

Statement of
William T. Panos, Director, North Dakota Department of Transportation
before the
Subcommittee on Transportation and Infrastructure
Committee on Environment and Public Works, United States Senate
regarding
Equity in Transportation Infrastructure:
Connecting Communities, Removing Barriers, and Repairing Networks Across America
May 11, 2021

Chairman Cardin, Ranking Member Cramer, and Members of the Subcommittee:

I am Bill Panos, Director and Chief Executive Officer of the North Dakota Department of Transportation. At the outset, I want to express the appreciation of our department for Senator Cramer's work on transportation issues for North Dakota. Thank you, Senator.

Today, I will offer some comments, from my perspective as the CEO of the transportation department of a low population, large land area state, on issues before the subcommittee today.

However, my experience is national in nature. I became Director of NDDOT in 2019 after many years in other private and public sector organizations, including leadership positions with an aerospace company that was a major government contractor, the Commonwealth of Massachusetts, the State of Washington, the State of Wyoming, where I was the CEO of the DOT and of another agency, and local government, including a port authority in California.

Let me also note that the transportation departments of Idaho, Montana, South Dakota and Wyoming have authorized me to advise that they support my written testimony.

Skillful Transportation Investment Can Help Reconnect – or Connect -- Communities in the Context of Our National Transportation System

Mr. Chairman, you are among the co-sponsors of S. 1202, Chairman Carper's "Reconnecting Communities Act."

That legislation and related explanatory material underscore that sometimes a transportation investment does not turn out as well as was hoped when it was conceived and built. More specifically, a number of disadvantaged communities in large urban areas have found themselves divided by limited access highways that were built long ago.

That these situations did not arise recently is not surprising. Since the era of Interstate System construction, there have been major improvements in transportation planning for Federally-assisted transportation projects, particularly beginning with ISTEA in 1991. So, today, we face the issue of what should be done going forward to address situations that arose long ago.

In doing that, a key question is how to plan transportation and related investment to serve

disadvantaged communities that want to be reconnected -- or connected -- in the context of our national transportation system.

Let's consider the rural setting. In rural America, usually the interest of a disadvantaged community, sometimes a community that has been under stress for a long time, is to be better connected beyond the community. It can be very beneficial to upgrade an aging and narrow two-lane road that connects to a tribal nation, or that connects to and also goes into a tribal nation. A modern two-lane road with wide shoulders and a third lane at appropriate points for turns or passing is safer. It also can shorten the trip to a job, a school, or a health care provider. Investments to maintain or improve a road in rural North Dakota can help a struggling farmer move the harvest to a grain elevator more efficiently -- and each dollar saved is important, as farm operating margins can be very thin.

Rural roads in rural states are also used by buses, which are another tool in the effort to improve connections. Rural communities, including disadvantaged ones, often have a higher percentage of elderly and disabled individuals. They and other disadvantaged individuals do not always have a family car -- or they have one car when they really need three for multiple family members to travel to and from different jobs that are not close to each other. So, providing new or improved bus service can help disadvantaged and hard-pressed individuals and families.

The highway and bus investments that I described help make very important connections for disadvantaged and economically challenged families. Departments like the North Dakota DOT plan and implement important investments like these regularly.

These investments, we are confident, make sense as part of our national transportation system. They improve transportation service to help connect and provide real benefit to people and business, including in disadvantaged communities. These are not splashy big projects and we undertake them in large part with our State's Federal highway formula funding or, as to bus investments, with Federal rural transit formula dollars.

In short, improved connections are needed by rural communities, including disadvantaged ones. States help address these issues with formula funding. Strong formula funding will enable states to continue to address these situations.

The urban situations that are front and center at today's hearing also should have the opportunity to be addressed through formula funds. And I will add that, to the extent some of those expenditures might not be thought of as transportation investments, some of them could be considered a form of time delayed mitigation costs.

So, as in the rural setting, it would help these urban communities reconnect if the needed expenditures are clearly eligible uses of formula funds. That and strong formula funding will enhance the ability of states to address these urban connectivity needs.

Regional issues should also be considered in order to optimize investment. Certain investments relative to reconnecting a community should be preceded by giving consideration to the potential impact on other communities or on the transportation system as a whole.

If an Interstate System highway through a city is proposed to be effectively severed, will there be consideration of whether that leads to backups on that city's beltway or bypass highways? Will that mean increased air pollution somewhere else? Those factors do not seem to be highlighted in S. 1202, though there is a reference to "other" planning activities in the portion of the bill on planning grants.

Consideration of the potential impact on other communities or on the larger transportation system from severing an Interstate System link, even for a short distance, could lead to win-win solutions that keep the link intact. For example, a decision could be made to "cap" or partially cap an Interstate System segment, or to replace that segment with a segment in a tunnel, rather than remove the Interstate System segment. These approaches would enable walkable and drivable routes above the highway, helping reconnect the community. The Interstate System highway would not be interrupted, and potential impacts of a break in the Interstate System on other communities would be averted.

So, in addition to increased formula funding and program eligibility for the needed connectivity investments, consideration of regional issues before choosing a course of action would help ensure a skillfully tailored solution to connecting or reconnecting a disadvantaged community.

Formula Funding is Highly Beneficial

Before closing, I will offer a few thoughts on funding, which is an important component of virtually every effort to solve transportation problems. I have made clear our view that investments improving a highway or enhancing bus service, to better connect rural communities, including disadvantaged ones, are important. We are currently making those investments with formula funds. So, strong formula funding and flexible program eligibilities enable a state to address those circumstances and help people.

Similarly, actions to adjust a segment of an urban Interstate System highway, to cap it or to make other transportation or mitigation-type investments to help reconnect a community divided by transportation infrastructure, should be eligible uses of funds under the highway formula programs. I have also noted that action on such projects should be preceded by consideration of the impact on other communities and interstate transportation. But, to help address the reconnection issue, upcoming legislation can include any technical amendment that may be needed to ensure the eligibility of reconnection investments under formula programs, as well as provide strong formula funding.

More generally, Federal highway formula dollars are critical to the success of the transportation program in serving the public. They are deployed widely in all of the states. They are used to improve roads, bridges, bike paths and sidewalks. They pay for vital safety investments, including guard rails and rumble strips. They help meet appropriate mitigation costs. They can also be transferred to transit projects.

Formula funds are delivered as projects quickly. They are based on plans that are in place and continuously improved through a planning process featuring extensive public outreach.

Discretionary programs, on the other hand, are not ready to deploy until after program rules are established, applications sought, applications prepared and filed, applications reviewed by USDOT, and a decision made on awards.

As formula funds are so beneficial, it is not surprising that state DOTs have broadly advocated that 90% or more of highway program funds be distributed by formula. And that approach, with at least 90% of Federal highway funds being distributed by formula, was followed in the reauthorization bill that the Environment and Public Works Committee reported in 2019 by 21-0. Formula funds, simply, are very beneficial.

So, it is noteworthy that, under S. 1202, \$15 billion would be authorized to be appropriated from the Highway Trust Fund over the next five years for a non-formula program to fund these reconnection projects. These dollars would be over and above a state's formula dollars and appear to be destined, at least in large part, to densely populated areas.

That (\$15 billion) is a truly huge sum. With the addition of \$15 billion in discretionary funds to a reauthorization bill that has a highway program distribution of 90% formula and 10% other, one would have to add an additional \$135 billion in highway formula funds to maintain a program distribution with 90% formula funds. And without an increase of formula funds of that magnitude, a \$15 billion increase in discretionary fund would place downward pressure on the share of highway program dollars dedicated to vitally important formula funding.

So, without trying to be highly specific on funding levels for multiple components of the highway program, I want to continue to emphasize the importance of strong growth in formula funding and maintaining its strong role in the overall distribution of highway funding.

Lastly, but importantly, we support a range of actions that can help advance equity for the disadvantaged and disadvantaged communities, including but not limited to, extensive community outreach and consultation in conjunction with projects in and near a disadvantaged community, workforce development and recruitment, DBE procurement and contracting, and accommodations and access for the differently abled.

Conclusion

That concludes my statement, Mr. Chairman, and I thank the Committee for the opportunity to appear today. I'll be pleased to respond to questions at the appropriate time.
