

AMERICAN ASSOCIATION
OF STATE HIGHWAY AND
TRANSPORTATION OFFICIALS

AASHTO

TESTIMONY OF

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President, American Association of State Highway and Transportation Officials;
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REGARDING

**The Critical Need for Timely Reauthorization of
the Federal Surface Transportation Legislation**

BEFORE THE

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

ON

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INTRODUCTION

Chairman Barrasso, Ranking Member Carper, and Members of the Committee, thank you for the opportunity to appear today and address the critical need for timely reauthorization of the federal surface transportation legislation.

My name is Carlos Braceras, and I serve as Executive Director of the Utah Department of Transportation (UDOT) and as President of the American Association of State Highway and Transportation Officials (AASHTO). Today, it is my honor to testify on behalf of the great state of Utah and AASHTO, which represents the state departments of transportation (state DOTs) of all 50 states, Washington, DC, and Puerto Rico.

I first joined UDOT with degrees in engineering and geology in 1986. Prior to my appointment as the Executive Director in May 2013, I served as the Deputy Director for twelve years with previous experience as Region Director, Major Project Manager, Chief Geotechnical Engineer and Chief Value Engineer. In addition to serving as AASHTO's President for 2018-2019, I am also the Chairman of the AASHTO Committee on Design and the Chair of the Technical Working Group of the AASHTO Center for Environmental Excellence.

First, allow me to express the state DOTs' collective and utmost appreciation for you—the members of the Environment and Public Works (EPW) Committee—in committing to get the next federal transportation bill done on time. When federal funds are predictable and stable, states are able to fully focus attention on programming projects to deliver and maintain critical transportation assets and safety projects. And your focus on maintaining regular order of business in Congress by passing this important legislation by next fall is something every state strongly supports.

I also want to thank the Chairman and Ranking Member of this Committee, and the Chairman and Ranking Member of the EPW Subcommittee on Transportation and Infrastructure, for your introduction of S. 1992 last month, which would repeal the \$7.6 billion rescission of highway contract authority scheduled for July 1, 2020. Removing this large rescission will allow states like Utah to put federal dollars to work in the most efficient manner possible under our asset management plan.

My testimony today will emphasize four main points:

- Ensure timely reauthorization of a long-term federal surface transportation bill
- Increase and prioritize formula-based federal funding provided to states
- Increase flexibility, reduce program burdens, and improve project delivery
- Support and ensure state DOTs' ability to harness innovation and technology

ENSURE TIMELY REAUTHORIZATION OF A LONG-TERM FEDERAL SURFACE TRANSPORTATION BILL

We are at an inflection point in transportation history.

From the very beginning of our developing nation we have valued investment in our transportation system—starting with rivers, harbors, and post roads. We recognize that a well-functioning and safe transportation system is the foundation of a strong economy and quality of life benefits such as access to employment, education, recreational, and health services opportunities, and it is this interconnected multimodal national system that has enabled the United States to become the most vibrant and powerful nation in history.

Utah's contribution to our collective commitment to America's transportation network is reflected by the Golden Spike celebration that occurred on May 10, 2019 commemorating the 150th anniversary of the completion of the transcontinental railroad in Promontory, Utah. More than 1,900 miles of railroad track were carved in the plains, deserts, and mountains of the western United States, connecting our country from east to west. Travel across the country was reduced from six months to one week, transforming our nation's economy. Ten years after the golden spike was laid in the railroad bed in Utah, the transcontinental railroad was shipping more than \$50 million worth of freight, driving development of the West through strong, reliable transportation infrastructure.

The story of the first transcontinental railroad is just one example of how our entire nation—including residents and businesses of major metropolitan areas and rural areas alike—is well-served by a strong federal investment that improves transportation infrastructure. Another major turning point in the history of our transportation system was the vision and implementation of our nation's interstate highway system. Whether by land, water, or air, our nation's transportation system is the necessary foundation to ensure the vitality of our country.

With that said, at this current inflection point, our proud legacy of achievement is at risk as we face what the future could look like without a revitalized federal surface transportation program: compromised safety, seriously degraded quality of life and environment, and lack of global economic competitiveness.

Despite substantial and recurring funding challenges facing transportation, the investment backlog for transportation infrastructure continues to increase—reaching \$836 billion for highways and bridges and \$122 billion for transit according to the United States Department of Transportation. According to the Congressional Budget Office, in order to simply maintain the current Highway Trust Fund (HTF) spending levels adjusted for inflation after the Fixing America's Surface Transportation (FAST) Act, Congress will need to identify \$90 billion in additional revenues for a five-year bill through 2025; \$114 billion would be needed to support a six-year bill through 2026. At the same time, the purchasing power of HTF revenues has

declined substantially mainly due to the flat, per-gallon motor fuel taxes that have not been adjusted since 1993, losing over half of its value in the last 26 years.

Because Utah knows the criticality of transportation to the quality of life of our citizens, in 2015 our legislature passed a five-cent increase to the fuel tax and indexed the rate to inflation. On top of that, in 2018 the Utah Department of Transportation was instructed to implement a voluntary road usage charge program that must go into effect by January 2020.

The current trends mean that after FAST Act expiration on September 30, 2020, the HTF is expected to experience a significant cash shortfall leading to an estimated 51 percent drop in highway obligations from the year before, or from \$47 billion to \$23 billion, and a zeroing out of obligations from the Mass Transit Account around 2021 and 2022. As you all know, every state is required to have a Statewide Transportation Improvement Program (STIP), which identifies funded priorities for the next four years. In order to do this, every state must make assumptions about what might happen out past the expiration of the FAST Act. In Utah, we have assumed flat funding and not a major cut in federal support—did I guess right? I hope so. In the past, similar shortfall situations have led to the possibility of major cuts in federal reimbursements to states on existing obligations, leading to serious cash flow problems for states and resulting project delays.

We in the transportation industry do everything in our power to deliver needed priority projects as quickly as possible, but due to the nature of large capital programs, including an extensive regulatory process, many of the projects take several years to complete. The lack of stable, predictable funding from the HTF makes it nearly impossible for state DOTs to plan for large projects that need a reliable flow of funding over multiple years. And these projects are what connect people, enhance quality of life, and stimulate economic growth in each community where they are built.

Fortunately, infrastructure investment has been one of the top national policy agenda items the last few years, even if significant action is yet to be taken. But Americans get it—they understand the benefits, and they want to see investment in our transportation systems. According to a Politico and Harvard poll earlier this year, 79 percent of respondents said that infrastructure investment is, "extremely important," falling just behind lowering prescription drug prices and substantially reducing the federal deficit on the list of issues polled.

Infrastructure investment ranks high for both parties, with 88 percent of Democrats and 81 percent of Republicans surveyed calling it, "extremely important." A crucial step we can take to harness this momentum is to complete the FAST Act reauthorization before October 2020 without relying on any short-term gaps.

We believe this truly is a unique window of opportunity to ensure the continued quality of life and economic vitality that make America a nation we are proud to call home. To do this, the situation demands bold action to invest in our transportation infrastructure at the appropriate

level to guarantee the success of our nation's future. This action has the clear support of the American public, and it is time for the President and Congress to make it happen.

INCREASE AND PRIORITIZE FORMULA-BASED FEDERAL FUNDING PROVIDED TO STATES

The heart and soul of the Federal-aid Highway Program are the formula dollars supporting state and local investment decisions. This nation-building program, starting with the Federal-aid Road Act of 1916, established the foundation of a *federally-funded, state-administered* highway program, and has been perfectly suited to a growing and geographically diverse nation like ours. The stable federal investment enabled by the Highway Trust Fund has allowed states and their local partners to fund locally-critical projects that at the same time serve the interests of the nation as a whole.

As your Committee unveils your FAST Act reauthorization bill later this month, we urge you to focus on maximizing federal formula-based dollars provided directly to states through the existing core formula programs rather than looking at untested new programs and approaches that can divert the federal government's focus and role in the surface transportation program.

Congress recognized in the Moving Ahead for Progress in the 21st Century (MAP-21) legislation the need to consolidate a complex array of federal highway programs into a smaller number of broader programs, with the eligibilities generally continuing under such programs. This revised program structure has provided state DOTs with greater flexibility to deliver projects more efficiently, and it better supports data-driven investment decisions to meet MAP-21's performance targets.

In Utah, federal highway funds are prioritized and programmed to projects that advance the state's strategic goals to Preserve Infrastructure, Optimize Mobility, and achieve Zero Fatalities. For example, strategic investment of our federal formula funds has enabled us to implement and support a robust, proactive asset management program, keeping Utah's roads and bridges in good condition and reducing the overall cost of the system. Taking advantage of online technology, we provide a live, data- and performance-driven report that is constantly updated to reflect how we are reaching our performance targets. The success of our effort is integral with a federally-funded, state-administered highway program that allows us to target federal funds to those projects and programs that achieve the greatest return on investment.

The formula-based program framework built the Interstate Highway System and the National Highway System, the backbone of our national network of roads and bridges that drives our national economy. This remains the optimal approach to underpin the next surface transportation legislation that will serve all corners of our country—by improving mobility and quality of life in urban, suburban, and rural areas.

INCREASE FLEXIBILITY, REDUCE PROGRAM BURDENS, AND IMPROVE PROJECT DELIVERY

As mentioned earlier, state DOTs are appreciative of the flexibility in the federal program that supports the right mix of projects to meet the unique investment needs of their own states. To further enhance the effectiveness of federal funding, we recommend increased flexibility of and transferability between the various federal programs.

In Utah, a clear example of the need for increased flexibility of the federal program is evidenced by the high demand for the federal funding exchange program that UDOT administers. UDOT exchanges local federal dollars at 85 cents on the dollar because of the enhanced flexibility afforded to the local government.

Each program has rules that are not always flexible regarding how the funds may be used, and each program is governed by transferability provisions that are established in statute. Increased program-level flexibility would enable states to direct funding to better meet their needs, whether for preservation, capacity, safety, or other unmet needs. For example, the suballocated portion of the Surface Transportation Block Grant Program (STBGP) is underspent, with the latest available data showing 80 percent of total unobligated STBGP funds nationwide belonging to the suballocated STBGP even though it comprises 54 percent of total STBGP funding in 2019, rising to 55 percent next year.

In addition, because some set-aside programs have strict guidelines for use or narrow purposes, these programs tend to be underutilized. Yet limitations in the flexibility of set-aside programs prevent states from prioritizing projects based on local needs, as well as limiting the ability of state DOTs to maximize the use of available funding if a partner is not ready to begin a set-aside project.

On project delivery, even with significant progress being made in the past decade, getting the projects done—especially larger improvements—still takes too long and is unduly costly and delay-prone. We believe there remain opportunities to not only make continued improvement in the National Environmental Policy Act (NEPA) process itself, but also in making the NEPA process work more efficiently with other federal requirements, all the while carefully and responsibly stewarding optimal environmental outcomes.

In Utah, we have taken advantage of the flexibility afforded and have taken on NEPA assignment. We feel a strong sense of responsibility for our natural and built environment and believe we are best able to make choices that benefit the communities we serve. We are directly accountable to our public for those decisions, so we work hard to make the right decisions. We have seen significant time savings in delivering our projects because of NEPA assignment, which is only possible because of our great federal partners. It isn't easy. In fact, it was probably easier when we could point the finger at FHWA and say, "Sorry, we can't do this. They won't let us." Now, we are responsible to make the hard decisions, but we are willing to stand by them.

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Beyond NEPA, AASHTO has identified a number of touchpoints where states can make determinations in lieu of seeking Federal Highway Administration (FHWA) approval. Examples include: federal funds obligation management, project agreements, right-of-way acquisition, preventive maintenance, repayment of preliminary engineering and right-of-way costs, and credits toward non-federal share, among many other possible areas of current federal oversight.

In addition, we ask Congress to continue supporting states and their local partners in implementing the MAP-21 performance management framework. The new and updated federal performance management regulations were developed and published over a six-year time period finally ending just last year in 2018.

State DOTs continue to implement the first required aspects of these provisions: establish targets for the federal performance measures; incorporate those targets into the planning process; and report on progress towards achieving targets. The first comprehensive report document for the first reporting cycle is not expected to be developed and published until 2022 at the earliest. As such, we ask that Congress refrains from considering new performance measures—and changes to existing regulations that would increase requirements—until after at least two full reporting cycles, which will give states and their local partners the necessary time and experience in meeting the national policy goals articulated under these laws and regulations.

We firmly believe that if any changes are to be made to existing performance management regulations, such changes should reduce the burden of performance measurement and management on state DOTs, rather than increase mandates and requirements. Additionally, we note that to the extent a state or a metropolitan planning organization desires to pursue any additional steps in performance management, they should be free to do so without additional federal rules or statute.

SUPPORT AND ENSURE STATE DOTs' ABILITY TO HARNESS INNOVATION AND TECHNOLOGY

There is no realm where our current inflection point in transportation history is better represented than in cooperative automated transportation (CAT), which has been defined as all modes of transportation working together to improve safety, mobility, and operations efficiency through interdependent vehicle and systems automation and information exchange.

Today, the dramatic change underway is no less significant than when the combustion engine was merged with the wagon in the early 1900s. Today, with the merger of technology between the car, truck and other vehicles—and with the roadway—we will enable unprecedented improvements to safety and mobility. This will change the way we move goods, services and people on our roads and highways. It is more important now than ever that we respect the

roles at local, state and federal levels and work hard to develop a shared vision of this transportation future in order not to be a bottleneck to continued innovation.

The top priority for the state DOTs and AASHTO has been—and will always remain—the safety of all transportation system users. The loss of 36,750 lives last year on our nation’s highways and streets demands that we act boldly. To this end, connected vehicles (CV) utilizing Vehicle-to-Everything (V2X) communication in the 5.9 GHz spectrum will save lives by creating a seamless, cooperative environment that significantly improves the safety of our transportation system. It is critical that we work together to preserve this transportation safety spectrum; otherwise, we risk forfeiting this incredible opportunity.

As infrastructure owners and operators of the nation’s surface transportation infrastructure, state and local transportation agencies are at the core of creating the optimal CV environment. While automakers and device manufacturers will dictate availability of vehicular equipment, transportation agencies will control the deployment and operation of roadside infrastructure and the incorporation of CV technologies into infrastructure applications. Together, the public and private sectors have already invested hundreds of millions of dollars to develop and deploy lifesaving CV technologies in the 5.9 GHz spectrum.

Last week, the Utah DOT announced a partnership with Panasonic Corporation of North America to develop the nation’s most advanced transportation data network. This effort will accelerate development toward a statewide system for collecting, monitoring and sharing connected and autonomous vehicle (CAV) data. This network will improve safety and mobility on the road by sharing data between vehicles, infrastructure, roadways and traffic operators in real time. Utah already has much of the framework in place for a connected future. We built the first operational connected vehicle corridor in the nation, with a second corridor opened last year. Buses equipped with special radios are already “talking” to the traffic signals along these key corridors, and if the bus is running behind schedule, the signal can extend the length of the green light—all without any action taken by the bus driver.

With the Panasonic partnership, Utah will be ready to accommodate the incoming wave of smart vehicles that are more connected, more autonomous, and able to operate more safely and more efficiently through communication among vehicles as well as the infrastructure – including signs, signals, and other sensors.

We recognize that oversight of communications technology may lie outside of your Committee’s jurisdiction—but we ask that you stand with the state DOTs to make sure that our nation’s highway infrastructure assets are provided the necessary technology to greatly improve safety outcomes for all road users.

Beyond automated transportation, I would also like to emphasize that state DOTs are at the forefront of practitioner-based deployment of innovative materials. Our members fully recognize the potential benefits that can save lives, make a bridge last longer, make signs appear

brighter from a longer distance, or traffic signals operate more efficiently. Innovative materials can improve safety, reduce cost, and increase the overall life of the nation's surface transportation infrastructure.

That being said, the definition of "materials" is broad. Sometimes it can't be seen. For example, in Utah, on our first design-build megaproject, we built portions of Interstate 15 on Styrofoam blocks. This minimized ground settlement, so as not to damage underground utilities, and to deliver the project at a better value to taxpayers.

It is critical to note that any new product or material being produced and marketed towards state DOTs may come with it a higher cost and more risk. Utah was only willing to construct the first bridge off to the side of the roadway and move it into place over a weekend because we had our partners at FHWA standing with us, sharing in the risks—and the benefits. Programs and statutory assistance to reduce or mitigate a risk association with a new product or material could be helpful, but it must not sacrifice states' flexibility to deploy the materials that best fit their system.

I especially want to note that even without federal involvement, AASHTO has for a long time been supporting innovative materials through the AASHTO Product Evaluation List (APEL), which is a database of product and materials evaluations, and the AASHTO Innovation Initiative (All) which identifies and champions the implementation or deployment of a select few proven technologies, products, or processes that are likely to yield significant economic or qualitative benefits to the users.

State DOTs remain at the forefront of developing and implementing the smartest and most technologically advanced way to improve our transportation system—and we ask Congress to preserve this crucial flexibility for states to choose the types of specific technological investments that best maximize value for their investment.

CONCLUSION

State DOTs remain committed to assisting Congress in the development of the next surface transportation legislation that will ensure enhanced quality of life and long-term economic growth through sound federal investments provided to all states. AASHTO has been working for over a year to develop specific policy and revenue recommendations for the next reauthorization. We will be bringing those to our Board of Directors at our annual meeting in St. Louis this fall, and look forward to sharing these recommendations with this committee. We cannot emphasize how much state DOTs and AASHTO value the longstanding partnership with the Environment and Public Works Committee, and the tremendous partnership between us.

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

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