

July 9, 2009

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232 Capitol Building
Washington, DC 20515-6501

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
H-204 Capitol Building
Washington, DC 20515-6537

Dear Speaker Pelosi and Minority Leader Boehner:

The Coalition of Northeastern Governors (CONEG) urges Congress to act expeditiously to address the impending funding shortfall of the Highway Account of the Highway Trust Fund, and to repeal the rescission of highway funding required to take effect under current law. Prompt action is needed to ensure that the Trust Fund will remain solvent through FY2009 and FY2010 to avoid additional reduction in critical federal highway funds and to continue to provide stable and predictable funding under the long-standing federal and state partnership for transportation.

By early September, the Administration estimates that the Highway Account of the Trust Fund will face a shortfall of close to \$7 billion, an amount that may increase in the coming fiscal year. Such a shortfall will result in delays and reductions in federal reimbursement of states' spending on transportation, particularly for programs and projects that are ineligible for economic recovery funding. The outcome will be a significant reduction in overall state transportation spending as our states grapple with declining state revenues and budgets that have slashed spending across the board.

The impacts of the shortfall will be exacerbated by the \$8.5 billion rescission of highway funding on September 30, 2009 required under SAFETEA-LU. The Federal Highway Administration has advised our states that the rescission will be applied on a pro rata basis across the core highway programs. This may necessitate deobligating federal funds for projects that are already under construction.

The impending shortfall in the Highway Account, combined with the scheduled rescission, will impede our states' ability to continue planning and funding critical highway programs, and could jeopardize thousands of jobs and related economic activity which are vitally important in this time of severe national economic distress.

We urge Congress to act swiftly on bipartisan legislation to eliminate the impending shortfall in the Highway Trust Fund in FY2009; to repeal the upcoming rescission of highway funding; and to provide stable and predictable funding to the Fund through FY2010.

Sincerely,

/o.s./
David A. Paterson
Chair
Governor of New York

/o.s./
Donald L. Carcieri
Vice-Chair
Governor of Rhode Island

Identical letters were also sent to the Senate Leadership; House & Senate Appropriations Committees and THUD Subcommittees; House Transportation & Infrastructure Committee; House Ways & Means Committee; Senate Environment and Public Works Committee; and Senate Finance Committee.