

Below is the opening statement of Chairman Shelley Moore Capito (R-W.Va.) as delivered.

"I want to thank you, Administrator [McMaster], for everything that you do and that the agency has done to improve roads and bridges across the country.

"Notably, in West Virginia, I want to extend my appreciation for a few—the grant award for the Dunbar Toll Bridge [and] final environmental documents for the Wardensville segment of Corridor H of the Appalachian Development Highway System.

"In addition, Corridor H will reach a critical milestone later this month when a segment from Kerens to Parsons opens to traffic. This milestone would not have been possible without the assistance of the Trump Administration. These projects will have a positive effect on the quality of life for West Virginians and also help drive further economic development.

"Today, we look forward to hearing your testimony regarding the Federal Highway Administration, or FHWA's, proposed budget for the coming year and implementation of the final year of the Infrastructure Investment and Jobs Act.

"The budget requests over $66 billion in total funding for FHWA. This amount includes approximately $65 billion for programs that are funded out of the Highway Trust Fund and approximately $1.5 billion for programs that are funded out of the General Fund [of the US Treasury].

"Because we are in the final year of the IIJA and Congress' effort to reauthorize federal highway and bridge programs continues, the budget request does not include detailed account-level requests.

"The budget request also reflects an updated organizational chart for the agency that includes an increase in staffing of FHWA's division offices in each state. As a federally funded, state-administered program, the FHWA staff in these division offices are crucial for timely and informed approvals of projects and funding.

"After a reduction of FHWA's workforce, there are states that are sharing division administrators and personnel serving in dual roles and vacancies up and down the directories for Division Offices. I supported FHWA's concerted effort to staff these key roles. And I look forward to the Administrator's testimony on how they will achieve the staffing numbers reflected in this request, which are necessary to effectively administer these programs.

"FHWA plays an important role in faithfully implementing the final months of the IIJA. While I am proud of the role I played in bringing about that law, we have since learned how challenging it has been to administer at every level of government.

"Last year, Secretary Duffy testified to this Committee that the prior Administration left a backlog of over 3,200 announced grant awards, but unsigned grant agreements. This backlog included important projects in all of our states, and certainly mine is no exception. The agreements must be signed so these grants can deliver meaningful improvements to our surface transportation network.

"I appreciate the significant progress FHWA has made in advancing the grants within its purview. My home state of West Virginia has had previously stuck grants for projects across the state, including in Bluefields, Coalfields, Charleston, Beckley, and others.

"But, unfortunately, there is more work to be done. I am troubled by estimates from FHWA that the coming August Redistribution amount will continue the trend of being historically high.

"August Redistribution is a unique accounting process to ensure that the annual obligation limit for FHWA's programs does not lapse. Specifically, this process pulls back obligation limitations that can't be used by non-formula or allocated programs and redistributes that to the states to use on the formula programs each August.

"The practical result of a historic August Redistribution is an end-of-the-year scramble, where lower priority investments may be carried out to avoid a lapse, but not because of their transportation benefits. This year, FHWA is estimating that states must use $8.5 billion of obligation limitation in the last two months of this fiscal year.

"I am concerned with the solution that FHWA's budget request proposes to address this issue. FHWA's proposal to extend the period of availability for the obligation limitation for allocated programs does not address the root cause of these historic amounts.

"Too many allocated programs with overlapping purposes and eligibilities is a big contributor to this issue. On a related note, [last year,] we saw a significant lapse in contract authority occur. Specifically, over $370 million dollars lapsed, and the biggest driver of that amount was the PROTECT discretionary grant program.

"I am concerned that another lapse in contract authority would occur this year. I look forward to hearing from the Administrator on the actions that FHWA is doing to address these financial issues.

"Finally, as my colleagues have heard me say many times, we need to understand what worked and what didn't under the IIJA to inform our legislative agenda going

forward. We've conducted oversight, received expert testimony from federal, state and local partners and collected feedback from our Senate colleagues.

"I'm using what we've learned from these efforts as we develop the next surface transportation reauthorization bill. And I continued to be guided by my three overarching principles:

- *First, improvement of the safety and reliability of America's surface transportation network with impactful investments;*
- *Second, reform and modernize federal programs and policies to increase efficiencies;*
- *Third, address the variety of surface transportation needs all across the states.*

"To achieve these principles, I am focused on crafting a bill that targets investments in road and bridge projects through flexible, predictable formula funds to the states to deliver on-time and on-budget projects. I am working to cut administrative overhead, reduce duplicative programs and avoid federal overreach so that we can avoid future grants backlogs, funding lapses and project delays.

"We have work ahead of us to reach a bipartisan agreement. I am committed to working with our partner committees in the Senate and colleagues in the House to deliver a bill to the President's desk. And certainly, working with my ranking member, Senator Whitehouse as well.

"I also look forward to working with you, Administrator McMaster, on these priorities."

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