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Cash crunch compels DOT to halt hiring

Federal Highway Trust Fund runs out of money this month; hiring freeze leaves 1,700 jobs open

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RALEIGH - The N.C. Department of Transportation imposed a hiring freeze Tuesday, leaving nearly 1,700 jobs vacant because of uncertainty about payments from the federal government.

The department's human resources director sent an e-mail message announcing the halt in hiring "in order to bring our budget back in line and to prepare for the shortfall in the Federal Highway Trust Fund."

The freeze presents another conspicuous sign of the cash crunch that is hindering the state's ability to build and repair roads.

"Highway construction costs have doubled in the last five years," said state DOT spokesman Ernie Seneca. "If we have to slow down, that slows down the economy."

Seneca said critical jobs, such as bridge inspectors, would be filled.

U.S. Transportation Secretary Mary Peters announced last week that the trust fund would run out of money this month. High gas prices have reduced driving by consumers, who are buying less gas and paying less in gas taxes into the fund. Americans drove 50 billion fewer miles between November 2007 and June 2008.

North Carolina had expected to receive \$943 million to help pay for its \$3.9 billion budget for the fiscal year that began July 1. Federal officials have said the state can expect a cut of about \$300 million unless Congress steps in to help.

Late Wednesday, it looked as though Congress would come through with some money. The Senate voted Wednesday to shift \$8 billion into the highway trust fund. The House was scheduled to vote today to send a final version of the legislation to the president. Bush threatened to veto the bill over the summer but reversed that position last week.

Federal dollars in the past have covered about 80 percent of highway and bridge construction costs in North Carolina.

Brad Wilson of Raleigh, chairman of a study group charged with finding ways to strengthen state transportation finances, said North Carolina already was losing a cut from the trust fund. The state recovers only 85 cents from every federal gas tax dollar North Carolinians pay.

"We need to understand that our dependency upon the federal Highway Trust Fund may be even more tenuous than we realized, and North Carolina may need to be more aggressive in taking care of itself," Wilson said. "To the extent that we don't get federal reimbursement, we've got to make it up here or do without."

Wilson is chairman of the 21st Century Transportation Committee, which is expected this year to recommend new taxes and other revenue sources to boost road and transit spending.

North Carolina already was curtailing some road work because of oil prices.

State officials said during the summer that they were reducing repaving work by 20 percent, because the cost of oil-based asphalt had skyrocketed. Repaving is funded by the state gas tax, which used to rise with the price of gasoline to keep up with oil and asphalt prices. The General Assembly, however, capped the tax in 2006.

Another source of road-building money, a tax applied to car purchases, also declined as car sales dipped. The state collected \$66 million less in taxes in the fiscal year that ended June 30 compared with the previous year.

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