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## **Transportation Funding Shortfall Requires Immediate Attention** *Skyrocketing Costs Hamper Transportation Construction*

**Raleigh, N.C.** – North Carolina’s transportation system is threatened by a cycle of escalating inflation and is in need of a plan of action, according to transportation advocacy organization *NC Go!* The organization is calling attention to a recently released report from the NC Department of Transportation (NCDOT), which found inflation in 2006 for highway construction costs was 74 percent higher than in 2002.

The report compared a series of costs for highway construction including bridge decks, surfacing (asphalt and concrete), excavation and miscellaneous costs. The report used 2002 as a baseline measurement for the rising costs to make comparisons. Already in the first quarter of 2007, inflation compared to 2002 is at 93 percent.

“The rising costs to build and maintain our transportation system is shocking, and it is making it impossible to meet the needs in our state,” said Beau Mills, *NC Go!* chair. “Each year we see no increase in revenue for transportation, but large jumps in the cost of construction. This spells disaster – in the short and long term. This business model can’t exist for long.”

“We are trapped in a difficult situation,” said Berry Jenkins, director, North Carolina Highway-Heavy Division for Carolinas AGC. “The high demand for materials on the world market, especially in Asia, has driven up the costs for things such as steel and concrete. This impacts contractors, NCDOT and ultimately, citizens. Fortunately, our industry is actively working with NCDOT on cost containment measures to get the most out of transportation dollars and we have made headway. But, it is still a daunting challenge.”

The root problem is there has been no increase in revenue sources since 1989 in transportation funding, said Mills, which is compounded by inflation beyond the control of state legislators, NCDOT or transportation contractors.

*NC Go!*, a state transportation advocacy organization, has long called for a renewed look at how North Carolina funds transportation. Among suggestions offered to lawmakers, the group is calling for a 2 percent increase in the highway use fee. Estimates show the increase could generate more than \$400 million in funding.

“Legislators need to take a hard look at the situation facing our transportation system,” said Mills. “A dollar of transportation funding in 2007 buys 93 percent less than it did in 2002. How can we ignore this? Doing nothing means our traffic is going to get a lot worse. Sitting in traffic means less time with our families and lost productivity for our businesses. Potholes mean more wear and tear on our cars. Add to this a fast-growing population and we really have no choice but to find solutions.”

“We can’t fix this problem with belt-tightening and efficiency,” added Mills. “The cost of doing nothing is way too high. *NC Go!* calls on state legislators to address this mounting problem by considering reasonable and appropriate funding sources, such as the highway use tax. We can’t put it off any longer if we want to fight traffic congestion and keep our state competitive.”

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