

AMERICAN ASSOCIATION
OF STATE HIGHWAY AND
TRANSPORTATION OFFICIALS

AASHTO

TESTIMONY OF

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Secretary-Treasurer, American Association of State Highway and
Transportation Officials;
Executive Director, Utah Department of Transportation

REGARDING

**The Importance of MAP-21 Reauthorization:
Perspectives from Owners, Operators, and Users
of the System**

BEFORE THE

**Committee on Environment and Public Works
of the United States Senate**

ON

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INTRODUCTION

Chairman Inhofe, Ranking Member Boxer, and Members of the Committee, thank you for the opportunity to provide input on the need to reauthorize the Moving Ahead for Progress in the 21st Century Act (MAP-21). My name is Carlos Braceras, and I serve as the Executive Director of the Utah Department of Transportation (UDOT) and as Secretary-Treasurer of the American Association of State Highway and Transportation Officials (AASHTO). Today it is my honor to testify on behalf of the State of Utah and AASHTO, which represents the State departments of transportation (State DOTs) of all 50 States, Washington, D.C., and Puerto Rico.

I first joined UDOT as a registered professional engineer and a geologist. Prior to my appointment almost two years ago as the Executive Director, I served as the Deputy Director for 12 years with previous experience as the chief geotechnical engineer and chief value engineer. In addition to serving as AASHTO's Secretary-Treasurer, I am also the Chairman of the AASHTO Subcommittee on Design and the Chair of the advisory board of the AASHTO Center of Environmental Excellence.

My testimony today will emphasize three main points:

- The urgent need for a long-term surface transportation bill;
- The importance of the Federal-State partnership in funding transportation infrastructure; and,
- Policy changes that build on the successes of MAP-21.

THE URGENT NEED FOR A LONG-TERM SURFACE TRANSPORTATION BILL

Throughout the history of our country, transportation has played an integral role in the success of our economy. While States have done an admirable job of addressing transportation within their boundaries, there is clearly a need for a cohesive national transportation system. Take for instance, AdvancePierre Food Services, whose plant in Oklahoma ships throughout the country to other plants and retailers. Their success would not be possible without an effective interstate transportation system.

While AdvancePierre's plants may be in Oklahoma and other States throughout the country, Utah's transportation system needs to be able to support businesses such as this; nearly a quarter of the traffic on Utah's interstate system is commercial freight vehicles, carrying goods like AdvancePierre's food products to Utah and through it. Just as AdvancePierre depends on a reliable, effective, well-maintained, and safe transportation system in Utah, the businesses located in Utah also rely on effective transportation infrastructure in the national system.

On May 31, 2015, the authorization for the Federal highway, transit, and highway safety programs will expire and a short time later the Highway Trust Fund (HTF) will not have sufficient cash balances to reimburse State DOTs and local transit agencies for costs already incurred on highway and transit projects.

Over the past six years, Congress has had to pass 11 short-term extensions and transfer more than \$60 billion from the General Fund into the Highway Trust Fund to keep it solvent. The negative impact of these short-term extensions and the near-constant threat of Highway Trust Fund insolvency cannot be overstated.

While we as a transportation industry do everything in our power to build our projects as fast as possible, many of them take several years to complete. The lack of a long-term surface transportation bill that provides a predictable stream of Federal funding makes it nearly impossible for State DOTs to plan for large projects that need funding over multiple years. Major transportation projects in several States are sitting on the shelves or have been delayed due to the unpredictability of Federal funding. Such delays have serious economic consequences both in the short- and long-term. These projects employ thousands of companies and hundreds of thousands of workers every year. Once completed, they help stimulate economic growth in every community where they are built.

In my own State, we completed a major road reconstruction project in an area that has come to be known as Utah's own version of Silicon Valley. The completion of an improved interchange and new transportation infrastructure enabled the growth of several major businesses including Adobe and IM Flash Technologies, and the creation of more than 4,000 new jobs. But without the predictability of a long-term surface transportation bill, projects like this one may not move forward.

The extension of the current surface transportation authorization will expire in the middle of the spring construction season, and already several State DOTs are pulling back on needed projects that are scheduled to go out for bid. Tennessee announced they will delay \$400 million in highway and bridge projects this year due to the uncertainty of Federal funding, and Arkansas followed with an announcement that they will delay three projects totaling more than \$30 million that were planned for bid in late January.

In Utah, we are known for our great snow. We are fortunate to enjoy benefits to our economy as a result of skiing and tourism because of our great snow, but as a transportation engineer I am very cognizant of the fact that our winters, like other cold-weather States, greatly limit our timing in building our critical projects. We work diligently to advertise projects "at the right time" in order to get the most competitive bids and to build them as quickly as possible. This approach minimizes the impacts to the traveling public and our business community. It empowers us to get the best value for the public's investment. With the uncertainty of when—or even if—Congress will authorize the rest of the 2015 program, Utah, and other cold-weather States may miss this construction year for a full third of our programs. It will also force us to advertise projects late in the construction season, resulting in less competitive bidding, less value

for the public's investment, and the potential for delaying important and needed projects that will improve communities and their economies.

Last year AASHTO worked with State DOTs across the country to build a tool that showed the impacts of Congress' failure to enact a long-term surface transportation bill. In addition to identifying national impacts, this tool allowed State DOTs to identify specific projects that were at risk if Congress did not ensure the solvency of the HTF. Twenty-eight States identified specific projects that would not go forward if the HTF were allowed to go broke. This week, AASHTO is releasing a new version of that infographic and our goal is to have the States identify specific projects that are at risk if Congress fails to act.

Nationwide, State DOTs rely on the Federal highway program for nearly half of what they spend on highway and bridge projects. Last year the Federal highway program apportioned nearly \$40 billion to State DOTs for road and bridge projects across the country. It is important to note that Federal dollars are not provided to States upfront; rather, this is a program based on reimbursement. States only receive funding from the Federal Highway Administration (FHWA) when work is completed on a project and the State submits a request for reimbursement. States typically receive reimbursements electronically from FHWA the same day payments to the contractor are made.

If Congress is unable to pass a surface transportation bill by the end of May or if the Highway Trust Fund is allowed to fall below \$4 billion, FHWA will change how quickly they reimburse State DOTs for work already completed. Rather than reimbursing States as soon as the reimbursement request is submitted, FHWA may delay reimbursements or make partial reimbursement subject to available cash in the Trust Fund. States count on prompt payment from the Federal government to be able to manage cash flow and pay contractors for work they have already completed. Any delay in reimbursement from FHWA will jeopardize the ability of States to pay contractors in a timely manner. In turn, contractors rely on prompt payment from the State to be able to pay their employees and suppliers. Disruptions to this process have the potential to send unwelcome shockwaves throughout the transportation community and other industries indirectly supported by infrastructure investment. Of particular concern should be the countless number of small businesses that perform work on our nation's highways, as they often don't have the flexibility to wait for additional days or weeks for payment on the work they have already completed on a project.

IMPORTANCE OF THE FEDERAL-STATE PARTNERSHIP IN FUNDING TRANSPORTATION INFRASTRUCTURE

Going back to the founding days of the Nation, Article I, Section 8 of the United States Constitution notes that it is a duty of the Federal government to provide support for national transportation investment. Through the development of post roads, canals, railroads and highways with strong Federal support throughout history, transportation investment has an illustrative track record of creating jobs and supporting economic development throughout the country.

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The case for a strong Federal-role in transportation investment is evident in our Nation's interconnected network of roads and bridges. For nearly 100 years, the Federal government and State DOTs have worked together to build and maintain our Nation's highway system. The Federal-Aid Road Act of 1916 established this fundamental framework of a Federally-funded, State-administered Federal-Aid highway program, best suited to a growing and geographically diverse nation like ours. Today nearly \$40 billion is distributed through this Federal program to State DOTs to fund a wide range of projects that are clearly in the interest of the nation as a whole. These projects are the backbone of our country's mobility and support interstate travel and commerce, helping people get to and from work, and helping goods get access to a larger market than ever before.

State DOTs play a critical role in ensuring that we have a reliable and efficient transportation network. But States are only able to play this role through a robust partnership with the Federal government. It is this century-old partnership that has enabled America to build a transportation network envied by the rest of the world.

While the Federal-State partnership is the foundation of our Federal highway program, State DOTs also have strong partnerships with local governments in their respective States. The transportation planning process as strengthened under the Intermodal Surface Transportation Efficiency Act of 1991 requires State DOTs to work extensively with local planning agencies and the public in developing multimodal transportation plans and identifying projects that are supported by the Highway Trust Fund.

MAP-21 contained several provisions that further enhanced the role of local government in the transportation planning process, including an increase in Federal funding that is suballocated for projects in different parts of the State based on population. In many cases, this suballocated funding is dedicated to local projects identified solely by local planning agencies. In FY 2014, close to \$5 billion in Federal highway funding was suballocated, which represented a nearly five percent increase in the amount of funding suballocated annually compared to prior surface transportation bills.

Furthermore, MAP-21 introduced the development and implementation of a performance-based transportation program where State DOTs will be required to set and meet targets based on the current program structure. As such, selection of federally-funded projects should not be done by local governments alone if State DOTs are to be able to meet the transportation system-wide performance targets.

Any effort to disrupt the Federally-funded, State-administered structure of the Federal-Aid highway program that has served our nation with great success could undermine the very foundation of a strong Federal role in transportation investment. It is this program framework that built the Interstate Highway System and the National Highway System—the backbone of our national network of roads and bridges that drive our national economy.

Rather than drastically altering the Federally-funded, State-administered nature of the Federal-Aid Highway Program and facing consequences of such disruption, we are prepared to work with Congress to highlight best practices where State DOTs have strong, productive partnerships with local governments and where the transportation planning process is working well. In Utah, as with all of our sister States, the success of our communities—both large and small—is critical. As such, we have developed what we refer to as a Unified Plan, in which all of our Metropolitan Planning Organizations (MPOs), cities, counties, and transit authorities have come together to develop a unified plan of projects that will address the goals of the State and individual communities for the next 30 years. In Utah, we all speak with one voice toward an agreed-upon set of goals.

POLICY CHANGES THAT BUILD ON THE SUCCESSES OF MAP-21

MAP-21 was one of the most significant pieces of Federal transportation legislation because it instituted major programmatic and policy reforms. AASHTO supports these changes and applauds this Committee for its leadership in advancing those critical modernizations to the Federal-Aid highway and transit programs. However, several of these reforms have yet to be implemented by the United States Department of Transportation (U.S. DOT), and it is for this reason that we think this bill should build on the successes of MAP-21 rather than make another round of major programmatic changes.

First, Congress should continue to ensure that U.S. DOT is implementing the provisions in MAP-21 in a way that is consistent with Congressional intent. U.S. DOT is in the middle of more than a dozen MAP-21 rulemakings and Congressional oversight of these rulemakings should ensure that the end product is consistent with what members of Congress intended when they wrote the legislation two and a half years ago.

Congress should also resist efforts to change or establish any additional national-level performance measures beyond those in current law. U.S. DOT has yet to issue final guidance on all the performance measures in current law and State DOTs will need at least five years to fully implement the performance-based planning and management policies in MAP-21 once they are finalized. Several years ago, I led an international delegation of U.S. experts where we visited with six national and regional governments that were considered advanced in the area of performance measures and management. One of the universal key takeaways was that fewer, high-level measures were more effective to move the transportation vision toward accomplishing the goals of the national or regional governments.

To the extent that Congress would like to build on the successful policy reforms in MAP-21, State DOTs simply ask to be afforded the opportunity to continue improving the project delivery process. Both California and Texas are participating in the National Environmental Policy Act (NEPA) delegation program established in MAP-21. In addition, Utah has assumed assignment of Categorical Exclusion documents since 2008 with great success, and we are currently in the process of securing full NEPA delegation. Last week, the Utah State Legislature took final action to unanimously approve a bill authorizing UDOT to fully assume Federal responsibilities for

NEPA. Discussions with the FHWA are well underway and I anticipate that Utah will secure full NEPA assignment by the end of the year. Several other States are also interested in participating in the future. One specific change that will make this program more attractive is to clarify that States may assume U.S. DOT's responsibility for making project-level transportation conformity determinations under the Clean Air Act. State DOTs are also interested in assuming additional responsibilities currently held by U.S. DOT including the ability to approve designs and acquisition of real estate and rights-of-way. Congress could also consider further expediting project delivery by allowing the adoption of planning decisions in the NEPA process and allowing any U.S. DOT modal administration to use a categorical exclusion determined by another modal administration.

To build on the current flexibility in the Federal-Aid Highway program, Congress should consider authorizing a "Consolidated Funding" pilot program. This pilot program would build on the program consolidation efforts made in MAP-21 by treating all core funding provided to a State under the National Highway Performance Program, Surface Transportation Program, and Highway Safety Improvement Program as a single, consolidated apportionment. States would only be eligible to participate in the program once they had an established performance management system that demonstrates a system of metrics and performance measures that assist and guide the State in the decision-making process to Federal program funding received through the pilot program. Utah is ready to step forward to pilot such a program and I am convinced that we will be able to demonstrate that we will be able to better meet both the transportation goals of this country and those of Utah. I encourage Congress to seek additional opportunities to continue moving the Federal highway and safety programs toward performance and outcome-based programs that emphasize results rather than adherence to "process".

Finally, Congress should modify the language in MAP-21 that established the Primary Freight Network (PFN). Given their innate understanding of a State's overall transportation network, State DOTs request for the ability to designate or include additional segments to the PFN beyond the current mileage cap of 27,000 centerline miles. As part of this framework, Congress should also consider implementing a corridor-based approach to the PFN which incorporates multiple highway facilities.

CONCLUSION

AASHTO remains committed to helping Congress pass a robust long-term surface transportation reauthorization bill prior to the expiration of the current extension in May. This week hundreds of State DOT leaders from nearly every State in the country are just a couple of blocks away attending AASHTO's 2015 Washington Briefing. Over the next couple of days, most of them will be on the Hill meeting with their Congressional delegations advocating for the reaffirmation of a strong Federal-State partnership to address our surface transportation investment needs.

I want to thank you again for the opportunity to testify today, and I am happy to answer any questions that you may have.