

TESTIMONY OF

Russell R. McMurry, P.E.

Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation

REGARDING

**Infrastructure Investment and Jobs Act
Implementation and Case Studies**

BEFORE THE

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

ON

Wednesday, February 26, 2025

INTRODUCTION

Chair Capito, Ranking Member Whitehouse, and Members of the Committee, thank you for the opportunity to appear today at this important hearing on implementation of the Infrastructure Investment and Jobs Act (IIJA) and discussion of specific projects that are receiving funding from that law.

My name is Russell McMurry, and I serve as Commissioner of the Georgia Department of Transportation (GDOT) and Vice President of the American Association of State Highway and Transportation Officials (AASHTO). Today, it is my honor to testify on behalf of AASHTO, which represents the state departments of transportation (state DOTs) of all 50 states, the District of Columbia, and Puerto Rico.

It is a tremendous privilege to lead GDOT, a state agency responsible for the nation's tenth largest state transportation system, with an operating budget of over \$5 billion and a staff of 4,000. I began my career with the department in 1990 as an engineering intern working in construction and served in a variety of roles prior to being named chief engineer. I was appointed by former governor Nathan Deal as GDOT's Planning Director before being appointed as Commissioner by unanimous vote of the Georgia State Transportation Board in January 2015.

I would first like to extend AASHTO's utmost gratitude to you and your colleagues on the Environment and Public Works Committee (Committee) for your dedicated and tireless leadership on development and enactment of the IIJA. Stable and long-term policy and funding provided through a robust multiyear federal surface transportation bill remains crucial to the work of every single state DOT to meet its goal of improving safety, quality of life, and economic opportunities for everyone as articulated in AASHTO's 2021-2026 [Strategic Plan](#). AASHTO has especially appreciated the chance to work with your Committee for many years on highway reauthorization—such as the America's Transportation Infrastructure Act and the Surface Transportation Reauthorization Act—that ultimately laid the foundation for the IIJA.

Thanks to the IIJA, state DOTs have been able to make key investments towards a safe, interconnected, well-maintained, and well-operated national transportation network that is essential to our nation's security and economy. We have seen notable successes through the core formula dollars provided to state DOTs in advancing projects across the country. State DOTs are also hard at work in delivering tangible safety improvements for communities, users, and workers across all modes. We are building upon the longstanding federal planning process to collaborate with our local government partners and to seek robust public input. In Georgia, we have had much success with virtual public meetings and have expanded our digital communications platforms to engage where people are. And we continue to see the importance of federal financing programs to leverage the federal dollar and to enable delivery of major projects.

With that said, state DOTs have faced a number of challenges during our work on IIJA implementation since its enactment in November 2021. A major factor in the loss of the IIJA's

purchasing power has been the pernicious impact of inflation. In addition, the “usability” of federal dollars has been difficult and slow when involving discretionary grant programs authorized under the IIJA, along with the associated record growth in August Redistribution of highway formula dollars to states. We have also seen project delivery challenges in standing up several of the new programs, and continued obstacles in the environmental review and permitting process, underutilization of the One Federal Decision framework created in the IIJA, and execution of Build America, Buy America (BABA).

AASHTO recognizes that sharing the experience of IIJA implementation from the practitioners’ point is critical in informing the work that you’re undertaking to reauthorize the nation’s transportation programs by September 30, 2026. We very much appreciate the opportunity to help evaluate and calibrate the best strategies and policies to not only invest but enable that investment to leverage outcomes more efficiently—all towards delivering projects and programs that the American people expect and deserve on time and on budget.

While this hearing is focused on highway programs, I would be remiss to not mention how important the federal transit and passenger rail programs are to meeting the mobility needs of this country. All state DOTs are truly multimodal and at GDOT we are likewise focused on transit, rail, aviation, and ports and waterways to create a seamless and connected transportation system.

My testimony is organized as follows:

- IIJA Successes
- IIJA Challenges
- Core principles for surface transportation reauthorization

IIJA SUCCESSES

Efficiency of Core Formula Programs to Advance Projects Across the Nation

The Federal Aid Road Act of 1916 established the foundation of a federally funded, state-administered highway program. This federal funding formula model remains the optimal approach and provides the inherent flexibility that allows states and their local government partners to plan critical projects that often serve the interests of the nation as a whole.

Currently, approximately 90 percent of total federal highway program funds derived from the Highway Trust Fund (HTF) are distributed to the states by formula. This approach of emphasizing formula funds has a decades-long record of accomplishment in supporting long-term capital improvement across the United States. It enables funds to be distributed to states in a stable and predictable manner and allows states to efficiently deliver projects identified and prioritized through the statewide and metropolitan planning process.

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

The formula program structure has evolved over time with changes enacted in each surface transportation authorization bill. The Moving Ahead for Progress in the 21st Century Act (MAP-21) enacted in 2012 consolidated a large number of federal programs into a smaller number of “core” formula programs. In subsequent authorization bills, Congress has established several new formula programs, including the IIJA’s Carbon Reduction Program (CRP) and Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT). New formula programs have taken time to stand up and begin a pipeline of projects before achieving results. State DOTs now have 26 federal program categories to manage when you include subprograms and suballocations by population. But the well-established core highway formula programs—the National Highway Performance Program (NHPP), the Surface Transportation Block Grant (STBG) Program, the Highway Safety Improvement Program (HSIP), the Congestion Mitigation and Air Quality Improvement (CMAQ) Program, and National Highway Freight Program (NHFP)—are keenly understood by state DOTs and continue to be an efficient way to deliver federal transportation projects.

According to a Congressional Budget Office (CBO) estimate, 67 percent of formula dollars provided to states are estimated to be “spent out” via cash—and thus put into tangible projects—by year two of IIJA; conversely, discretionary grants under the IIJA have only been “spent out” at a rate somewhere between 1 percent to 7.4 percent by year two. That is likely due to the fact that the core formula programs fund projects that are in the constantly moving pipeline, whereas discretionary grant awards have often targeted projects that have not been considered through the planning process.

For GDOT, federal funding has represented about 40 percent of our total budget and about 44 percent of capital programs over the last decade. Prior to that, GDOT was totally federally dependent for our capital programs. While the federal portion of each state’s capital programs varies widely, the core federal programs remain very important to all states, even those with a larger share of state funding. GDOT relies on the core federal programs to deliver projects from the coast the mountains and from rural Georgia, where agribusiness is our number one economy, to metro Atlanta with its more than 6 million people and growing. These core programs give states flexibility of their use, including the ability to plan and leverage state and local funds to optimize the use of federal funding. Also very important is the ability to transfer funds between the core program and some categories helps us to deliver the right project at the right time. These core programs underpin our nation’s highway system and transportation networks and the population requirements ensure investments are made in communities and areas from under 5,000 people to our 16 metropolitan planning organizations (MPOs) across the state.

Georgia’s best successes from the IIJA come from the core formula programs which give us funding certainty so we can properly plan and deliver. Federal funding represents a **foundational investment** towards state of good repair for our highways and bridges. In Georgia, 75 percent of our capital maintenance program is from the IIJA formula programs and 90 percent of our bridge program is federally funded.

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

The core formula funding is very important for capital projects as well. We use a mix of federal fund sources and innovative procurements to tackle large and complex projects. Unfortunately, Georgia is home to nine of the top 100 worst freight bottlenecks in the nation. We are underway with replacing two of the nine bottlenecks through a design-build-finance (DBF) contracting method. Both projects are estimated to cost approximately \$3.2 billion, relative to Georgia's total federal obligation limitation in FY 2024 of roughly \$1.6 billion for all programs. The \$1.5 billion I-285 at I-20 East bottleneck project construction phase will be funded by the National Highway Performance Program (NHPP), National Highway Freight Program (NHFP) and Grant Anticipation Revenue Vehicles (GARVEE) bonds over nine years under this procurement model due to its costs. Similarly, the \$1.7 billion I-285 at I-20 West bottleneck project construction phase will be funded by NHPP, NHFP, and over \$450 million in state funds over six years under this procurement model due to its significant cost. These two projects represent a major federal and state investment by counting on the core federal programs funding now and in the future. Georgia is fortunate to have laws and policies that allow for this form of project finance and procurement to advance megaprojects.

Large projects are critical for mobility of people and goods, but so is every rural infrastructure investment. If a farmer can't get crops to market due to a restricted or closed bridge—because of deterioration or because it simply was never designed or built to carry today's trucks and equipment—that's an impact to the bottom line and to the larger agribusiness.

Every state has needs when it comes to bridges and structures. Core programs like the Surface Transportation Block Grant Program (STBGP) and the Bridge Formula Program authorized in the IIJA have been very helpful in replacing rural bridges. These programs provided additional ability to support locally owned bridges which is critical. Continued federal investments in the nation's bridges are very important for safety and ensuring commerce can move unimpeded, whether rural or urban.

Delivering Tangible Safety Improvements

There is no greater priority for state DOTs than keeping our transportation users safe when using our transportation networks. In 2023, there were an estimated 40,900 deaths on our nation's roadways. As expressed through our 2023 Board of Directors [resolution](#) entitled "State DOTs Commitment to Address the National Roadway Safety Crisis" and the subsequent creation of the [AASHTO Safety Action Plan](#), state DOTs are committed to doing everything they can to reduce these numbers with the goal of getting to zero. Improving safety is also an emphasis area for AASHTO under the leadership of President Garrett Eucalitto, Commissioner of the Connecticut DOT, who has called for "Centering Safety" on every state DOT action—all resulting in safer communities, safer users, and safer workers.

As a nation, we need to continue to implement existing roadway safety strategies that are proven to work, while at the same time accelerating the development of new and innovative countermeasures and technologies that hold promise for the future. An evolution of our traffic safety culture is needed, and states are laser-focused within our organizations and with our outside partners to promote safety.

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

The IIJA provided approximately a 24 percent funding increase for GDOT's core programs along with a national focus on vulnerable road users intended to aid state DOTs and our local partners to meet critical safety goals. Since the creation of the Highway Safety Improvement Program (HSIP) in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in 2005, state DOTs have received and counted on the dedicated formula funding for important safety programs and improvements. The reinstatement of states' ability to use a portion of their HSIP funds for non-infrastructure safety activities supports the shared responsibility to address safety education was a positive outcome especially for us in Georgia.

By providing increased funding and flexibility for HSIP, states have expanded their efforts to identify and implement improvements to our surface transportation infrastructure that are targeted to counteract the daily tragedies occurring on our roads. In addition, the IIJA added more safety countermeasures to the list of options eligible for HSIP funds and the expansion of this eligibility helps states implement their Strategic Highways Safety Plans (SHSPs) to improve safety for all road users.

State DOTs, cities, rural transportation agencies, advocacy groups, and others have multiple sources for information, peer exchange of knowledge, and technology transfer activities. Through our Safety Action Plan and our Toward Zero Deaths (TZD) initiative, AASHTO is developing resources to support transportation and highway safety organizations' efforts to implement proven safety countermeasures and to improve traffic safety culture. We are developing case studies, templates, webinars, communications materials, and utilizing other methods to share knowledge and expertise among safety organizations. In combination with resources such as FHWA's Proven Safety Countermeasures, technical support, and resources, our members and transportation partners have access to a range of means for strengthening their safety activities. Similarly, safety partners such as the Road to Zero Coalition and the Vision Zero Network provide opportunities for sharing experiences, collaboration and even funding for safety activities. This wealth of knowledge developed by the safety community in its entirety serves as an invaluable resource for state DOTs.

Every state DOT is focused on work zone safety as our most valuable resources are our employees, contractors, and materials suppliers that get the job done every day. Unfortunately, distracted driving is real and poses daily threats to workers among other impairments. In partnership with the North American Association of Transportation Safety and Health Officials, AASHTO is ensuring the safety and health of every transportation worker by promoting individual and organizational practices, processes, and policies that prioritize and advance transportation worker health and safety. We are also looking to increase our understanding and application of traffic incident management planning and strategies, including post-crash medical response. And improving safety in work zones through advanced technologies and practices remains key to address distracted driving, worker fatigue, and night work hazards.

In Georgia, we use many approaches to work zone safety such as positive protection for workers and paying for law enforcement to support active work zones. GDOT has been using an e-ticketing system, so workers don't have to walk between dump trucks and traffic to simply

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

receive a paper ticket. In addition, connected vehicle-to-everything (V2X) pilots on rural Interstate Highways for work zone safety alerts and advisory speeds, where infrastructure is communicating directly with vehicles. GDOT is close to deploying a “protect the queue” pilot system where an attenuator-equipped vehicle with a message board sits upstream of any queues created by work zones to notify drivers in advance of the backup.

Broadly, GDOT takes an ‘all-in’ approach to roadway safety through multiple key initiatives to move serious injuries and fatalities in our state to zero. GDOT fully utilizes its entire HSIP apportionment provided by the IJA every year to deliver a range of infrastructure improvements to improve safety on our roadways. In fact, we have more safety projects than HSIP funding underway. Key examples include targeted ‘hot spot’ improvements and proactively introducing systemic improvements to address crashes before they occur, such as centerline and edge line rumble strips to prevent roadway departure crashes. We also use data to drive safety investments to local roads using both federal and state funding. We look to the future by implementing technology solutions that drive safety outcomes and emergency response. GDOT has installed CV-2X technology in over 2,000 traffic signals across the state so that vehicles of tomorrow can receive basic safety messages and signal phasing and timing information to the driver and likely for autonomy of the future. Other deployments of traffic signal technology include radar and edge computing to determine if a car is not going to stop on red, and automatically adjusting yellow signal timing to avoid a potential collision. Our motto at GDOT is, “let’s be accused of trying,” when it comes to safety solutions.

GDOT also leverages the flexibility to use HSIP for non-infrastructure safety activities at every opportunity. GDOT is proud to help educate young drivers and high school students through safety summits in partnership with other safety organizations and industry stakeholders. These partners include emergency room (ER) doctors and nurses that provide graphic simulations of what they have to do when they receive car crash patients in the ER, students getting in a big rig to see what they can’t see if you’re the big rig driver, and testimony from a young lady who was a distracted driver and her life forevermore changed as a result.

GDOT has partnered with “We Are Teachers” to develop a Georgia Board of Education-accepted curriculum for grades K to 12. GDOT provides the curriculum, posters, videos, and games free of charge for teachers to use such that they can integrate safety messaging into math, science, and even history at the appropriate grade level. Our goal is develop a safety culture at an early age to improve safety for the future.

State-Local Collaboration Through the Planning Process

The statewide and metropolitan planning process reauthorized under the IJA has remained foundational to the state and local partnership necessary to deliver transportation benefits to every community in our states. The 20-year Long-range Transportation Plans continue to provide a clear vision of the desired future for states and regions, and the metropolitan and Statewide Transportation Improvement Programs (STIP) remain the building blocks towards actualizing such a future through specific transportation improvements.

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

Seeking meaningful public involvement and input through the planning process remains vital, and under the IJA we have seen helpful advancements through the use of technology. Virtual public involvement techniques have provided state DOTs, transit agencies, MPOs, and rural transportation planning organizations (RTPOs) with a platform to inform the public and receive feedback. These strategies have increased the number and variety of channels available to agencies for remotely disseminating information to the public and create efficiencies in how input is collected and considered, which have resulted in added benefits of accelerated planning and project development processes.

Working with local governments and MPOs is very important to us at GDOT. The IJA's population-based suballocation of formula funds ensures funds are invested throughout the state. GDOT's planning process for the STIP includes numerous public meetings around the state for feedback and coordination with city and county officials. GDOT works closely with the state's 16 MPOs by offering technical support. As an example of this regular collaboration, the Atlanta Regional Commission's executive director, the Metropolitan Atlanta Rapid Transit Authority (MARTA) general manager, GDOT's Planning Director, the Georgia Regional Transportation Authority, the Atlanta Transit Link Authority, and myself have a standing monthly meeting to communicate and work collaboratively on regional transportation issues.

Some recent planning activities include the Statewide Freight Plan update and the Coastal Empire Study, a freight plan for the greater Savannah area. Both studies relied on private sector input from freight and logistic industries, and third-party logistics to provide critical insights from a business impact perspective. Companies like UPS, The Home Depot, Chick-fil-a, Norfolk Southern (NS), and CSX, to name a few, have been a part of this public-private dialogue. The statewide plan revealed that freight tonnage moved on Georgia roadways and rail lines will increase by 91 percent cumulatively by the year 2050. This will require significant investment along interstates and freight corridors to keep up with the projected growth from agribusiness, manufacturing, and warehousing. The Coastal Empire Study identified \$1.4 billion of freight projects needed by 2050 to maintain trip reliability such that 93 percent of freight "first moves" would be within a one-hour drive from the Port of Savannah. GDOT will advance capacity projects on both I-95 and I-16 using over \$500 million in state general funds and a minor federal contribution. The Coastal Empire Study has been used by several counties to support funding initiatives and local project prioritization.

Leveraging Federal Dollars Through TIFIA and Private Activity Bonds

The state DOTs continue to support a role for federal financing tools given their ability to leverage scarce dollars that allow needed projects to benefit communities sooner. Financing tools such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and Private Activity Bonds (PAB) can play an important and specific role—and AASHTO has supported many such financing options in the past especially the Build America Bond from 2009 that states utilized. AASHTO's members appreciate the ability to access capital markets and many states already rely on various forms of financing ranging from traditional tax-exempt bonds, tax-credit bonds, state infrastructure banks, and private equity, among other financing options.

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

For most states, it is a challenge to advance large scale projects due to sheer cost. Each state is unique in their capabilities to finance projects based on state laws and political. That is why the federal financing tools administered by the Build America Bureau are important. GDOTs carefully examines which funding and financing mechanisms will be most advantageous, given the type of work and the status of other projects our construction program. We strive to find the most cost-effective way to advance large projects without putting our overall program at risk in the future.

GDOT has used various forms of finance to accelerate projects or to enable larger projects to be advanced. GDOT is not statutorily allowed to cash flow projects and must encumber the full contract amount under traditional design-bid-build delivery methods. We are able to partner with the State Road and Tollway Authority to use multiyear contracting and finance to deliver larger projects via various forms of design-build contracting methods. Georgia is underway with a design-build--operate-maintain and demand-risk public-private partnership (P3) project to add express lanes and bus rapid transit infrastructure along SR 400, an expressway in north metro Atlanta. Paired with private equity, the private developer will utilize TIFIA and PABs to help finance this \$4.6 billion design and construction cost. A new PAB allocation and a TIFIA loan from the USDOT Build America Bureau are vital for this project and other planned express lane projects in Georgia. GDOT has a robust plan to construct a system of express lanes in metro Atlanta and are counting on PABs and TIFIA to ensure we can be successful.

One Federal Decision

AASHTO appreciates that the IIJA included a key focus on environmental review and permitting improvements, thanks to the leadership of this Committee. The IIJA codified the One Federal Decision (OFD) in section 11301, establishing a two-year time limit for completing the National Environmental Policy Act (NEPA) review and permitting processes for major infrastructure projects. It also requires the lead federal agency to develop a schedule for completing the environmental review process. The Congressional intent expressed through the OFD represents an important step to streamline delivery of major projects throughout the country.

IIJA CHALLENGES

The Impact of Inflation

At its outset, the level of funding authorized in the IIJA was often described as “historic, or generational” including its \$673.8 billion in transportation funding for roads, bridges, transit, airports, ports, and rail. Of that \$673.8 billion, the largest share—or \$379.3 billion—was for highway infrastructure, with roughly 20 percent of the total highway allocation to be distributed in each of the five fiscal years from 2022 through 2026.

State DOTs are grateful for this funding. However, since IIJA enactment in November 2021, the nation as a whole—and the transportation sector especially—has experienced a significant loss of purchasing power due to inflation. According to USDOT’s Bureau of Transportation Statistics

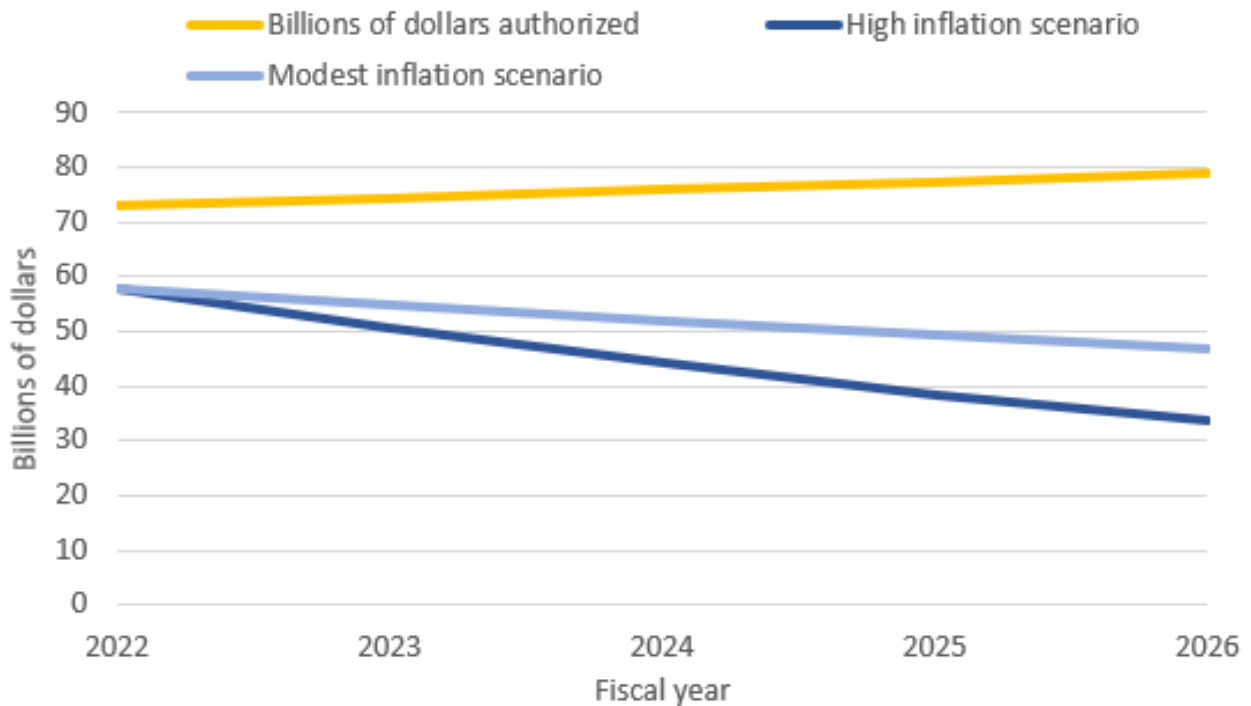
Testimony of **Russell R. McMurry, P.E.**

Vice President, American Association of State Highway and Transportation Officials

Commissioner, Georgia Department of Transportation

(BTS), their “modest inflation” scenario for the IJA estimates a 31 percent loss in purchasing power for the total of its five fiscal years from fiscal 2022 to 2026, reducing the \$379.3 billion in nominal dollars for highways to \$260.5 billion in real dollars. The BTS’s “high inflation” scenario estimates a 40 percent loss in purchasing power of the IJA, reducing \$379.3 billion in nominal dollars to \$224.2 billion in real dollars. It should be noted that the nominal increase in formula funding to states from the last year of the FAST Act to the first year of the IJA was 31 percent—which translates to essentially standing still in terms of purchasing power under the BTS’s “modest inflation” scenario or experiencing a 9 percent loss under the “high inflation” scenario.

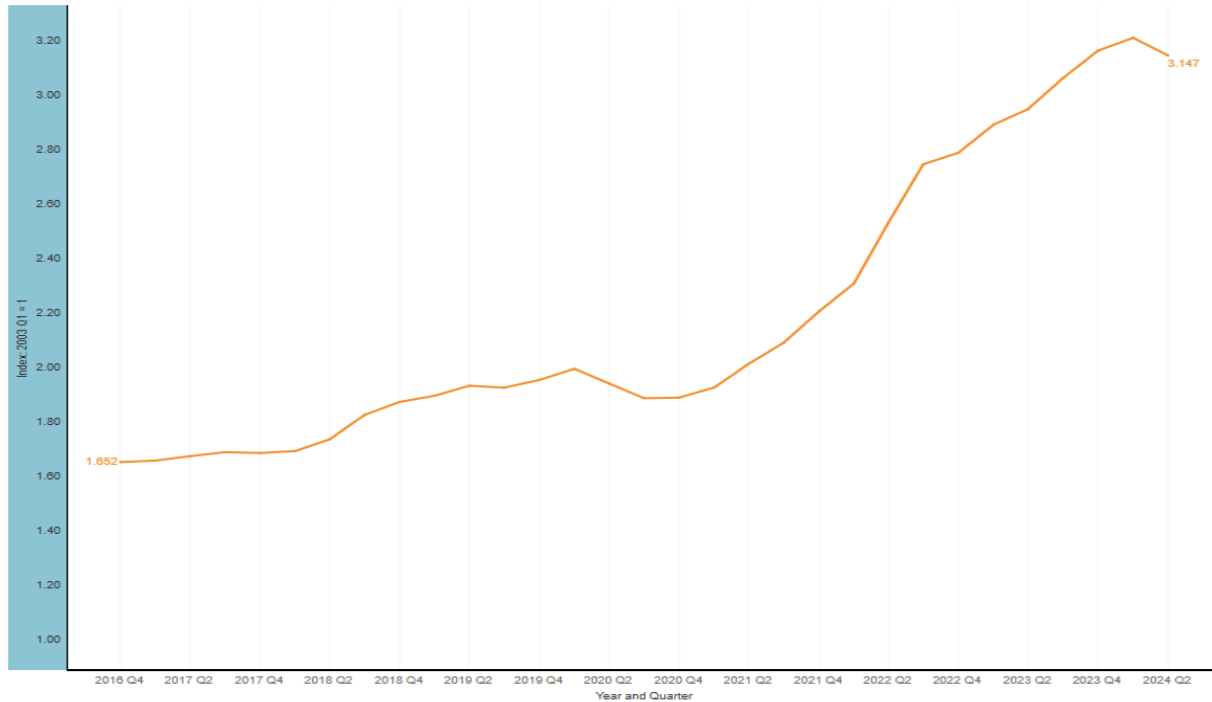
Table 1: IJA Funds Authorized for Highways by Fiscal Year and Amount Reduced by Construction Cost Inflation



Source: USDOT Bureau of Transportation Statistics, <https://www.bts.gov/data-spotlight/increases-highway-construction-costs-could-reduce-bil-funding-allocated>

Another sobering data point comes from the FHWA’s National Highway Construction Cost Index, which shows a 70 percent increase between October 2020 to June 2024. According to the Eno Center for Transportation, since the end of 2020, the federal government has lost \$61.5 billion of the value of its spending increases on roads and bridges, due solely to increased construction costs.

Table 2: National Highway Construction Cost Index: Seasonally Adjusted from 2016 Q3 to 2024 Q2



2024 Q2 index is preliminary.
2023 Q4 and 2024 Q1 indexes are revised.

Source: Federal Highway Administration, <https://www.fhwa.dot.gov/policy/otps/nhcci/>

The impact of these cost increases is very real in Georgia. Basic capital maintenance costs for resurfacing a two-lane road have increased by 66 percent over the last four years. Roundabout costs have increased by 93 percent and bridge costs increased by 60 percent, while roadway widening has increased by over 117 percent. As you can see, the overall funding increase from the IIJA has been more than negated in these cases. These cost increases are not from the market being “flooded with work.” In fact, GDOT’s construction program reached an all-time high in dollar value of total bids last year yet the fewest projects by count were bid in over five years. GDOT is grateful for the increased funding in IIJA, as without it, GDOT would have had to significantly delay or potentially even cancel projects.

The “Usability” of Federal Dollars Under Discretionary Grant Programs

The IIJA authorized a substantial increase in the number of, and funding for, discretionary programs. FHWA alone currently has 29 grant programs. We recognize these programs were intended to target specific policy priorities, but the entire administrative process around discretionary grants has shown to be slow, burdensome, and less efficient in turning federal funds into projects and benefits compared to the deployment of formula funding provided to state DOTs. New discretionary grant programs take considerable time and resources for USDOT to operationalize. They must create the program policy frameworks, go through rulemaking, provide Notices of Funding Opportunity, and develop the actual grant applications before

receiving a submission. Subsequently, review and approval of grant applications themselves require yet additionally significant number of resources by USDOT.

We recognize that discretionary grants can close the funding gap for large projects of national interest such as the Brent Spence Bridge, or for megaprojects often across state borders. For example, the discretionary Bridge Investment Program has made a difference for large projects over \$100 million in cost. Georgia and South Carolina partnered on a planning grant application for a I-85 border crossing and was awarded \$1.6 million to start this project. That being said, we believe the proliferation of small-dollar discretionary grants in the IJA has created challenges for state DOTs and local governments, diluting the focus of the federal interests and its resources away from core transportation investment that are nationally significant and impactful in their scope.

On the other side of the table from USDOT, it is also costly—both time and dollar-wise—to apply for discretionary grants. For state and local agencies, each discretionary grant application can cost \$200,000 to develop, while the chance of landing such a grant is less than 10 percent, creating significant uncertainties and challenges in developing a multiyear capital program. And state DOTs have continued to experience delays of up to 18 months between grant award and execution of a project grant agreement. These delays can lead to significantly increased project costs.

As an example in Georgia, the city of Athens applied for a Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant for safety improvements on a local street. The notice of funding opportunity was in January 2022. They received their award notice in September 2022 and the grant was finally executed in September 2024. This example also is reflective of the USDOT working directly with a local government entity who is not accustomed to navigating the complexities of direct federal transportation funding. According to USDOT, as of December 15, 2024, only 15.7 percent of the IJA funding for RAISE has been obligated, and 0.7 percent outlaid, or cash out the door. In comparison, USDOT reports 91 percent of Federal-aid Highway Program dollars obligated (most of which represent formula programs) and 56.1 percent outlaid.

GDOT strategically applies for discretionary grant, ensuring that we only request grants that are for high priority projects of regional significance and are supported by our Congressional delegation. We've found that the application process is cumbersome, time consuming and costly to develop and unique to each grant type. GDOT applied directly for a RAISE (now BUILD) grant for the 14th out of the 100 top freight bottle necks in the nation, the I-285 at I-20 interchange reconstruction. The full application was over 30 pages plus support letters despite the project being in the approved STIP. Unfortunately, we were not awarded this grant. Due to the lack of funding from the grant, GDOT advanced this project using a design-build-finance model illustrated earlier in this testimony where the contractor will finance a portion of the project. The application development was estimated to cost \$64,000.

Georgia supported the City of Union City's effort for an INFRA and RAISE grant for the reconstruction of the SR 138 at I-20 interchange as part of a multimodal corridor. This grant

application included multimodal elements such as bicycle and pedestrian improvements, interchange modifications, widening, intelligent transportation system (ITS) upgrades, signal upgrades, and landscaping. The project limits were in a Historically Disadvantaged Communities (HDC) and Areas of Persistent Poverty (APP) according to the USDOT Grant Project Location Verification tool. Unfortunately, the city was not selected under either grant program which has delayed the project until funding becomes available in 2028. All right-of-way acquisition will be complete this calendar year, and the current construction cost estimate has risen to over \$3 million since the application was submitted, and the cost to develop two grant applications was \$106,000.

Georgia was successful in a Rural Surface Transportation Grant Program for a much-needed grade separation of a state highway over the Norfolk Southern (NS) Class 1 railroad in the rural City of Millen in Jenkins County, Georgia. Due to the NS line bisecting the city in three locations plus a rail yard in town, rail traffic often blocked the entire city. Georgia submitted grant applications twice for this project. This application package was 27 pages long and cost \$71,000 for the two grant applications. The grant announcement was made in June 2023 with an application deadline of August 21, 2023, and the \$12 million award notice was made in December 2023. The grant agreement still has not been executed to date. As we administer \$1.6 billion of federal formula funding each year, it is difficult to understand the amount of time it takes to sign a \$12 million grant agreement.

Informed through the state DOTs' collective experience of administering the IIJA's discretionary grant programs over the past several years, AASHTO's recommendation is for Congress to direct USDOT to:

- Evaluate the policy priorities and the necessity of each discretionary grant program against the lens of federal interest;
- Treat any discretionary grant awarded to state DOTs like a project administered through FHWA's formula programs and the associated financial management system;
- Improve transparency to its benefit-cost analysis used for project selection;
- Improve understanding of an applicant's ability to deliver a federal project prior to grant award;
- Improve the documentation process that points to how selections are made;
- Fast-track priority projects that align with national goals;
- Ensure dollars are put to work by releasing unused grant funds at project closeout, and;
- Provide consistent rules and timelines for reimbursement on pre-award authority.

August Redistribution of Federal-Aid Highway Program Dollars

Due to slow-spending discretionary grants funded under the Highway Trust Fund's "allocated" programs outside of the formula program for states, FHWA under current law waits until each August to ask state DOTs to obligate a significant share—\$8.7 billion or 14.5 percent of the \$60.1 billion total in FY 2024—in just one month via "August Redistribution," which hampers strategic

programming of federal dollars. It's important to emphasize this is not additional money to each state, as each state's obligation limitation is not increased.

AASHTO expresses our tremendous appreciation to Congress for transferring \$1.8 billion of the prior-year contract authority balance from the TIFIA credit program to the Surface Transportation Block Grant Program—a core formula program administered by state DOTs—last month through the Thomas R. Carper Water Resources Development Act of 2024 (WRDA). FHWA estimates that this action will reduce August Redistribution this summer from \$9.4 billion without the WRDA provision to \$7.6 billion. This will allow states to put the \$1.8 billion to work sooner rather than later in every fiscal year going forward.

To fully and completely address August Redistribution, we urge Congress to pass the Senate's proposed Section 120 fix in the Senate FY 2025 Transportation-HUD Appropriations bill that would provide four-year obligation limitation for all allocated Highway Trust Fund programs. Based on FHWA's analysis, we believe this action, combined with the recent WRDA provision, will bring August Redistribution close to zero dollars within the next three years.

Due to the recent high levels of August Redistribution, GDOT has used most of its carryover balances in the core programs and it is becoming increasingly difficult to pull down these funds each year. Driven by the short obligation window, the redistributed funds are primarily used in our capital maintenance programs which don't require STIP amendments and utilize programmatic environmental documents.

Regulatory Burdens that Impede Project Delivery

State DOTs are uniquely equipped to plan, design, construct, operate, and maintain a robust program of transportation investments. As leading practitioners, they possess the institutional capacity to speed up project delivery and improve environmental stewardship. AASHTO appreciates Congress's intent through the IJA to provide state DOTs with flexibility in how investment decisions are made with formula dollars to meet each state's unique mobility and accessibility needs.

With that said, in the transportation sector, each federal dollar tends to be more "expensive" compared to each non-federal dollar due to regulations and permitting requirements associated with the federal program. In general, we see a number of opportunities for the federal executive branch agencies to reduce regulatory burdens wherever possible by removing prescriptive requirements.

According to a June 12, 2020, report by the White House Council of Environmental Quality, the average time for an Environmental Impact Statement approval by FHWA was 7.37 years. The report also noted that the time for all federal agencies was 4 years and 6 months from Notice of Intent (NOI) to Record of Decision. This report does not address the time spent on pre-NOI activities which add even more time to the process before the lead federal agency allows moving forward. re NOI activities include, but are not limited to: early coordination with federal and

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

state resource agencies, development of the draft public involvement plan, community conversations, environmental resource identification, scoping meetings, preparation of purpose and need, work with agencies and the public on the “range of alternatives”, establishment of the “reasonable” range of alternatives (using the above activities), work on Section 4(f) avoidance process if the range of alternatives is unable to avoid resources, work on the “no build” alternative effects (throughout as part of range of alternatives), holding meetings with agencies to discuss the findings of the above activities for review and comment, and finally obtaining approvals of the draft NOI for review so that the lead federal agency may publish the NOI where the two year clock finally begins. While these activities are reasonable and necessary, many of the activities require multiple back-and-forth with environmental resource surveys and assessment of effects reviews, as well as commensurate communications with the lead federal agency based on their comments. The pre-NOI work may take one to three years, depending on the project.

At a minimum, AASHTO recommends the following environmental review and permitting reform opportunities:

- Translating the goals of One Federal Decision to speed up environmental review and eliminate unnecessary documentation;
- Easing access to assignment of the NEPA for interested states and streamlining its renewal process;
- Supporting co-location and collaboration of federal resource agencies involved in reviewing environmental documents;
- Limiting state DOTs’ assumption of federal responsibilities under the Stewardship and Oversight Agreements with FHWA only to Title 23 rather than requiring adherence to all federal laws, regulations, policies, Executive Orders, and procedures;
- Consolidating duplicative permits and reviews overseen by the US Coast Guard, US Army Corps of Engineers, National Marine Fisheries Service, and the US Fish and Wildlife Service;
- Redefining “major federal action” and its thresholds and not requiring federal review and permitting for projects receiving *de minimis* federal funding, and;
- Expanding the list of project eligibilities under Categorical Exclusion (CE) in 23 CFR 771.117(d).

Six years ago, GDOT pioneered a new approach with federal environmental regulatory and resource agencies through the creation of the Interagency Office of Environmental Quality (IOEQ). The IOEQ built upon previous coordination whereby GDOT had been funding positions in federal and state agencies to help expedite the review of GDOT’s environmental documents. The new approach involved establishment of a single physical office, paid for by GDOT, for the various resource agencies to actively collaborate and perform concurrent reviews to help reduce the delays that often accompany the typical siloed and sequential review process. Benefits of the IOEQ were evident within the first weeks as issues were addressed immediately when a question could be asked across the room as opposed to through the traditional bureaucratic process where each agency has their allotted time to respond in a linear way. We have seen between 13

Testimony of **Russell R. McMurry, P.E.**

*Vice President, American Association of State Highway and Transportation Officials
Commissioner, Georgia Department of Transportation*

to 80 percent improvement in approval times for certain actions. While this seems like a commonsense approach of environmental resource agencies working together as a team, it took significant time and effort working with each federal agency to gain approval for this concept, which is not prohibited by law. AASHTO supports federal regulatory resource agencies being aligned and focused on improving delivery of transportation infrastructure projects.

We also note that many of the new formula programs from the IIJA have been difficult to develop and deliver. The IIJA's Transportation Alternative Program has been especially challenging to deploy. The program is suballocated by population and requires states to administer a competitive program for local governments to apply. In Georgia, we have struggled to gain interest from the local governments mainly because of the complications of administering a federal program and its associated requirements. In fact, smaller cities and rural communities simply don't have the necessary experience to navigate NEPA and FHWA regulations without significant consultant support for which they often don't have funding. GDOT is always eager to deliver the projects for the local governments when they ask; however the next challenge often is the local match requirement, as the total cost of the project is usually larger than the locality's original estimated once GDOT reviews the entire project and schedule. While many of these projects are CEs, the resource identification, history review and other NEPA requirements still must be accomplished for a NEPA document for relatively simple projects. Georgia has significant carryover balances in the Transportation Alternative program despite our best efforts.

Execution of Build America, Buy America

When it comes to Build America, Buy America (BABA), AASHTO and the state DOTs remain unwavering in our strong support of Congress's intent under BABA to expand America's manufacturing capacity, promote domestic jobs, and encourage economic growth. With the 2025 transportation construction season on the horizon, however, there remains significant concern regarding the readiness of industry for the transition to recent increases in BABA requirements.

AASHTO was disappointed to see the details of the FHWA final rule terminating the longstanding waiver of Buy America requirements for manufactured products that was released on January 14, 2025. We continue to recommend a more gradual and deliberate BABA transition that minimizes disruptions to state DOTs' efforts to deliver important projects efficiently, on time, and within budget. Strategic and nuanced BABA waivers can be and are a practical way to balance current availability of domestic sourcing with the public expectation of on-time, on-budget delivery of transportation projects. Impractical implementation of BABA ultimately defeats the goal of BABA if nothing can be built due to the lack of supply to meet the national demand.

Congress should encourage USDOT to support collaboration between state agencies, contractors, designers and suppliers on developing a centralized listing of domestically made construction materials complying with the new Buy America requirement. State DOTs have

worked hard to best implement the BABA individually and AASHTO has taken the lead to develop an Industry Document Repository managed by the AASHTO Product Evaluation and Audit Solutions program as a national resource, so that each and every state doesn't have to certify the same products on their own.

Most people may not relate to the impact of utility relocations associated with transportation infrastructure work, but many utilities—both public and private—utilize the state DOT right-of-way. In Georgia, there are multiple utility materials and components that will not be BABA compliant due to the loss of the manufactured products waiver. Specifically, utility owners have expressed concerns with the inability of sourcing the following items domestically: fiber terminals, electrical insulators, switches, controllers and transformers conductors, couplings, valves, fittings, etc., for power, telecommunication, water, sewer and gas. An additional concern is the ability to meet the 55 percent threshold for manufactured products for items such as transformers, in which the raw ceramic material is exclusively sourced non-domestically. Utilities typically source and buy large quantities of materials for their general use and not solely for compliance with a federally funded highway project. While AASHTO and GDOT strongly support all materials to be made in America, this will likely remain a barrier to delivering projects until the supply chain can adapt.

Without the utility owner's ability to comply with the recent final rule, state DOTs will be unable to certify compliance to FHWA, which will delay projects, increase costs, and add lengthy durations to the delivery schedule. AASHTO encourages Congress to work with USDOT to evaluate a strategic and graduated implementation of BABA that includes practical waivers, so that states' ability to deliver on-time and on-budget is not compromised. Again, AASHTO and the state DOTs remain unwavering in our strong support of Congress's intent under BABA and will work diligently for effective implementation.

CORE POLICY PRINCIPLES FOR SURFACE TRANSPORTATION REAUTHORIZATION

While this testimony is focused on the IIJA, we appreciate the Committee's work in preparing for a five-year reauthorization of federal highway, highway safety, transit, and rail programs for fiscal years 2027 through 2031. The 119th Congress has an extraordinary opportunity to develop and enact the next multiyear surface transportation bill prior to the IIJA's expiration on September 30, 2026. AASHTO stands ready to support Congress in meeting this deadline through the association's comprehensive policy development process informed by state DOT leads and practitioners.

Ensure Timely Authorization of a Long-Term Federal Surface Transportation Bill

To continue the momentum of delivering investments in transportation and critical projects, it is crucial a new authorization bill be enacted by September 30, 2026. In addition to continuing resolutions seen through the annual appropriations process, relying on short-term authorizing program extensions can cause unnecessary program disruptions, uncertainty, and delays in

Testimony of **Russell R. McMurry, P.E.**

Vice President, American Association of State Highway and Transportation Officials

Commissioner, Georgia Department of Transportation

safety and mobility benefits to states and communities. Short-term extensions make it difficult for state DOTs and local governments to plan and execute contracts for important highway and transit projects. This is especially impactful as overall project development may take five to 10 years for moderate size projects and even longer for large complex projects.

Stable multiyear apportionment of formula dollars is critical for GDOT to deliver projects and programs. By state constitution, GDOT cannot execute a contract without the full funding being encumbered, so we are unable to cash flow projects. This causes challenges in developing and delivering projects without full federal funding. GDOT uses the “advance construction” process allowed by FHWA to prefund federal projects with state dollars until full federal funding is available, but not all states have the sufficient state funding to be able to utilize this tool to keep the project pipeline moving. Without full federal funding provided on time, states face a difficult time shouldering the burden on their own.

Increase and Prioritize Core Formula-Based Federal Funding Provided to States

As stated previously in this testimony, the well-established approach of distributing federal transportation funds to states via formula ensures each state can best meet its unique investment needs and deliver safety and mobility benefits efficiently to all citizens. It remains the optimal approach to underpin the next surface transportation legislation that will serve all corners of our nation.

In the next authorization bill, Congress should increase the extent to which formula funding is prioritized over discretionary funding by ensuring that 95 percent or more of authorized Highway Trust Fund highway dollars go to apportioned programs for states. Formula dollars provide stability, predictability, and efficiency, allowing state and local governments to plan and deliver projects effectively. If there is a desire to address additional priorities, the most efficient way to meet those priorities is through expanded eligibility within existing formula programs.

Maximize State Flexibility to Deliver Projects that Advance Safety, Efficiency, and Innovation

The Federal-aid Highway Program is a state-administered, federally-assisted program, and enabling the most effective use of federal funding through maximum or 100 percent transferability between the various formula program categories is absolutely necessary. Current law allows a state to shift the authority to use federal formula funds from one core formula program category to another, not to exceed 50 percent of the amount apportioned. In addition, states and MPOs may “flex” highway funds to other modes. This authority to transfer between formula program categories is an important benefit for state DOTs in administering these funds, ensuring the balance and alignment of federal, state, and local transportation goals including safety, mobility, and the improvement of our transportation network. As each state faces its unique transportation challenges, state DOTs should fully control where and how their funds are best utilized. In the next reauthorization bill, AASHTO recommends that Congress provide increased flexibility and transferability between formula program categories and combine

programs that have similar policy objectives similar to the overall program consolidation we saw under MAP-21.

As an example of the importance of transfers between formula program categories, GDOT constantly monitors project delivery phases in each federal program category and its subprograms and population categories. State DOTs need flexibility to be responsive and agile when project delays occur, such that each state can fully utilize their annual obligation limitation before expiration. AASHTO supports continued and enhanced state-decided flexibility to maximize each state's utilization of federal funds.

In addition to funding flexibility, the next surface transportation bill represents an important opportunity to remove regulatory and programmatic burdens associated with federal programs that delay project delivery, including environmental review and permitting reform opportunities previously referenced.

Enable the States' and Nation's Future Success with Robust Federal Funding

The IIJA brought about a substantial increase in federal investment in surface transportation, but our nation still faces significant and growing transportation needs for improved safety and mobility for driving economic success. The aforementioned inflationary costs have significantly eroded much of the economic benefit of the additional funding provided by the IIJA. The overall funding levels in the IIJA should be the baseline investment moving forward and optimized with the policy recommendations referenced.

In the next authorization bill, Congress should build upon the base funding level provided in the IIJA through both the Highway Trust Fund and General Funds to make sure that federal transportation funding can keep pace with inflation at a minimum. Funding should grow steadily year-to-year over the life of the next five-year surface transportation authorization to allow states to not lose ground and keep up with growing needs for a strong economy.

Any reduction in federal funding would be hugely detrimental to all state DOTs, including Georgia. Over the last ten years, federal funding has represents an average of 44 percent of my state's capital program. Georgia, along with many other states, continue to increase state and local funding to do our part in delivering transportation infrastructure and operations. As noted, GDOT's 2050 freight plan shows that freight tonnage moved on Georgia's highways is expected to almost double. Most of this freight moves on the National Highway System and Interstate Highways. Without continued and increased investment, the costs to business, both small and large, will have an undesirable impact on our economy.

CONCLUSION

State DOTs appreciate being able to "tell the story" of IIJA implementation and we are committed to assisting this Committee and Congress in the development of the next surface

transportation legislation that will ensure the nation's long-term economic growth and focus on safety through sound federal investments provided to all states. We sincerely appreciate your longstanding support and continued efforts to improve transportation for the nation.

Thank you for allowing me to share AASHTO's and its state DOT membership perspectives—including those of GDOT. I look forward to responding to your questions.