

State Transportation Asset Management, Funding Trends, and Revenue Pressures

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Why Do We Care About Deferred Maintenance?

- **Fiscal Challenge**—Represents a claim on future budgets to pay down long-term liabilities. When states fail to adequately preserve infrastructure assets, long-term costs increase.
- **Government Performance**—States need tools to measure and manage deferred maintenance liabilities, which are essential for making informed decisions about prioritizing investments and how to stabilize costs.
- **Resilience**—Building a framework to assess needed investments based on current conditions will enable states to ensure future infrastructure investments are adapted to increases in extreme weather or other risks.

States Fall Short of Funding Needed to Keep Roads and Bridges in a State of Good Repair: Lessons from TAMPs



BEN HASTY / MEDIANEWS GROUP/READING EAGLE VIA GETTY IMAGES

What are TAMPs?

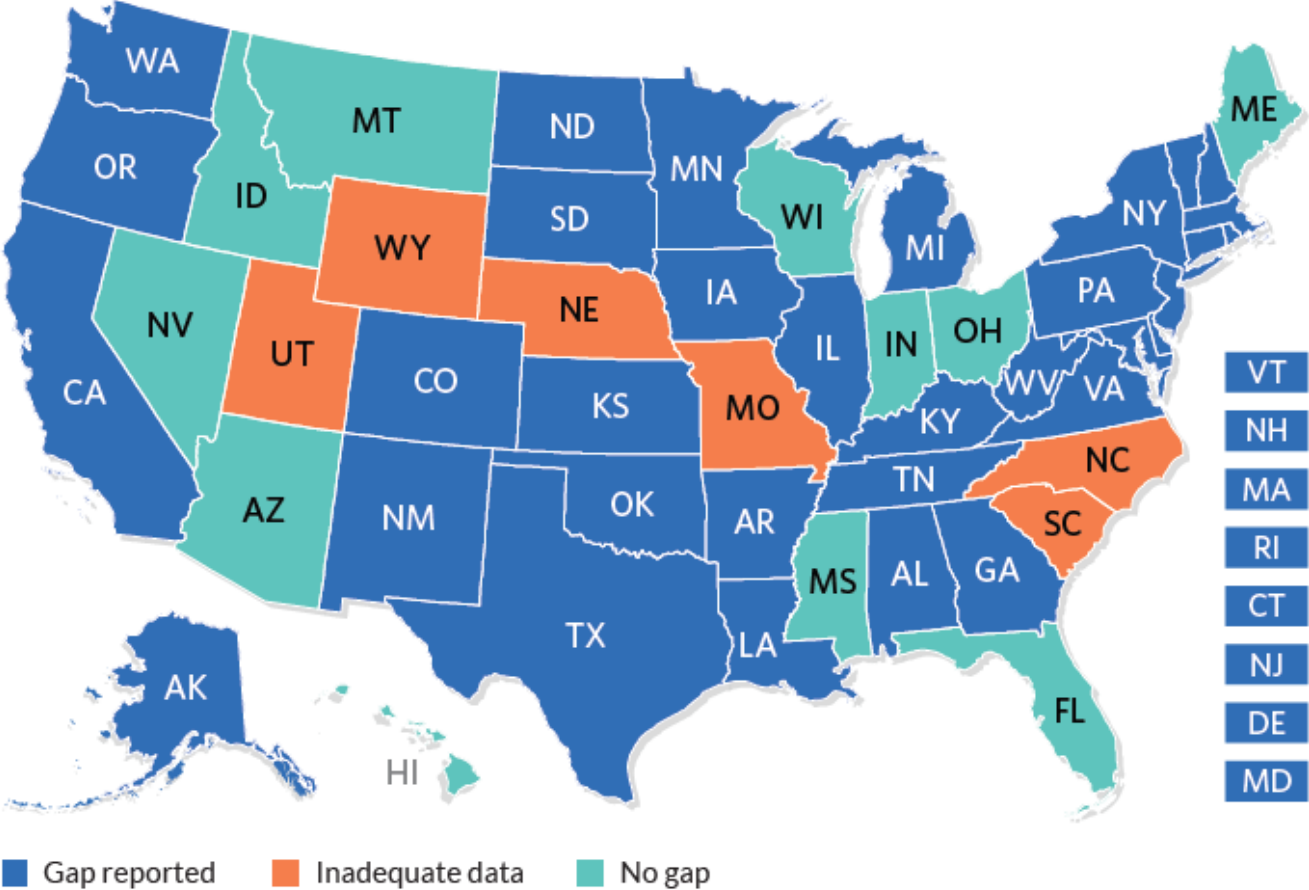
- Transportation Asset Management Plans (TAMPs) are federally mandated reports outlining how states assess and manage their transportation infrastructure.
- TAMPs primarily focus on roads and bridges in the National Highway System (NHS), although some states have included more for a more complete assessment.
- Most TAMPs include 10-year projections of conditions and funding.
- States vary in what they report in their TAMPs, how they forecast, and how they define a state of good repair for roads and bridges.

Key Findings

- Most states don't expect to meet their state-of-good repair targets in the next 10-years, based on their own goals and projections.
- 33 states expect to miss *at least some* of their benchmarks for roadway conditions, preservation and maintenance funding, or both over the next decade. Just 11 states are on track.
- 24 states reported a combined \$86.3 billion funding gap over 10 years.
- Connecting TAMPs to state budgeting can guide decisions on how to adequately fund road and bridge preservation.

Most States Expect a Shortfall

States reporting a 10-year condition gap, funding gap, or both for TAMP roads and bridges.



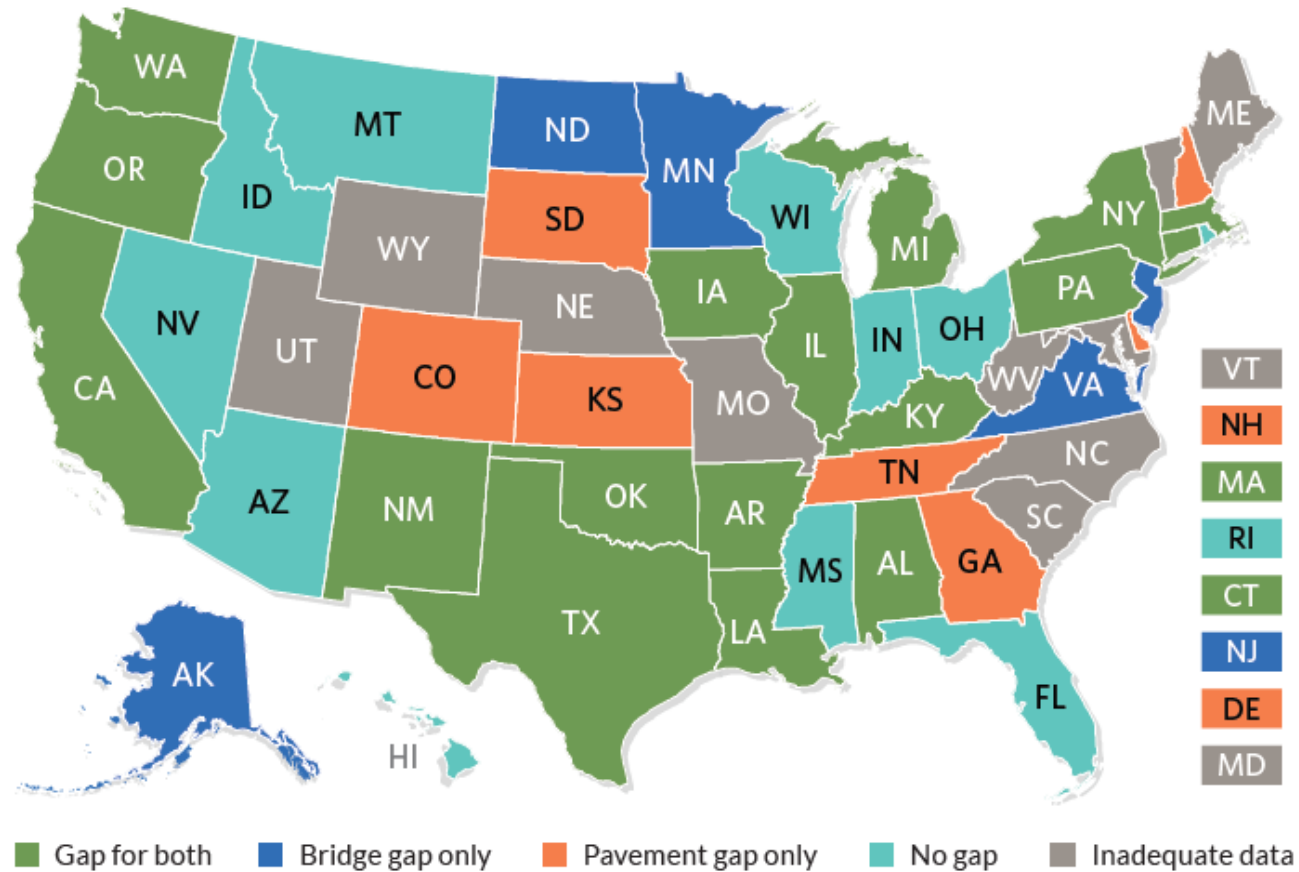
Note: The base year for 10-year projections varies by state.
Source: Pew analysis of state's most recent Transportation Asset Management Plans.

Funding Gaps

- 24 states reported a combined 10-year funding gap of \$86.3 billion for NHS and other key roads and bridges.
- These states projected \$194 billion in spending, meaning closing the gap would require a 44% increase in transportation funding.
- The shortfall was nearly evenly split between roads (\$38.5 B) and bridges (\$37.8 B).
- Only nine states reported adequate funding, while 17 provided insufficient data to assess whether spending would meet needs.
- Because TAMPs focus only on NHS assets the reported gap excludes shortfalls for roads and bridges outside the TAMP.

29 States Do Not Expect To Meet Condition Targets

Reported 10-year state of good repair gaps by state.



Note: The base year for 10-year projections varies by state.

Source: Pew analysis of state's most recent Transportation Asset Management Plans.

Vermont's TAMP shows a Gap Between Funding and Long-term Needs

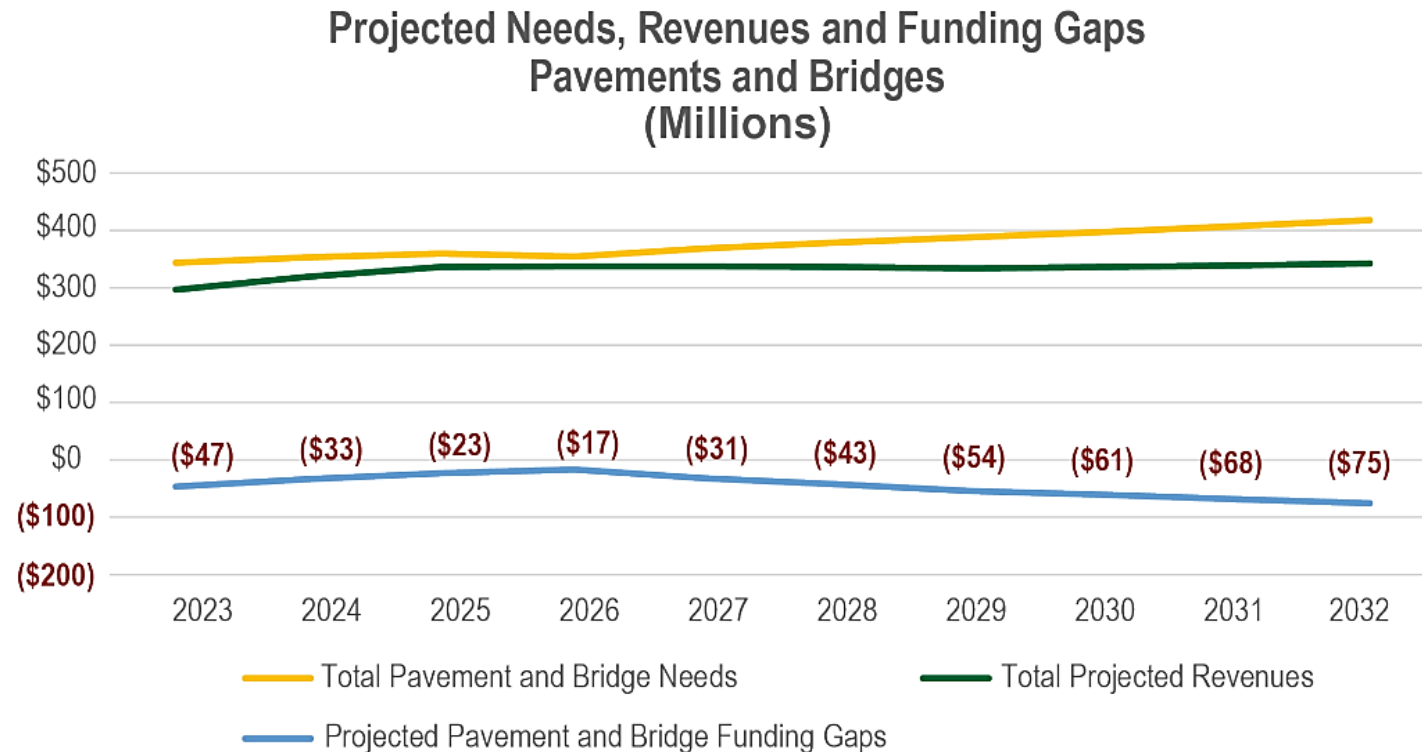
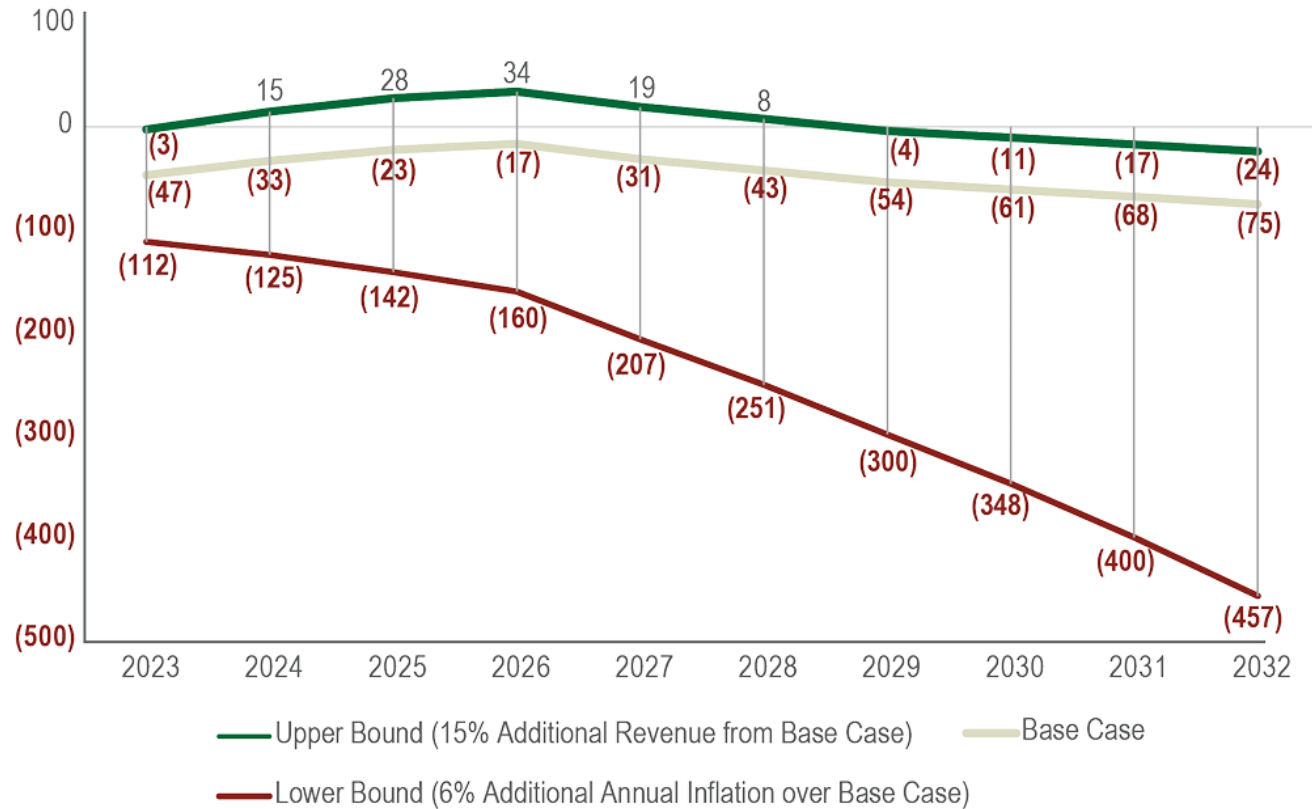


Figure 6-15: Estimated annual funding gap for pavements and bridges.

Source: VTran's 2022 Transportation Asset Management Plan (TAMP).

Future Funding Shortfalls Sensitive to Cost Growth

Projected Funding Gaps and Estimated Annual Variability in Gaps over TAMP Period (Millions)



Source: VTran's 2022 Transportation Asset Management Plan (TAMP).

Deferred Maintenance: Life-cycle Management

Long-term planning can identify opportunity to save money through timely investments in preservation.

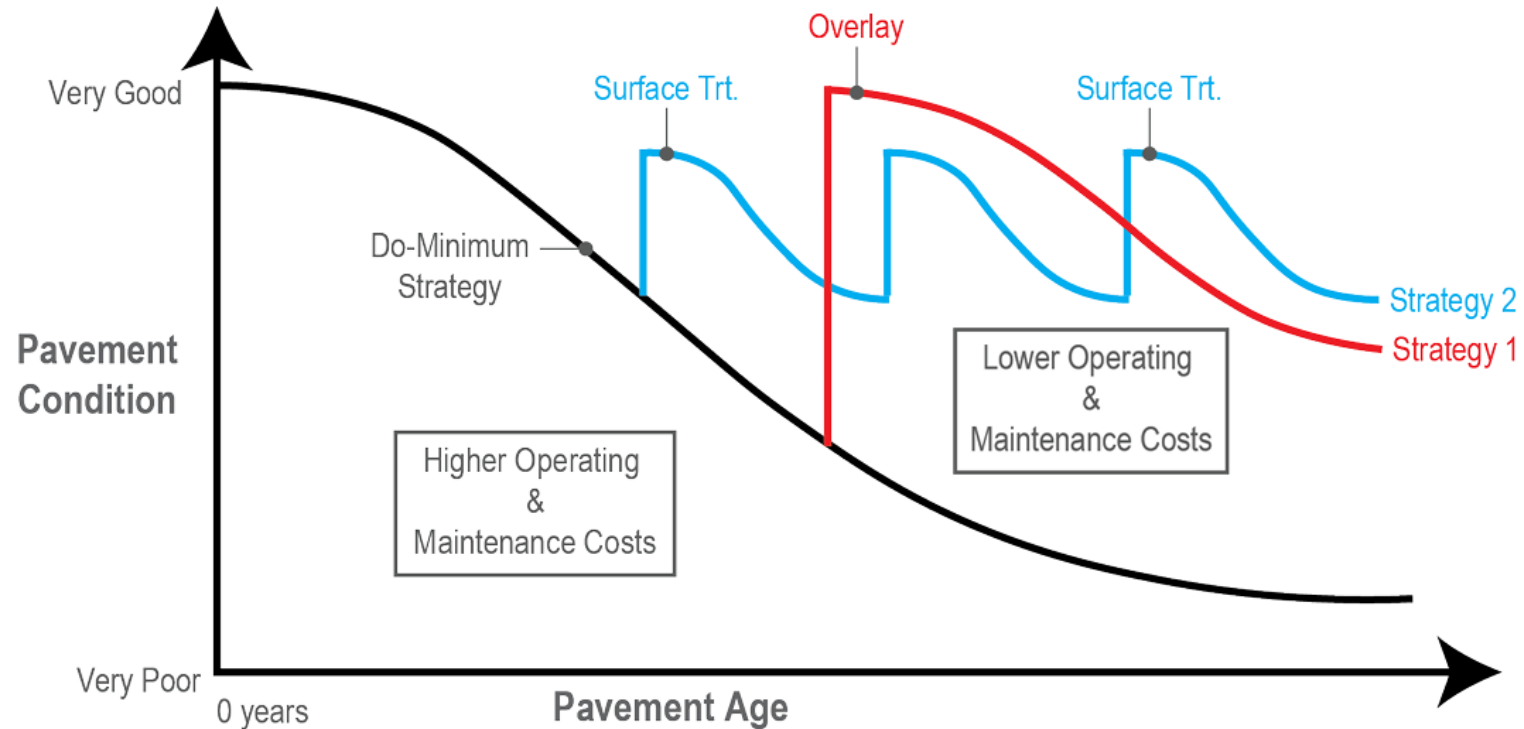
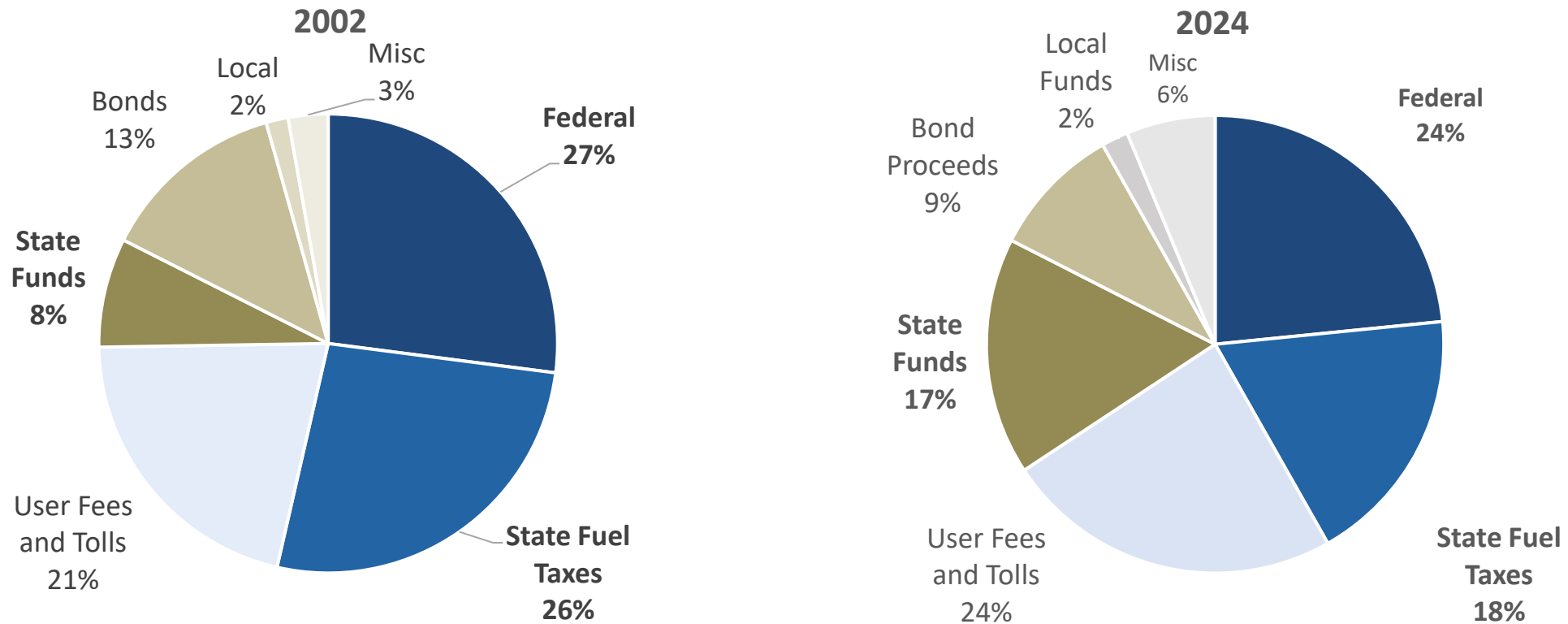


Figure 4-1: PMS logic showing the impact of various treatment options to a pavement deterioration curve. Source dTIMS.

Trends in Transportation Funding

Where Does Money for Highways Come From?

Over the past 20 years, the share of state general fund dollars has increased to offset decreases in fuel tax revenues and federal contributions.

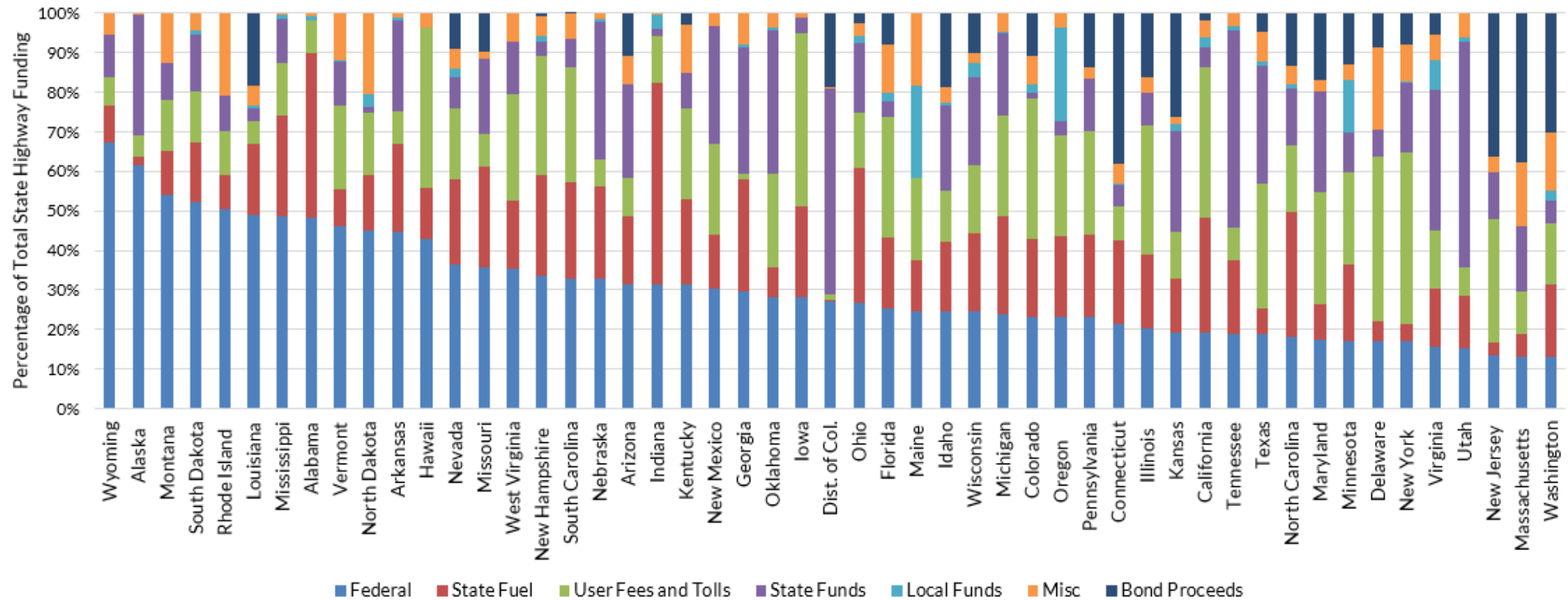


Source: Federal Highway Administration (FHWA)'s Highway Statistics Series, 2002 and 2024.

Transportation Funding Sources Vary Across States

Each state uses a unique mix of federal funds, state gas taxes, general funds, and other sources.

Highway Transportation Revenues (2024)

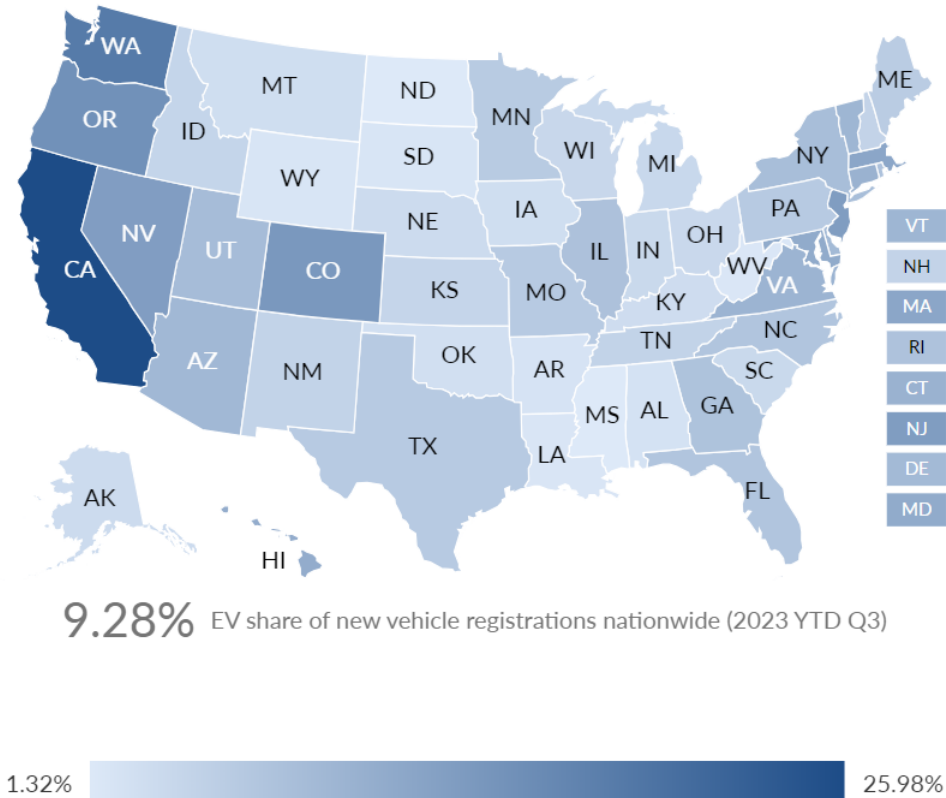


Source: Pew analysis of FHWA Highway Statistics Series, 2024.

Vehicle Trends Are Reshaping Transportation Revenues

Fuel efficiency gains and growing EV adoption are impacting gas tax revenues.

- As cars become more fuel-efficient and EV adoption grows, states will need to make up the loss in fuel tax revenues that have traditionally funded transportation.
- Electrification introduces new costs for expanding charging networks and related infrastructure.
- Together, these trends create both revenue and cost pressures on state transportation budgets.

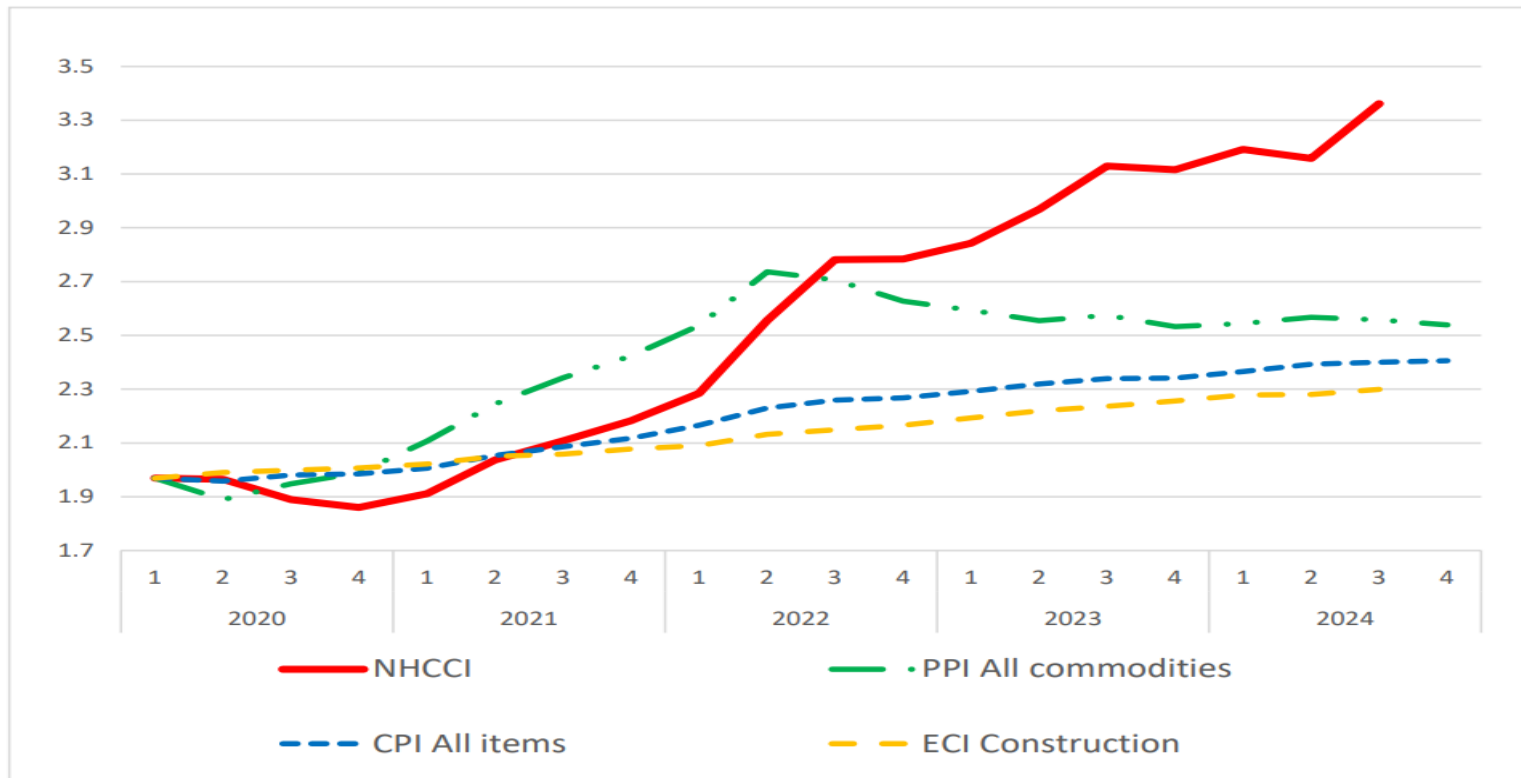


Source: Dynamic Sustainability Lab, "The Emerging Highway and Roads Revenue Gap" © 2024 The Pew Charitable Trusts

Highway Construction Costs Remain High

Increases in highway construction costs have outpaced both consumer and producer price indices.

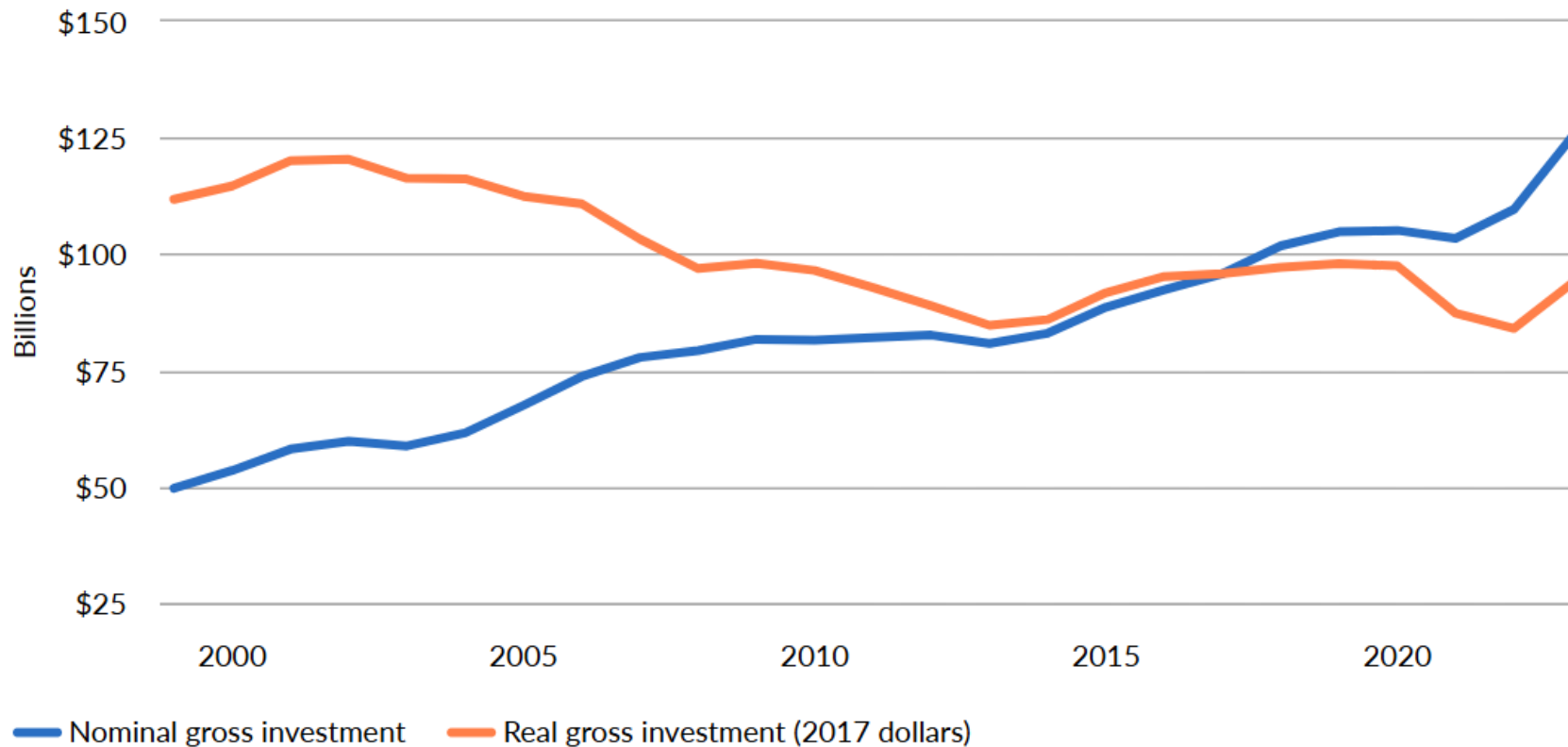
Figure 1. Comparison of NHCCI with PPI, CPI, and ECI (rebased to NHCCI 2020 Q1).



Source: FHWA, National Highway Construction Cost Index (NHCCI) 2024 Q3 Estimates. CPI and PPI Indexes: BLS, Consumer Price Index, and Producer Price Indexes.

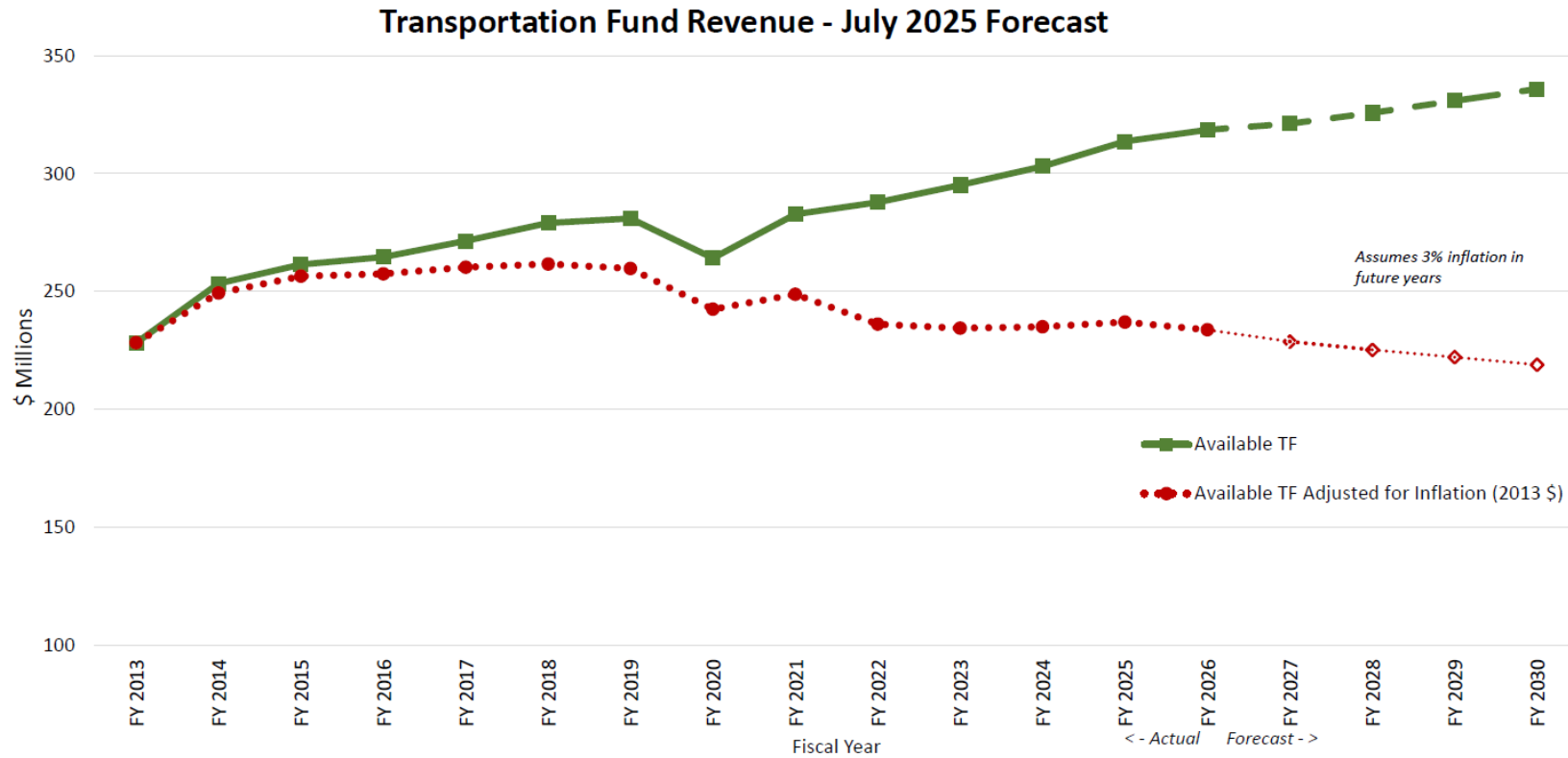
Spending Hasn't Kept Pace With True Maintenance Costs

Real investment in roads and bridges has remained flat, while backlogs continue to grow.



Source: Pew's calculations based on data from U.S. Bureau of Economic Analysis, *National Data, Fixed Assets Accounts Tables*.

Vermont's Transportation Fund Outlook Mirrors National Trends



Data from consensus revenue forecasts. Inflation measured by the Personal Consumption Expenditures index and applies a 3% annual assumption to years after FY 2025.

Source: Vermont Joint Fiscal Office, Transportation Fund Revenue Forecast (July 2025); FY2027 Transportation Fund Challenges presentation.

How States Are Responding to Fuel Tax Shortfalls

Strategy	Description	States Piloting Implemented Programs
Road user charges (RUCs)	<ul style="list-style-type: none"> Charge drivers based on miles traveled (via GPS or odometer reporting.) 	OR, UT, VA (active programs); HI (phasing in mandatory program for EVs).
EV registration fee	<ul style="list-style-type: none"> Annual fees on electric and hybrid vehicles to offset lost fuel tax revenue. 	41 states have EV fees; many include hybrid surcharges.
Increase existing fuel tax	<ul style="list-style-type: none"> States that increase the state-specific gasoline/gasohol/diesel fuel taxes on top of the federal fuel taxes, or index them to adjust automatically tied to inflation, construction costs, etc. 	19 states raised gas taxes between July 2025 and January 2026; with Michigan and Washington making the biggest increases.
Electricity/charging station taxes or fees	<ul style="list-style-type: none"> Tax EV charging or electricity use as proxy for road use. 	Early adopters include GA, IA, MT, UT.
Expand managed lanes/tolling	<ul style="list-style-type: none"> Expanding tolls to better link revenue to road use. 	Examples include PA and OH.

Sources: Dynamic Sustainability Lab, “The Emerging Highway and Roads Revenue Gap” (2024); NCSL, 2025; US Energy Information Administration (2026).

Better Data Can Lead to Better Budget Decisions

Approaches states are using to project and plan for potential transportation funding shortfalls.

Strategy	Description	Example States
Include transportation fund projections in long-term budget assessments.	Some states incorporate transportation revenue projections into broader long-term budget planning.	Connecticut, Colorado, New Mexico, and Maryland
Model transportation budget shortfalls.	Many states have yet to assess how EVs impact revenues (mainly through reduced fuel tax collections) or expenditures, a crucial step in identifying future budget gaps.	California, Michigan, Rhode Island, New York, Vermont

Source: Dynamic Sustainability Lab, “The Emerging Highway and Roads Revenue Gap” © 2024 The Pew Charitable Trusts. [Long-Term Assessments Highlight State Budget Worries, The Pew Charitable Trusts](#) (2024).

Takeaways

- **Most states are not on track to meet their state of good repair targets:** TAMPs show that most states, including Vermont, face a gap between projected funding and the investment needed to maintain roads and bridges over time.
- **Transportation revenues are not keeping pace with growing costs:** Modest revenue growth, combined with rising construction costs are reducing the purchasing power of transportation dollars.
- **The current funding model is under pressure:** Fuel efficiency and EV adoption are weakening gas tax revenues; In response, many states are turning to a broader mix of funding sources, but no single replacement has emerged.
- **Better measurement and planning can improve decision-making:** Connecting condition data, long-term cost projections, and funding scenarios can help policymakers prioritize investments, anticipate shortfalls, and make more informed budget decisions.

For more information:

<https://www.pewtrusts.org/en/projects/state-fiscal-policy>

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