances will be entirely depleted by 2015, putting funding for new projects at risk as well. To add to the uncertainty, the federal surface transportation measure known as MAP-21, which authorizes funding for state and local projects, expires Sept. 30.

Highways, bridges, passenger rail and public bus systems depend on a mix of federal, state and local support. If any element falters, the entire system is weakened, with risks to both passenger safety and economic growth. The federal government has provided roughly a quarter of all highway and transit funding (including both capital investment and operations), and some states rely on the federal government for as much as 40 percent. For these states, a depleted Highway Trust Fund and uncertainty about MAP-21 create major fiscal challenges.

Over the past decade, gas-tax revenues, one of the largest transportation revenue sources, have fallen substantially on an inflation-adjusted basis across federal and state governments as a result of increased vehicle fuel efficiency and changed driving habits. At the federal level and in most states, gas taxes have remained at a fixed amount per gallon even as transportation construction costs have risen. This has contributed to a 25 percent decline in states' own transportation funding.

This story line runs from coast to coast. Maine's state gas- and vehicle-tax revenue has declined by 7 percent since 2001, adjusting for inflation. Its gas tax as a share of the price of gasoline has dropped by more than a fifth. Meanwhile, according to Federal Highway Administration data, 30 percent of road-miles in the state are rated as "poor" and 30 percent of its bridges are considered structurally deficient or functionally obsolete. Nebraska's state gas- and vehicle-tax revenue has declined by 26 percent, while 11 percent of road-miles in the state are rated as "poor."

Oregon residents have special reason to fret about the shrinking federal Highway Trust Fund. A study by the Pew Charitable Trusts showed that the Beaver State is among those that rely the most on the federal trust fund, receiving 36 percent of its highway and transit dollars from the fund in 2011, the latest year for which comprehensive data are available. Oregon officials warn that the state could lose $150 million or more annually if Congress doesn't find a way to prop up the trust fund.

Even states that have added new ways to finance transportation projects will still need federal dollars. Colorado, for example, raised vehicle-registration fees and formed public-private partnerships but continues to rely on federal support for almost a third of its highway and transit budget.

As states wrestle with difficult questions raised by aging or inadequate highway and transit systems, it becomes more and more important for them to contemplate different funding options and the need

to prioritize projects. In addition, state leaders must better communicate concerns and ideas to members of Congress and to relevant committee staffs on both sides of the aisle as federal policymakers consider options for addressing the shortfalls in the Highway Trust Fund.

Funding challenges in the nation’s transportation systems will require both elected leaders and voters to recognize the role that each level of government plays in supporting this critical infrastructure. Public safety and economic growth are at stake.

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