

**THE IMPORTANCE OF MAP-21 REAUTHORIZATION:  
FEDERAL AND STATE PERSPECTIVES**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON**  
**ENVIRONMENT AND PUBLIC WORKS**  
**UNITED STATES SENATE**  
ONE HUNDRED FOURTEENTH CONGRESS  
FIRST SESSION

JANUARY 28, 2015

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COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED FOURTEENTH CONGRESS  
FIRST SESSION

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## **THE IMPORTANCE OF MAP-21 REAUTHORIZATION: FEDERAL AND STATE PERSPECTIVES**

**WEDNESDAY, JANUARY 28, 2015**

U.S. SENATE,  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,  
*Washington, DC.*

The full committee met, pursuant to notice, at 9:30 a.m. in room 406, Dirksen Senate Building, Hon. James Inhofe (chairman of the full committee) presiding.

Present: Senators Inhofe, Boxer, Vitter, Barrasso, Capito, Crapo, Boozman, Sessions, Wicker, Fischer, Rounds, Carper, Cardin, Sanders, Whitehouse, Merkley, Gillibrand, Booker, Markey.

### **OPENING STATEMENT OF HON. JAMES INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA**

Senator INHOFE. It is great to have all our visitors here from Oklahoma. I came in last night and they were having a dinner, I thought two or three people. I knew Gary Ridley would be there; he is always there. And I looked over and there were all familiar faces there.

So we have this concern, there are a lot of things about what is government really supposed to be doing. Quite often, and the reason I got on the committees that I did 20 years ago was because this is what we are supposed to be doing. Defending America and building infrastructure that is it. We all understand that in Oklahoma. We know that we have gone through a process that most of us, some of us remember, most of us have not been around that long. But I do recall when I was over in the House, on the T&I committee over there, at that time, Secretary Foxx, do you know what was the biggest problem we had in the Highway Trust Fund? Too much surplus. That was the problem that we had.

Now, we all know what happened since that time. We all know that we can't continue to do as we have done in the past. I do have an opening statement which I will submit as a part of the record. I think the significance of this meeting, I say to my friends on the left and right, is that we want to do it right this time. We have done patchwork and we have put together things that we think are a good idea, and I have to say this: we have had successes.

I didn't like the way things went back in the 27-month bill that we had. I didn't like the idea that a lot of Republicans, my good friends, were demagoguing it and not realizing that what they were doing, they were thinking they were doing the conservative thing, because it was a big bill. But it is not. Because the conservative thing is to pass a bill instead of having the extensions. Sec-

retary Foxx has been out in Oklahoma and we have talked about this at length, the cost of extensions. We have never calculated it, but I think it is somewhere around 30 percent off the top.

Well, the good news is that the House, when we went over right after this bill and told them, talked to them about this thing about our constitutional responsibilities, every one of the 33 Republican and the Democrats on the House T&I committee voted for it. That is a major breakthrough at that time. I see that happening again here.

So we are going to be doing the right thing now and as we know, we decided to do, that we are going to make one change in this committee. We are not going to have everyone have an opening statement, because we have so many witnesses coming in and we spend all of our time listening to each other.

So with that, I will just yield to Senator Boxer, and then we are going to continue this hearing.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF SENATOR JAMES M. INHOFE, U.S. SENATOR  
FROM THE STATE OF OKLAHOMA

Welcome to the first hearing of the EPW Committee this year. I want to extend an especially warm welcome to our new Committee Members—Senator Capito, Senator Rounds, and Senator Sullivan—and to our witnesses who took time out of their busy schedules to be here today. My top priority this year is to pass a fiscally responsible, long-term highway bill.

Unfortunately, what used to be the best transportation system in the world is now rapidly deteriorating. While we struggle just to maintain the existing condition of our infrastructure, our global competitors are greatly outpacing us in their infrastructure investment. I know Secretary Foxx will talk more about this.

As we are all aware, the Federal highway program is operating on a short-term extension that expires at the end of May.

My staff is already working with Senator Boxer's staff on a long-term bill that will give our partners the certainty they need to plan and construct important transportation projects.

More short-term extensions are not the answer. Our states, industries, and economy need long-term authorizations that ensure funding and allow for the planning of big, long-term projects of regional and national importance. I have often said the conservative position is to prevent short term extensions, because as history showed us after 9 extensions between SAFETEA-LU and MAP-21, we lose 30 percent of the Highway Trust Fund's resources when we fail to achieve longer term funding bills. I believe we can do better.

Our infrastructure investments are a partnership between the Federal Government and the States. We need to keep up our end of the bargain and pass a fully funded, long-term bill. I know the Governors that are here today will all discuss how critical it is for their states that we maintain a strong Federal program.

Today, we sit at a crossroads. We could take the responsible course and pass a long-term reauthorization of MAP-21, or we could kick the can down the road and find short-term patches that continue the uncertainty facing our partners.

I am committed to doing the right thing, and I thank all of our witnesses for helping spread this message and being here today.

**OPENING STATEMENT OF HON. BARBARA BOXER,  
U.S. SENATOR FROM THE STATE OF CALIFORNIA**

Senator BOXER. Mr. Chairman, thank you so much for making this your first hearing. Nothing could please us more, because know this is an area that there is bipartisan support for. I think Senator Vitter and I, it is no big secret, we don't see eye to eye on much, but we were able to get a good bill done through this committee. And I have to make a point, Mr. Chairman, we were the only committee to act last Congress. No committee of the Senate

or the House but this committee. And with your leadership, we are going to be working together here to get this done.

I am going to ask unanimous consent to put my statement in to the record and I am going to make four very brief points. First, we can do nothing more important for jobs, for businesses, for this economy, for this middle class, than passing a multi-year highway bill. That is the first point. There is nothing better that we could do.

Second, we have a great record of bipartisanship on that issue. So nothing should stop us. And again, I point to last year, when we acted, when no other committed acted in the Senate or the House. There was bipartisan paralysis, except for us in this committee. I am so proud of that. And we need to take the leadership again and hopefully this time it will be emulated.

Three, we have to have the courage in the Senate and in the House to fund a multi-year bill. We cannot leap over that idea to an extension.

And that leads me to my next point. We are getting perilously close to the bankruptcy of the Highway Trust Fund, May 31st. Mr. Chairman, I would ask rhetorically, if you go to the bank and you want to buy a house, and the banks says, oh, great. We will lend you the money, but only for 5 months. You are going to walk away. You are not going to buy a house if all you know is you have credit—that is what they have done here. When I say “they,” the vast majority of our colleagues punted this.

And this is awful. This is the greatest Country in the world. We will not remain so if our bridges are falling down, if our highways are crumbling and so many other ramifications of not investing. So we need certainty.

I do want to say, today I learned from my staff, I don’t know if your staff has informed you, that the deficit in the trust fund is less than we thought it would be. We were anticipating \$18 billion a year over 6 years; it is \$13 billion a year over 6 years. Now it is a lot less than we thought it would be. It is \$13 billion a year.

Now, if we can’t find that, I think it is a \$1.2 trillion budget, on discretionary spending, if we can’t find that to build the infrastructure, we have failed as a Congress. So with your leadership and with all your strong support from Oklahoma, I think we are going to get things done here. I look forward to it.

[The prepared statement of Senator Boxer follows:]

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR  
FROM THE STATE OF CALIFORNIA

I am pleased that the EPW Committee’s first hearing in the 114th Congress is focused on the importance of Federal funding for our nation’s transportation infrastructure, because we are facing a critical deadline in four short months.

Transportation bills have a long history of bipartisanship in Congress and I am hopeful that we will continue working together across the aisle in the coming months. In November 2011, this Committee reported MAP-21 out by a unanimous vote of 18–0. MAP-21 passed the Senate in March 2012 by a vote of 74–22, and the conference report was enacted in June 2012 by a vote of 74–19 in the Senate. In May 2014, this Committee approved the 6-year MAP-21 Reauthorization Act by another unanimous vote. This shows the strong bipartisan support for enacting transportation bills and why I believe we can do so again.

A robust, multi-year surface transportation bill will support millions of jobs for American workers and help the construction industry, which was hit hard by the Great Recession. There are approximately 1.6 million fewer construction workers

today compared to 2006—which equals roughly 20 percent of all construction jobs—and over 600,000 construction workers remain out of work in the U.S.

As you know, the law that currently authorizes our surface transportation programs is set to expire on May 31st—right as the critical summer construction season is beginning.

The Highway Trust Fund is projected to face cash-flow problems around the same time. That means that billions of dollars in transportation funding to the states will be delayed or stopped.

There is a growing chorus from states in recent months that the Highway Trust Fund is in serious trouble and much-needed transportation projects are in peril. Arkansas and Tennessee have already delayed or canceled construction projects due to the uncertainty in Federal transportation funding, and other states are considering similar action as the construction season fast approaches. When we approached a transportation funding shutdown last summer, numerous states took preemptive action to cancel transportation projects due to the uncertainty whether Federal funding would continue.

The projected shortfall in the Highway Trust Fund creates funding uncertainty, and that is bad for businesses, bad for workers, and bad for the economy. We already know that an insolvent Highway Trust Fund will have a domino effect that will be felt throughout the economy.

Addressing the Highway Trust Fund shortfall and passing a long-term transportation bill before the May deadline will have a real economic impact across the country. It will provide funding stability for State and local governments and businesses that rely on Federal transportation funding, and it will create or save millions of jobs.

A modern transportation system is the foundation for a strong U.S. economy. Maintaining and improving our roads, bridges, and transit systems is necessary to ensure our global competitiveness. Nationwide there are 63,500 bridges that are structurally deficient and 50 percent of our nation's roads are in less than good condition.

Transportation is and should be a nonpartisan issue. Taking action to save the Highway Trust Fund and invest in our aging infrastructure is strongly supported by businesses, labor, and transportation organizations.

The 6-year reauthorization of MAP-21 that this Committee unanimously approved last May built off of the substantial reforms included in MAP-21 and provided long-term funding certainty for highway and bridge programs. I am hopeful we will have similar success in our Committee this year.

I am also hopeful that the Senate Banking and Commerce Committees will move quickly on their portions of the surface transportation bill, and the House must act as well as soon as possible.

We also need to identify a bipartisan, dependable source of funding for the HTF. Finding that sweet spot will require us to consider a broad range of options in order to find a long-term solution to our transportation funding crisis. I am currently working across the aisle on a proposal to provide stable funding for the HTF through repatriation, which would not only save the HTF, but would stimulate the economy by bringing back hundreds of billions of dollars in offshore earnings.

We have two excellent witness panels today and I am so pleased to welcome Secretary Foxx back to our Committee. I am also looking forward to hearing from our second panel with Governors representing diverse regions of this nation who will discuss how important Federal transportation funding is to their states.

Congress cannot shirk our responsibility to get our work done this year. States, businesses, and workers need the certainty from a long-term transportation bill. We must act now because failure is not an option.

Senator INHOFE. Thank you, Senator Boxer.

It is my honor to introduce and present, not really introduce, Secretary Foxx. He has been really a great Secretary of Transportation. It has been a very difficult job. We have had a chance to break ground on a lot of great things out there in my State of Oklahoma. So I am so thankful that you are doing what you are doing and you are going to be in on the big kill and we are going to do it together.

Secretary Foxx.

**STATEMENT OF HON. ANTHONY FOXX, SECRETARY, UNITED STATES DEPARTMENT OF TRANSPORTATION**

Mr. FOXX. Thank you very much, Mr. Chairman, for your kind words and for your leadership as well as the leadership of Ranking Member Senator Barbara Boxer. The work you all have done and will continue to do on this issue is vitally important. I want to tell you that we appreciate your service.

I also want to thank the entire committee here. We are in a new year with a new Congress. But I am here to discuss an old issue: the need for a new Transportation Bill. As has been said, a multi-year transportation bill with funding growth and policy reforms, focused on America's future.

America is in a race, not just against our global competitors, but against the high standards of innovation and progress our Nation has shown for generations. We are behind in that race. And when you are behind, you must run faster and do more than just keep pace.

The transportation system itself does not care about the political challenges of addressing its needs. From its perspective and from mine, we are either meeting those needs or we aren't. In the past year, I have been to 41 States and over 100 cities. Mr. Chairman, you were kind enough to invite me to Oklahoma, where we saw a stretch of I-44 just south of Tulsa that needs to be widened. But the funds just aren't there.

There are thousands of miles of highway projects in Oklahoma that the DOT has said are critical. But they are either not being built or they are not being repaired.

Unfortunately, Oklahoma is not alone. I have also visited the Brent Spence Bridge that connects Kentucky and Ohio. It is well over 50 years old and is carrying more than twice the traffic it was designed for. Chunks of concrete are now falling from the bridge's ramps on cars parked below. It must be replaced. But there is no real plan right now on how to pay for it.

Or you could look at Tennessee. The State DOT here has actually postponed \$400 million in projects and the thousands of jobs that come with them because of "funding uncertainty" here in Washington. Now, Tennessee is not the only State to slow or stop projects. But it may be the first State to tell the unvarnished truth about what is happening to our transportation system, about how gridlock in Washington is now creating gridlock on Main Street.

Last year we sent you a comprehensive, multi-year proposal, the Grow America Act, which included 350 pages of precise policy prescriptions and substantial funding growth, all focused on the future. What America received in response was a 10-month extension with flat funding, which, while averting a catastrophe, falls short of meeting the Country's needs.

It was not the first short-term measure or patch that has been passed. It was, by my count, the 32d in the last 6 years. As a former mayor, I can tell you that these short-term measures are doing to communities across America what the State DOT says they are doing in Tennessee, literally killing their will to build.

At this point, we must concern ourselves not only with the immediate situation that confronts us in May, but also with the cumulative effects of these short-term measures and the policy uncer-

tainty. I urge you to make a hard look at it now, from the rear-view mirror to the front windshield. Look at our aging system. Look at the opportunity we have to grow jobs and the economy. Look at our own children and grandchildren. In order for the system to be as good as the American people, we must do something dramatic. To hell with the politics.

That is why we sent you the Grow America Act last year, and why we will send you a new and improved Grow America Act this year. We certainly know that the Grow America Act is not the only approach to solving the infrastructure and mobility challenges of the future. We look forward to full engaging with this committee and others on both sides of the aisle to chart this path together.

But we believe there are some essential principles that any bill must have. First, we are going to need a substantially greater investment. We are also going to need a greater level of investment over time, not just 6 months or even 2 years.

If we want communities to build big projects that can take, in some cases 5 years or more, we need to ensure funding for roughly that same amount of time. I think Senator Boxer's analogy of trying to buy a house with a 5-month loan is a great analogy.

There are important policy changes that need to be dealt with, like streamlining the permitting process, so projects go from blueprint to steel in the ground as fast as possible. We believe we can do that while ensuring better outcomes for the environment. We also believe in opening the door to more private investment and in giving communities and MPOs and freight operators a louder voice in what gets built.

We believe in strengthening our Buy America program to make sure the American taxpayer dollars are being invested in American projects built by American hands with American products. And we believe we must do everything possible to keep Americans safe as they travel in 2015 and beyond. That includes obtaining the resources and the authority we need to combat threats we might not expect in this new century.

In the end, both I and my entire department have great respect for what this committee has done and the challenge ahead of it, including, as we look back, getting MAP-21 passed, a huge achievement. Now it is time to build on that work.

When I was sworn in, I took the same oath that you did, to protect and defend. For me, that means protecting and defending Americans' fundamental ability to move, to get to work, to get to school, to get goods from the factory to the shelf. But I can't do that, they can't do that, and we can't do that unless we take bold action now.

So I am here to work with you and I am also looking forward to your questions. Thank you very much.

[The prepared statement of Mr. Foxx follows:]

STATEMENT OF  
**ANTHONY R. FOXX**  
SECRETARY  
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
U.S. SENATE

HEARING ON

*The Importance of MAP-21 Reauthorization: Federal and State Perspectives*  
January 28, 2015

Chairman Inhofe, Ranking Member Boxer, and Members of the Committee, thank you for the opportunity to appear before you to talk about the importance of reauthorizing MAP-21. This is a critical issue for our Nation, and it is critically important that we work together to enact a long-term, robust bill that makes much-needed reforms to our Federal surface transportation programs.

Last year, I traveled across the country – to engage with local officials, business leaders, and everyday people about the state of our transportation system. In the Spring last year, I spent a week traveling by bus from Ohio to Texas stopping in cities and one-stoplight towns along the way. In October I was pleased to travel to Tulsa to spend the day with Chairman Inhofe looking at unmet needs in his State and talking to key officials and businesses. What we saw on all of these trips – and what we heard from people around the country and in State Departments of Transportation – demonstrated to me that people outside the Beltway desperately want us to find a way to work together in Washington and fix the serious transportation problems we have in America.

Transportation is a critical engine of the Nation's economy. Investments in our transportation network over the country's history have been instrumental in developing our Nation into the world's largest economy and most mobile society. Over time, however, our level of investment as a percentage of the gross domestic product has dropped significantly, as it fails to keep pace with our growing economy and population. The costs of inadequate infrastructure investment are exhibited all around us. Americans spend 5.5 billion hours in traffic each year, costing families more than \$120 billion in extra fuel and lost time. American businesses pay \$27 billion a year in extra freight transportation costs, increasing shipping delays and raising prices on everyday products. Also, 65 percent of our Nation's roads are in less than good condition; one in four bridges require significant repair or can't handle current traffic demands and 45 percent of Americans lack access to basic transit services. Underinvestment impacts safety too. There were over 32,000 highway traffic fatalities in 2013, and roadway conditions are a significant factor in approximately one-third of them. Such fatalities occur disproportionately in rural America, in part because of inadequate road conditions. For a Nation that is expected to have 70 million more citizens by 2050 and an increase in the volume of freight traveling on our highways, railroads, waterways and aviation systems, the current investments we put into our transportation system will not be sufficient to address these competing but urgent needs.

Worse still, in recent years, the surface transportation enterprise – and the millions of jobs that come with it – has been thrown into a continuing period of uncertainty due to the numerous short-term spending “patches” that we use to fund our Federal transportation programs. The inability to pass long term surface transportation funding bill creates uncertainty for local project sponsors and inhibits their ability to plan effectively. Since 2009, our surface transportation programs have been operating under short term extensions 11 times, including a two day lapse in March 2010. In addition there have been 21 continuing resolutions, forcing programs to operate under a CR for 39 of the last 72 months, not to mention a 2 ½ week stretch where the government was shutdown. Governors, mayors, city and county councils, and tribal leaders can’t plan because they don’t know whether the Federal program and payments will be suspended – again – in just a few weeks’ time.

Increasingly, we are seeing State and local officials abandon planning on the more ambitious and expensive projects that will move our economy forward. Instead, these officials are targeting available dollars on smaller preventative maintenance and repaving projects while worrying whether Congress will allow spending authority from the Highway Trust Fund to expire four months from now – precisely when the construction season should be heading into full swing. Just recently, the Commissioner of Tennessee’s DOT announced he was delaying \$400 million in highway projects because of the funding uncertainty in Washington, saying “this piecemeal funding of projects and programs is having a significant impact on how and when State DOTs and municipal planning organizations deliver much needed investment in our transportation networks.” This is similar to the Director of the Arkansas State Highway and Transportation Department deciding to delay \$100 million in highway construction projects because of uncertainty over the Highway Trust Fund. We may not see it directly, but failure to act on a long-term bill is actually making investments in critical infrastructure more expensive – and more difficult - for all of our State DOTs.

Finally, the Federal programs that govern how we deliver projects must be modernized. Too often, projects undergo unnecessarily lengthy reviews, and we need to be able to make the types of reforms that will expedite high priority projects and identify best practices to guide future efforts without undermining bedrock environmental and labor laws or public engagement. We also need to reward States and local communities that coordinate their decision making with their neighbors and prioritize funding for freight projects that will benefit the Nation’s economy.

For these reasons, I hope that the Administration, this Committee, and the many other Committees in Congress who must be heard from, will agree that we must bring this period of short-term patches to a close. We must give the American people and the American economy a well-funded, multiyear authorization bill with new programs and reforms that are focused on the Nation’s future needs.

The Administration sought to provide a vision for the future last March, when we formally transmitted the Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America – or GROW AMERICA - Act to Congress. This is a long-term surface transportation reauthorization proposal that would provide both sizeable funding increases and needed policy reforms for our Nation’s highways, transit, and rail programs, while providing the long-term certainty called for

by our State DOTs. The GROW AMERICA Act will build ladders of opportunity to help Americans get to the middle class by providing transportation options that are more affordable and reliable and by improving their quality of life through greater access to education and new job opportunities. While I cannot speak to the particular details of the President's budget that will come out in the next few days, I can say that the central elements of GROW AMERICA that I will discuss now will be front and center.

Most importantly, the GROW AMERICA Act will put into place a program structure and funding stream focused on the transportation needs of the future. Through both funding increases and critical policy enhancements, the GROW AMERICA Act advances my key priorities: protecting the safety of the traveling public; closing the nation's infrastructure deficit, and modernizing the U.S. Transportation system through technology and process innovation.

***Protecting the safety of the traveling public:*** In 2013, vehicle crashes killed approximately 32,000 Americans and injured more than 2.3 million, making motor vehicle crashes one of the leading causes of death in the U.S. Every life is precious, and one life lost on our roads is one too many. The GROW AMERICA Act addresses safety vulnerabilities on our transportation network, both through increased investment in safety programs, and through policy changes that strengthen oversight and increase accountability. It includes:

- Harsher penalties for manufacturers that refuse to address defective and dangerous vehicles and equipment that endanger the public.
- Authority to require manufacturers to cease retail sale and/or require repair of vehicles or equipment that pose an imminent hazard to the safety of the motoring public.
- Authority to require rental car companies and used car dealers to participate in recalls of defective and unsafe vehicles.
- Streamlining federal truck- and bus-safety grant programs to provide States with greater flexibility to address regional and evolving truck- and bus-safety issues.
- Increased funding to the Highway Safety Improvement Program to help engineers identify hazards and prevent the next crash and help implement lasting safety improvements.
- Authority to make greater progress on eliminating drunk and distracted driving and other key safety concerns by giving States additional funding and flexibility.

The GROW AMERICA Act also includes a number of new safety proposals that build on lessons learned the previous year and continue the Department's focus on its safety mission.

***Closing the nation's infrastructure deficit:*** The GROW AMERICA Act proposes important policy improvements and makes critical investments to close this nation's infrastructure deficit, including:

- *Strengthening policies and increasing investment in our Nation's highway system:* The proposal will increase the amount of highway funds well above current levels, emphasizing “Fix-it-First” policies and reforms that prioritize investments for much needed repairs and improvements to the safety of our roads and transit services, with particular attention to investments in rural and tribal areas.
- *A dedicated grant program for projects that benefit the Nation's commerce:* The U.S. transportation system moves more than 52 million tons of freight worth nearly \$46 billion each day, or almost 40 tons of freight per person per year, and freight tonnage is expected to increase 62 percent by 2040. The GROW AMERICA Act includes dedicated funding for a new multi-modal freight program that will relieve specific bottlenecks in the system, strengthen America's exports and trade, and give freight stakeholders a meaningful seat at the table in selecting funded projects. The new initiative encourages better coordination of planning among the Federal government, States, ports, and local communities to improve decision-making.
- *Strengthening policies and increasing investment in transit systems to expand transportation options:* The proposal places a heavy emphasis on transit investment, which will enable the expansion of new projects that improve connectivity, such as light rail, street cars, and bus rapid transit, in suburbs, fast-growing cities, small towns, and rural communities, while still maintaining existing transit systems. These transit investments will play a critical role in supporting communities around the country – for example, providing transportation options in rural communities that have growing numbers of seniors.
- *Expanding and strengthening of DOT credit programs to spur innovative financing and increase overall infrastructure investment:* The GROW AMERICA Act expands financing options under the Transportation Infrastructure Finance and Innovation Act (TIFIA), which leverages federal dollars by facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly. The Act also makes it easier for smaller projects to use TIFIA. In addition, the Act increases the accessibility of the Railroad Rehabilitation and Improvement Financing Program, and the availability of Private Activity Bonds.
- *Strengthening domestic manufacturing:* The GROW AMERICA Act will strengthen existing “Buy America” requirements to ensure that taxpayer investments for public transportation translate into American jobs and opportunities for innovation. The Act allows for an orderly phase in by transit suppliers by raising the current sixty percent threshold to 100 percent over multiple years to bring the “Buy America” requirements for transit in line with the requirements in other modes.
- *Expanding access to markets and strengthening rural communities:* America's rural communities are the critical linkage in the nation's multimodal transportation network. From manufacturing to farming, freight logistics to energy production and more, rural America is home to many of the nation's most critical infrastructure assets including 444,000 bridges, 2.98 million miles of roadways, 30,500 miles of interstate highways. Specifically, the GROW AMERICA Act will encourage safety on high-risk rural corridors, provide workforce

development in rural areas, make badly needed freight investments, increase deployment of broadband use in rural areas, and improve the Federal Lands Transportation Program to achieve a strategic, high-use transportation system on roads that directly access federal lands.

***Modernizing the U.S. Transportation System through technology and process innovation:***

Technological changes and innovation have the potential to transform vehicles and infrastructure, logistics, and delivery of transportation services to promote efficiency and safety. Likewise, process innovation has the potential to improve the way that the government operates in the service of the American people. To that end, the GROW AMERICA Act is focused on:

- *Encouraging innovative solutions through competition:* The Act more than doubles the size of the highly successful Transportation Investment Generating Economic Recovery (TIGER) competitive grant program and cements it in authorizing statute. In addition, the Act would establish the Fixing and Accelerating Surface Transportation (FAST) program to create incentives for State and local partners to adopt critical reforms in a variety of areas, including safety and peak traffic demand management. Federally-inspired safety reforms, such as seat belt and drunk-driving laws, have saved thousands of American lives and avoided billions in property losses.
- *Improving project delivery and the Federal permitting process:* The GROW AMERICA Act will help projects break ground faster by expanding on successful Administration efforts to modernize the permitting process while protecting communities and the environment. The Act will institutionalize capacity within DOT to improve interagency coordination and implement best practices, such as advancing concurrent, rather than sequential, project review, and using the online permitting dashboard to improve transparency and coordination and track project schedules. The Act will also increase flexibility for recipients to use Federal transportation funds to support environmental reviews, and help to integrate overlapping requirements and eliminate unnecessary duplication.
- *Encouraging regional coordination and local decision making to improve outcomes.* The Act includes policy reforms to incentivize improved regional coordination by Metropolitan Planning Organizations, which are local communities' main voice in transportation planning. The GROW AMERICA Act also strengthens local decision making in allocating Federal funding so that local communities can better realize their vision for improved mobility.

The President is committed to ensuring that critical transportation investments are fiscally sustainable. Because rebuilding our transportation infrastructure is an urgent need, the Budget uses Highway Trust Fund revenues anticipated under current law in combination with revenues generated from pro-growth, business tax reform to fully offset the cost of the GROW AMERICA Act.

Thank you and I look forward to your questions.

Senator INHOFE. Thank you, Mr. Secretary. I have often thought in that particular job, in your job, there is no better background than to have been a mayor of a large city. You and I have talked about that in the past.

When you see the things that you know work, you wonder sometimes how can we build on these and do even a better job. I know the press, when we walk out of here, the only thing they are going to want to talk about is, how do you pay for it. We don't know yet. We are going to have all of the above and try to work on it.

But there are some areas that are sometimes controversial. I have to appreciate both sides working together on some of these enhancements. You mentioned the enhancements and some of the streamlining. We have done a lot of good things already. What more is out there that is obvious to you that would make it go faster, get more done for less money and get off the ground quicker?

Mr. FOXX. Thank you, Mr. Chairman, it is a very important question. We do have experience in the recent past building on some of the work of MAP-21, of doing concurrent reviews in our permitting process, which effectively allows all of the Federal agencies to sit at the table at the same time at an earlier point in the design and construction of a project, to comment on that project at a point at which the project can still be changed to respond to the permitting.

I will give you an example. There is a project in New York called the Tappan Zee Bridge, it is a \$5 billion project. We applied concurrent reviews to that project and we were able to reduce the permitting time from what could have been three to 5 years to 18 months, as a result of doing that concurrent process.

Senator INHOFE. That was really a direct result of the changes that we made in coming to this point.

Mr. FOXX. It was building on a lot of the work that MAP-21 contained, and there was also some administrative work that went into putting that on our dashboard and ensuring the agencies worked together. We think there are additional tools that could be provided to enable that to happen more.

The good news there is that when you do concurrent reviews, you are not sacrificing the environment. You are actually putting the environment in an earlier stage and you are actually getting better results there too.

Senator INHOFE. That is right.

Senator Boxer.

Senator BOXER. Thanks, Mr. Chairman.

Mr. Secretary, I am going to just press you on what is actually happening on the ground right now. We have failed as government to give any certainty to this process.

We know that Tennessee and Arkansas have already delayed hundreds of millions of dollars in highway projects for this year. Last summer, over two dozen States had taken similar preemptive action as the Highway Trust Fund neared insolvency. This whole game of waiting and then somebody steps up in the House or Senate and says, oh, I am going to save this for 5 months, this is a disaster. Can you discuss the likelihood that we are going to see these cutbacks continue if we don't take action soon to shore up the trust fund?

Mr. FOXX. Thank you for the question. This is a crisis that is actually worse than I think most people realize. Your point is very well taken.

We have until May 31st, 2015, the point at which the funding of the 10-month extension runs out. But the State departments of transportation are having to figure out what their plan of work is going to be during the height of construction season, which starts right about the same time that the extension runs out.

So I predict that over the course of the next few months, you are going to see more State departments of transportation start to slow or stop projects because they don't know what is on the other side of May 31st. So from a timing perspective, I think we have a problem sooner than May 31st in terms of the situation on the ground. I think what you are going to see is States pulling back even before May.

Senator BOXER. That is basically my question. I am not going to take any more time.

One point I am going to make over and over again to anyone who will listen. Some will and some won't. This is our duty, this is our job, this is the best thing we can do for the Country. This is the most bipartisan thing we can do. And this committee, I am urging, and I know the chairman feels as I do, that we need to step out here. I would say to colleagues here, we have a really great role to play by stepping out again and doing the right thing. We have the blueprint, Senator Vitter and I put it together with all your help. That may not be the exact blueprint we go with. But it is a definite start.

So thank you for, in your very calm and collected manner, for letting us know that lack of action is already happening, having a result and impact on the ground. And the impact is bad. It is bad for businesses, it is bad for jobs, it is bad for communities, for our local people. That is the point I think I wanted to make and you made it very eloquently.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Boxer.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman. I want to echo the comments that have been made about the bipartisan work of this committee on infrastructure. Last Congress, this committee, on a completely bipartisan basis, produced a really good water resources bill, water infrastructure bill that was very important for our ports and waterways and that infrastructure, maritime commerce. And as Senator Boxer mentioned, we put together a very good highway bill in this committee.

Now, we have the easy part, quite frankly, so I don't want to overstate it. We put together the transportation part of the highway bill, a good bill, very bipartisan basis. But the Finance Committee has the hard part, which is the financing part. I want to cut right to that, so let's cut right to the chase. I agree with you, we need to get this done. We need to get it done on a medium to long-term basis, not another band-aid approach.

My suggestion for all of us who truly want to do that is to cut right to the chase and to really dive in to those discussions about how we finance it in a realistic way. Folks on the left, including

the Administration, may have ideas that are perfectly valid ideas that just objectively are going nowhere in this Congress. Folks on the right in this Congress may have ideas that are perfect valid ideas that are going nowhere with this Administration. My suggestion is we blow past that, don't waste time, and cut to the chase of where we may find a common solution.

I believe realistically there are three realistic categories to focus on. One is, the traditional gas tax, a traditional means of financing the Highway Trust Fund. I believe that is only realistic, only a possibility, in my opinion, this is just my political judgment, I can't prove this, but I think it is only a possibility if we give all middle class and lower middle class taxpayers a tax offset, something off their income tax or withholding, something, so they are held harmless, so they do not pay a higher Federal overall tax bill.

Second big category, I believe, is tax reform, maybe focusing on business tax reform and using elements of that, namely repatriation, to have a significant amount of money for the Federal highway program. That is not a truly permanent solution, but those are big dollars that could fund a significant bill of a significant duration.

And then the third big category is some domestic energy production with the additional royalty and revenue dedicated to the Highway Trust Fund. I would like to see that to a much greater extent than I am sure is realistic, given the sensibilities of folks on the other side of the aisle and the Administration. So in the spirit that I began with, I am not suggesting David Vitter's lease plan for the OCS, which is a great one, by the way, but I am suggesting some expanded production which is good for American energy independence, good for our economy and would produce significant new revenue at least when the price of oil gets to a better place, a more stable place that could be dedicated to the Highway Trust Fund.

So my question is, what is the Administration doing to cut to the chase, as I said, and explore those three categories?

Mr. FOXX. Thank you for the question. Let me answer your question directly and also make a point. The Administration has put forward a proposal to use pro-growth business tax reform to pay for our infrastructure. What we would basically do is put, in addition to what the gas tax is currently spinning off, of course it is less than what the Highway Trust Fund needs to be level, but we put another amount of a like amount into our infrastructure to not only replenish the Highway Trust Fund but to do more than that.

Which leads me to the point I want to make, which is that I think there needs to be a conversation about what this is. What number are we trying to get to and what is it going to get us. If you think about me and our department as contractors, we can try to go out and build what Congress urges us to do. But I want to make it very clear that we can't go out and build a great big mansion if we have the resources to build a hut. I think that our system right now really needs a substantial injection of a long-term bill, but also substantial growth to counteract the cumulative effect of the short-term measures in the recent past.

Senator VITTER. And Mr. Secretary, just one followup, real quickly, on that specific point. Is there a version of that proposal you are talking about that doesn't have the big tax increase on successful

folks as part of it? Because going back to the spirit of my comments, I am suggesting that we get real and we cut to the chase so we actually solve this in a meaningful way by May. So if we are just talking about that version, in all due respect, I don't think that's sort of meeting my test.

Mr. FOXX. Well, the Green Book last year published three specific ideas about pro-growth business tax reform that I think potentially would meet your test. One was eliminating LIFO, another one was eliminating accelerated depreciation. And a third one was pulling some of the untaxed corporate earnings overseas and bringing those back home. And those there ideas, very specific ideas, are ones that seem to be within the parameters that you have mentioned.

Let me also extend to you, Senator, and to the committee, and to the entire Senate and House, the full measure of my attention to help you get to yes on a solution here. Because I think it is vital for the Country.

Senator VITTER. Thank you.

Senator INHOFE. Thank you, Senator Vitter.

Senator Carper.

Senator CARPER. I am happy go after Senator Cardin.

Senator INHOFE. All right, Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman. I appreciate that.

Secretary Foxx, thank you for your work. I strongly support a robust reauthorization, long-term, of our transportation needs. It needs to be long-term. As has been pointed out, our States and counties cannot plan without the long-term commitments from the Federal Government as their partner. It needs to be robust because it is not only the new roads and bridges and transit systems that we need, but it is also maintaining the infrastructure we have. So we have to focus on this.

I do want to maintain, and I think this is the important part, the flexibility. I represent Maryland. The Baltimore-Washington area is the most congested area in the Nation. We need to invest in transit and we have a game plan to do that. We want to stay on that game plan.

But a large part of it depends upon the ability of a sustained Federal partner and that requires a long-term reauthorization of a robust bill.

I also want to emphasize the need for giving our local governments flexibility. I have worked with Senator Cochran on the Transportation Alternatives Program that allows locals to make decisions, our mayors, our county people to make decisions as to what is in their best interest, so we have livable communities where you can walk and bike and keep cars off the roads when they are not necessary.

And then you emphasized safety. I want to emphasize that point also. We had a tragic bike accident in Baltimore just recently. It is critically important that our local governments have the ability to keep their people safe. Of course, we just recently had another tragedy on the Metro system here in Washington, and we have been working with your staff to make sure that we find out as soon as possible how we can make the Metro system safe. In other words, we don't want to wait a year for the full review before we

implement changes to make sure that the passengers are as safe as possible.

So I just really wanted to underscore the points that you have made, that we do want to work with you in partnership. This is a bipartisan committee. We want to have the resources to modernize our transportation systems. I have the honor of living in Baltimore and commuting to Washington every day. I never know whether it is going to take me 1 hour or 3 hours to get in.

So it is a challenge for people in our region, people in our Country. I urge you to be bold. I think this committee is prepared to be bold. It just seems to me with the price of energy today we should be able to get the resources we need in order to do what our constituents want us to do, have a modern transportation system, be able to maintain that, and create the economic engine that will create jobs for the people of our communities. That is our goal, that is what we are trying to do.

I just want you to know we appreciate your commitment to this. You have a lot of partners on this committee.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you.

Senator FISCHER.

Senator FISCHER. Thank you very much.

Thank you, Mr. Secretary, for being here today. I appreciate it.

In your testimony you State "Too often projects undergo unnecessarily lengthy reviews, and we need to be able to make the types of reforms that will expedite high priority projects and identify best practices to guide future efforts." I couldn't agree with you more.

As you know, in Nebraska, our department of roads, our cities, our counties, they have been very frustrated with the Federal Highway Administration's what I would call unpredictable approach to the environmental review process. You know that we have been trying to work on that. I don't believe that it comports with the performance based, data-driven approach of MAP-21. I think those reviews need to be performance-oriented, not solely process-based and certainly not inflexible.

I appreciated your earlier comment about a concurrent review process, where you can cut it down from three to 5 years to 18 months. That would be great. That would be great if we can do that. I hope that the Federal Highway Administration is going to continue to work with Nebraska so we can get there. As you know, limited resources become even more stretched and stressed when we have a process that I believe is not working the way it is supposed to.

What do you think we can do to be sure that State of good repair projects within existing rights of ways are exempt from what I would call a counterproductive consultation with regulatory agencies? And what is the value added to environmental protection by conducting even a CE level review on a resurfacing project or another project in an existing right of way where a transportation facility already exists? Do we have to study and document things over and over and over again and just pile up paper?

Mr. FOXX. Thank you for the question, Senator. I know that specifically with respect to Nebraska, the Federal Highway Administration has been working very closely with the Nebraska Depart-

ment of Roads, making a lot of progress on making greater use of categorical exclusions to expedite projects. I think you are going to see some good news occurring there over the next several months.

But more generally, the work of MAP-21 did some very important things to give the Department tools to make greater use of categorical exclusions. In addition to that, we have begun to take a look at the State review processes. If they are redundant and essentially at the same standard the Federal review would be, we have begun allowing some States to substitute their State review processes for the Federal review processes. Texas has just gone through that process. So we are working to expedite where we can.

I want to emphasize that I think that through our new bill, Congress could give us additional tools to enable us to operationalize concurrent reviews. Again, I think we get perhaps even better environmental outcomes by doing it that way, because the environmental considerations get brought up early and dealt with early.

Senator FISCHER. I would be very happy to work with you on those, with my office, especially so we can stop the redundancy that I believe is happening.

If we can move on to TIGER grants. Do you think they are being distributed in an equal manner? I know that when we look at rural America, open country, small towns, it seems that we are not getting really TIGER funds in those areas. Can you tell me why that would be?

Mr. FOXX. A couple of points. The TIGER program requires a minimum of 20 percent of each round to be distributed into rural America.

Senator FISCHER. And the definition of rural America at that point is?

Mr. FOXX. I would have to have my staff confirm this, but I believe it is a community of 50,000 or fewer people.

Senator FISCHER. I am talking about very sparsely populated areas, where in many cases there is one person per square mile. But yet in a State like Nebraska, we have miles and miles of roads that are necessary for commerce, for safety. And I would think we could look at maybe a new definition of rural America.

Mr. FOXX. You know, we are following the statutory definition, but if there is a new definition, we will follow what this Congress tells us. What I would also say are a couple of other points. We in the last round exceeded that 20 percent minimum. We think of it as a floor but not a ceiling. We are looking constantly to make sure that we see good transformational projects across the Country wherever they happen to come from.

Second, we have done more outreach to extend technical assistance to rural communities, because in some cases, it is communities that have fewer tools, aren't able to hire fancy consultants to help prepare their applications, that sometimes don't get through. So we want to make sure we are being as equitable as possible from that standpoint.

So we will continue to work with you and others. I also want to applaud Nebraska for Omaha's TIGER grant this last round, for a bus rapid transit system, the very first in the State of Nebraska.

Senator FISCHER. Yes, it was great.

Thank you very much, Mr. Secretary. I appreciate your work.

Senator INHOFE. Thank you, Senator.

Senator Booker.

Senator BOOKER. Thank you, Mr. Chairman.

First and foremost, I want to echo some of what has already been said. You are an extraordinary public servant, one of the best Cabinet members the President has. I say that with no particular bias, I am also your friend for many years and a fellow former mayor. [Laughter.]

Senator BOOKER. I just want to thank you also for your numerous trips to the State of New Jersey and for your partnership on a number of very specific, important projects. As you know, New Jersey is the most densely populated State in America. It is home to the most valuable freight corridor in this Country, it is home to the busiest airspace in this Country. It has the third busiest seaport in the United States. We have 39,000 miles of public road, 6,500 bridges and nearly 1,000 miles of freight rail. In many ways, when it comes to the economic prosperity of our State, New Jersey is the transportation hub that really drives our economy.

I don't want to reState anything that has been said already in terms of the importance of moving a long-term funding mechanism forward. But I do want to just for the record ask you some questions which are obvious but important to the State.

First and foremost, delays in adequately funding our infrastructure actually cost the taxpayer more money. In other words, it will drive the expense of this transportation deficit even higher. So in other words, all the fiscal conservatives, and I include myself, having been a mayor, and you as well, having to be fiscally conservative, that we are delayed by our lack of funding, our short-term actions actually are driving more costs to taxpayers over the long run. Is that correct?

Mr. FOXX. Yes. Absolutely. We have estimates, American Society of Civil Engineers estimates on a State by State basis the cost of poor infrastructure on our roadways. In most cases, the amount people are actually paying into the Highway Trust Fund, for instance, is less than the costs they are experiencing as a result of poor road conditions, whether it be having to buy new tires or get a new axle fixed, or the cost of gasoline or whatever. Folks are paying more than they are getting.

Senator BOOKER. So it is the height of your responsibility, from just a dollars and cents balance sheet analysis, for us to do nothing, or short-term fixes, not just for the public treasury, but as you said already, motorists in my State on some estimates are spending over \$2,000 a year because of poor road conditions.

So our inaction makes people pay twice: once with our taxpayer dollars and then also with their own dollars out of their pockets, in addition, their own dollars for direct payments because of repairs to their cars, congestion, lost productivity because you are sitting in traffic. Actually, Congress is making people pay twice.

Mr. FOXX. Yes. And money is one thing, but time is something none of us can create more of. When folk are spending 40 hours on average more a year in traffic, that is time they don't get back. That is a soccer game or a work hour or whatever. I think that we as a Country, we have stopped thinking about our transportation system as something that gets us there fast.

Senator BOOKER. Right. So I know the importance of finding the mechanism is really important, but it is almost like saying we either pay now or we pay much more later.

Mr. FOXX. Yes.

Senator BOOKER. So the last thing I want to ask you to comment on, one of my colleagues did something that many people might think is radical. Senator Sanders has called for a trillion dollar investment, far more than the Administration is asking for. Can you just give your opinion on that? Knowing that our deficit for transportation investments is far more than a trillion dollars, how do you view Senator Sanders' call for the trillion dollar investment?

Mr. FOXX. It is a bold step. It is a bold step and a statement about where we are as a Country. We need to invest more. I think everyone strains to figure out how to pay for it.

But to your further point, what happens if we don't? We are going to pay probably more anyway on an individual basis. We are going to lose opportunities to bring jobs to this Country. For every billion dollars we invest, we estimate 13,000 jobs come as a result of it.

And in the transportation sector writ large, only about 12 percent of folk who work in transportation have college degrees. So you look at that versus the long-term unemployed, this is also a jobs issue. So we are not capturing opportunities as a Country, because we are not investing as we should.

So I think it is very, very important, and I applaud Senator Sanders for taking a bold step and actually talking about the needs we actually have.

Senator BOOKER. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Booker.

Senator Capito, it is my honor to introduce Senator Capito for the first time in this committee. She will make great contributions here.

Senator CAPITO. Thank you, Mr. Chairman. Thank you, Secretary, for being here with us today.

I was able to meet you first when I was over on the Transportation Committee on the House side. And I was also on the Conference Committee with the Ranking Member when we did a lot of the streamlining of the environmental permitting for projects. I am glad to know it is moving along. I understand there are things still to be done. So I appreciate that effort.

Also I would tell my colleague, Senator Fischer, that in West Virginia, the rural community of Ranson was a recipient of two TIGER grants for economic development. We are very appreciative of that, they have been very innovative with that. I think it is going to really grow that local and regional economy. So I am very appreciative of the set-aside for rural America. Because we were the beneficiary of that.

The big question is, how do we afford all this? We know that is the elephant in the room and what we are all trying to struggle with. I would ask you, in the TIFIA and the public-private partnership arena, are you finding across the Country that States and local communities and business entities are really stepping up for this public-private partnership? We see some of this in West Vir-

ginia. I am wondering how that is going nationally and what your perspective is on that. I notice in your written comments you talk about expanding the TIFIA opportunities.

Mr. FOXX. Thank you very much. We do see a lot of promise in public-private partnerships. There are some really clear examples just in the last few months of ones that we have been able to move forward. One of which that comes to mind is in Pennsylvania, where there were 500 some odd bridges that the State of Pennsylvania needed to update. Many of them were deficient. And not one of those bridges by itself would necessarily have attracted private capital.

But they pooled those bridge projects together, and we were able to issue, I think it was \$1.2 billion in private activity bonds to support getting all of those bridges done. So we are looking at creative ways to move forward.

Having said that, I think we have some problems that I want to be very clear about. No. 1, this issue of the cumulative effect of short-term measures has hurt us as a Country because it has hurt our planning process. States and local governments that haven't had the luxury of counting on Federal support over a long-term period have pulled back on their planning. So the big projects that are most likely to attract large scale private capital in many cases aren't actually being planned, they are not going through the review process, they are not teed up, if you will, to rapidly move into a public-private partnership.

The second challenge we have is that the programs that we have with within USDOT are relatively stove-piped. TIFIA works through some agencies within DOT but not all. RRIF works through the Federal Rail Administration. PABs works through our Office of Policy. But we think one of the things that additional policy could do is help us pool those resources together so we could have a dedicated team to really focus on public-private partnerships.

Senator CAPITO. Thank you for that. I share your frustration. Certainly in West Virginia we had State transportation day, because the legislature has come in. There is a lot of frustration at the local level and the State government level about the inability here for us to do a long-term highway bill. I am certainly committed to that.

I think what happens and where the frustration for a State like ours falls is because the money comes in smaller chunks, you end up really just doing maintenance. You don't do anything innovative, you don't do anything that really is telling your population that we are moving to the next century.

So we see that in our home State, and I think that is very frustrating to local citizens, businesses and people who are trying to grow the economy at the same time. So I share that frustration.

So I would join with you to try to make this work and to find the magic formula that we can give the confidence to the States and local folks that we really can get this done. I think there is a great impetus for this and I look forward to working with you. Thank you.

Senator INHOFE. Thank you, Senator Capito.  
Senator Markey.

Senator MARKEY. Thank you, Mr. Chairman, and congratulations to you on this first and most important hearing that we will be discussing. I know that you and Ranking Member Boxer are working very closely together to advance this legislation. I think if we do it correctly we can have a great success this year, and I thank you for your work on it.

Mr. Secretary, if I may, I would like to talk first of all, transit-oriented development. You came up to the Ruggles Station in Boston, and we are having great success there with the help of the Federal Government to encourage development in an area that historically has been underserved, but which has potential to be explosive in terms of growth and the use of public transportation.

Could you talk a little bit about that and the role that Congress can play in partnership with the Department of Transportation to continue to advance it? What role do you see that in terms of it being built into the legislation that we are considering?

Mr. FOXX. Thank you very much, and it is a very exciting project in Boston. What is happening in Boston and across many of the metro areas around the Country is population is starting to concentrate there. If you go to some cities, I was with Mayor Garcetti in Los Angeles, actually, and he mentioned to me that they literally don't have more highways that they can build. They need to integrate transit choices into what they do.

When you build a station like Ruggles, what that does is it captures the imagination of real estate developers and they start to build dense developments and bring amenities into communities that may traditionally not have them. I think the challenge for us is that right now, if we look at the amount of money we are putting into transit, I think the demand for it is going to increase substantially over the next several years because of sheer population movements. That is one of the reasons why I would urge a more robust investment in transit, first of all. Second, I would urge that we do more to partner with local communities, whether it is MPOs or mayors or even Governors in some cases, to help them develop the tools to utilize the land use opportunities that come about as a result.

Senator MARKEY. Boston had 800,000 people who lived there in 1950. It drifted all the way down to about 600,000. But now, with increasing transit-oriented development, Boston has gone back up to 640,000 and the arrow is straight up in terms of the number of people who now want to move back, use public transportation, live closer to all of the amenities of the city but also the jobs that are being created around these transit projects. Which then has reduced, as you know, the number of vehicle miles driven by automobiles all across the Country over the last five to 6 years. It is just going down and down and down because people want to live and work closer to their mode of transportation. And increasingly it is public transportation. So thank you for all of your work on that.

Could I talk with you a little bit about the Complete Streets program as well? I also find that to be very exciting, where pedestrians, bikers, children, seniors, everyone is included in kind of a project approach that ensures that all of these facilities can be used by everyone. Can you talk a little bit about that, and again, the

role that the Congress can play in authorization and partnership with the Department of Transportation?

Mr. FOXX. Through our Transportation Alternatives Program, we have been able to be a bit of a catalyst in helping communities develop best practices around the greater use of Complete Streets. What that really means is creating ways in which all users on a roadway can safely use those facilities. So you will have a lane for vehicular traffic, you will have places for pedestrians that are safe and bicyclists as well. And we have found that it not only helps with safety, but people actually use the entire roadway in different ways. It is healthier, it is cleaner in some cases.

I think that continuing to support the Transportation Alternatives Program and helping us build additional tools to support States as they measure safety of the bicyclists and pedestrians and really bringing bicycling and walking up to a standard that we expect of every other mode of transportation.

Senator MARKEY. Right now we are seeing that upwards of three-quarters of pedestrians who are killed are killed in urban areas. So the more that we can work together to create strategies that reduce those numbers and make the streets safe for everyone I think the better off we are going to be. I am looking forward to working with you. I think it is a very exciting area and by the way, I think you are just doing a fantastic job. I think you understand cities, having been a mayor. I appreciate all the work that you do.

Mr. FOXX. Thank you, Senator.

Senator INHOFE. That is great. Thank you.

We will recognize now Senator Rounds for his first introduction on this committee. We are delighted to have him serving on the committee.

Senator ROUNDS. Thank you, Mr. Chairman.

Mr. Secretary, thanks for the opportunity to visit with you just a little bit today. Coming from South Dakota, our home State, we are between 800,000 and 900,000, except during the time of the Sturgis Rally, then we bump up considerably. It seems as a former mayor of Boston, the discussion there in terms of, you have had the opportunity to work on transportation projects from a different point of view, a large metropolitan area, yet one in which you are dealing with the Federal guidelines and rules that are required in order to qualify for Federal funding.

In South Dakota, we have similar challenges but on an agricultural basis and a rural area basis. I am just curious as to your thoughts with regard to the projects that, as you indicated earlier in your statements, need to be modernized. We have to be more efficient if we are going to expect taxpayers to put more dollars in at some point in the future. How do you move forward, from the Federal side now, when you are working with communities, large and small, States large and small, differing expectations in terms of the quality and yet at the same time the need for modernization of different projects? What do we do to convince and gain the confidence of the individual taxpayers who look at a Federal operation here that under traditional operations, takes a huge amount of time just to get a project ready to go, approved and then actually built? What do we do to convince them that we have modern ways

and more efficient ways to actually deliver those projects on a timely basis?

Do you have some ideas? Would you share your thoughts in terms of what we can do to actually deliver, a simpler way of saying it, more bang for the buck when it comes to the dollars that we are going to be expected to invest in order to maintain the infrastructure?

Mr. FOXX. Sure. We have had some conversation already about project delivery and things that could be done to improve it. There is another idea that I haven't mentioned that I think is worthy. Essentially, I think we can greatly accelerate the delivery of projects, speeding them up, in other words, by having more concurrent reviews occurring at the Federal level.

I would also urge creating tools that incentivize the States to do the same thing. Because sometimes the delays that occur are not just Federal delays, sometimes there are State reviews that have to take additional time. Giving the States more tools to be able to accelerate is also useful.

In addition to that, there is a quirky thing in the Federal Government when it comes to multi-modal projects, ones that involve potentially highways or rail or transit. That is that the reviews are sometimes, they require separate reviews. So even within our own department, on a project that has different modes involved, sometimes we have to have two different sets of reviews occur. And it doesn't make sense to me that we do that. But it is a requirement that comes that I think could be fixed by legislation.

So I think cleaning some of that up would be useful. It would also allow us to move forward without compromising the environment and ensuring project integrity.

The other thing that I would say though is that, I think the public has gotten used to a deteriorating system. I would urge that if you give us the tools to help speed up projects, which I would urge in the way that I just discussed, that we also look hard at making sure that we have the resources to make the kind of impact on folks' commutes and their ability to get goods from farm to market or whatever, and make sure that this counts. If you are going to go through the brain damage of trying to figure out how to get this done, make it count for America and make it so that people actually see it and feel it. I think another part of the bang for the buck issue is that if we are essentially managing a declining system, folks are also going to lose confidence even if we speed up projects.

Senator ROUNDS. Mr. Secretary, thank you. Thank you, sir.

Senator INHOFE. Thank you, Senator Rounds.

Senator MERKLEY.

Senator MERKLEY. Thank you very much, Mr. Chair, and thank you, Secretary Foxx. Thank you for the steady hand and detailed presentation and the points that you are hitting on certainly resonate in Oregon regarding movement of freight, urban transit, innovative financing, support of transportation for manufacturing, the connection between rural communities and markets, all of these. Well done, and thank you for coming out to Oregon to take a look at our Tilikum Crossing that certainly the Federal Government was a huge partner in. The network of light rail and streetcars and rapid bus transit that is being utilized to try to address some of

those job to work or home to work challenges, the lost time that my colleague from New Jersey was talking about.

Something that has really struck me and certainly resonated in my town halls across Oregon is the low percent of our GDP that we are investing in infrastructure. I think that is a point worth reiterating.

The numbers I have generally seen, but I have a feeling you have better, more detailed insights on this, is that the U.S. is now spending less than 2 percent of our GDP on infrastructure, that Europe is spending 5 percent, that China is spending 10 percent. And I was struck in two trips to China 10 year apart watching Beijing going from being basically a bicycle city to having a bullet train running 200 miles per hour. To be on that bullet train was one of the more surreal experiences of my life, given what I had seen just a decade previous. Massive change due to a huge commitment to infrastructure.

Are those numbers in the ball park, and how does that reflect on the difference between the foundation we are building for the economy of the next generation and what our competitors are doing?

Mr. FOXX. It is a great question. Those numbers are in the ball park. There are several challenges, some of which you have pointed out. One of them is that our global competitors have the benefit of picking and choosing from the things we have done with our system and figuring out which of those things they are going to engage in, whether it is rail or highways or ports or whatever. It then becomes a matter of, if you are a manufacturer, if you can get things from shop to port faster somewhere else, it creates a competitive disadvantage for us.

So one thing is that the rest of the world has looked at what we have done and they are building new stuff that in many cases is better than ours.

Second, we have an aging system. Some of the stuff that you are talking about in China is relatively new. We have two problems. We have new things we need to build that we are not building and we have old things that we built a long time ago that need to be fixed up. Both of those problems create a huge challenge for this Country.

The third issue that we have is, and I mentioned this before, but I think that we have allowed our system to be stove-piped. The reality is that if we are going to improve our ports, we need to improve our road systems and our bridges and our rail systems. If we are going to do all that, we need to also make sure that we are taking care of our inter-coastal waterways and ensuring free movement there.

So our system is a system of systems. But we can't starve it and expect it to perform for us. To your point, we are under-investing.

Senator MERKLEY. Thank you very much. Thanks, Mr. Chairman.

Senator INHOFE. Thank you.

Senator Carper.

Senator CARPER. Thanks, Mr. Chairman. I want to applaud you and Senator Boxer for the spirit in which you approach this work. It is an inspiration to me and I think to all of us. And I hope it is an example to our colleagues in the Senate and the House.

Senator INHOFE. We will make it work.

Senator CARPER. Mr. Secretary, a lot of nice things have been said about you this morning. Some of them really over the top. You have been referred to as the Mayor of Charlotte, Boston, I don't know what else you have in your background. There is an old saying in our State, it says flatter won't hurt if you if you don't inhale. So all these nice things that are being said about you, just don't breathe too deeply and you will be fine.

One of the takeaways from me, one of the major takeaways for me from the election last November was, really three things. One, people want us to work together and the spirit that Senators Boxer and Inhofe bring to these proceedings is, I think, what the folks are looking for across the Country. They want us to get something done, something real done, not just talk about it, not just bemoan the fact that we are having a hard time getting things done, but actually get things done.

The other thing they want us to do is find ways to further strengthen our economic recovery, which is now in almost its sixth year and starting to move well. Still, people are hurting, there is still a good deal that needs to be done. But one of the best things we could do, and others have referred to this, a lot of people are sitting on the sidelines who would like to do construction work. I understand that a fully funded, robust transportation plan would put 600,000 or 700,000 people back to work, including a lot of people who haven't worked for a while.

The other thing we have heard, there are any number of studies from people a lot smarter than me that have talked about it and computed what happened to the growth in our gross domestic product if we would actually do a robust transportation plan for America. It is not just a tenth of a percentage point, it is like between 1 percent and 1.5 percent growth in GDP. It is real growth.

I think it was Senator Capito who used the term the 800 pound gorilla in the room. I go back to those, there is an 800 pound gorilla in the room, and it is really our unwillingness to really pay for things that we want, or pay for things that we need. The energy policy we have, an all of the above approach would include generating electricity from gas, coal, nuclear, from wind, hydro, solar and other sources. I think what we need is maybe an all of the above approach in terms of providing transportation funding. Not just financing. There are a lot of ways we could finance stuff, which basically means we are borrowing money. But we need to fund it as well.

But through public-private partnership, there is room for that, and infrastructure banks, there is probably room for that, repatriation could be helpful, especially getting one-time projects. I think for example, the tunnel I came through coming down the northeast corridor this morning under Baltimore was built in the Civil War. That is an example of a one-time project. It needs a lot of money and could be funded by something like repatriation where you have tolling, we have vehicles miles traveled. There are some interesting experiments in vehicle miles traveled, very slowly advancing. But I think it is a good example.

So all those are available. But the idea that we have not talked about a whole lot here is user fees. We have paid for our transpor-

tation infrastructure for years through user fees. The gas tax, as we know it, that was adopted 21 years ago, about 18 cents, it is worth about a time, the diesel tax was adopted around 21 years ago, it is worth about 15 cents. Meanwhile, our asphalt, concrete, steel, they have long ago gone up. And we need something like a baseload for our energy, coal, nuclear, gas, we need some baseload here for our transportation funding.

There is going to be introduced some bipartisan legislation in the House and Senate probably next month that would raise that user fee, the gasoline tax, three or four cents a year for 4 years, index it to the rate of inflation, raise about \$175 billion. It would be a real infrastructure investment program. And on top of that, we still need to do a whole lot more. Those other items that I referred to would be very helpful.

My question. You and I have had some good conversations of late. Some of my Republican colleagues have talked about, why don't we just offset an increase in the user fee by reducing personal income taxes for lower income people or others. The problem with doing that, we have a \$480 billion budget deficit. To the extent that we go about reducing the personal income taxes, we make the budget deficit bigger.

One of the things we talked about is finding savings with the way we do transportation projects. You have shared a couple here today, ideas how we could actually save some money to offset whatever increase we have in user fees. Could you just briefly talk about two or three of the most important ones, most doable ones you think we should focus on and what we could do to help?

Mr. FOXX. I think the project delivery work is an opportunity, done right, in a way that doesn't compromise the environment, I think it can be done very well. And it would save money, not just money at the Federal level, it actually would work downstream at the State and local levels as well.

In addition to that, I think in terms of saving money, I think the more we work to accelerate projects that move through the system at any given point, whether it is design, environmental review, or even as we work on become better with innovative financing tools like private activity bonds and so forth, those are places where I think we can also stand to accelerate and get projects done a little faster. We have worked very hard to make the TIFIA program move better and faster. I think that has been a success.

But RRIF still needs some help, and I think the private activity bonds work could use some as well. We will continue working on those things.

Senator CARPER. I realize you could help us buildup to that list and be real partners in this. To the extent that we, as we raise moneys, I hope through user fee increases, phased in over several years, modest, but real, and to find ways to offset those increased user fees through savings, and be able to find ways in how we are doing transportation projects to actually do them, not in a way that degrades our environment, we are not interested in going there, but help us define this. I know you are going to have some of your people do that, and we are grateful. Thank you.

Senator INHOFE. Thank you, Senator Carper.

Senator BARRASSO. Thank you, Mr. Chairman. Thank you very much for being with us, Mr. Secretary.

In your statement you talked about we must expedite high priority projects. I agree. In Wyoming we have high priority projects which could be as small as replacing a single lane bridge and as big as replacing a segment of Interstate 80. So can I ask you to please share how your recommendations on expediting project delivery are going to benefit rural areas and rural States like Wyoming?

Mr. FOXX. What we would like to do is to operationalize the concurrent review process so that we are doing that on a more routine basis, it is not just some of the high profile, big dollar projects. But it could be more on a routine basis for virtually all projects. I think working with Congress to develop those tools, again, to do it in a way that is environmentally sensitive, I think we can get that done and actually move the ball forward a good bit.

Senator BARRASSO. Thank you.

Mr. Chairman, in light of the fact that we have a number of Governors waiting, I will defer until they get here.

Senator INHOFE. Thank you, Senator Barrasso.

Senator Gillibrand.

Senator GILLIBRAND. Thank you so much, Mr. Chairman and Madam Ranking Member, for holding this hearing. This is an incredibly important issue for New York State.

Mass transit is critical to the economic viability of not only New York, but every State in the Country. On an average weekday, nearly 8.5 million Americans ride the trains, subways and buses in New York City, which generates significant economic revenue. Would you agree that it is critically important for mass transit to continue to receive designated funding through the mass transit account of the Highway Trust Fund? Can you discuss some of the negative impacts to our national economy and to regional economies across the Country if the Congress were to cut funding for public transit?

Mr. FOXX. Absolutely, I agree that we need to maintain resources for mass transit. It is vitally important, of course in the State of New York and many other parts of the Country. There is also a very substantial rural transit program we have that is also vital to many rural communities as well.

If Congress were to eliminate that funding, what would happen is that our roadways in high-use areas of the Country would become inundated with traffic. Freight movements and commutes would actually stall. That would be a disaster for the Country.

What we really need is a Nation that moves more toward multi-modal movement, and one in which the users have choice. The more choices they have, potentially you get more cars off the road. That enables more bandwidth for trucks and other commercial activities to occur. So this is all symbiotic. If we lose the transit piece, I think we end up creating other problems.

Senator GILLIBRAND. Super Storm Sandy resulted in a whopping \$8 billion of physical damage to the region's transportation infrastructure and affected nearly 8.5 million public transit riders, 4.2 million drivers and 1 million air travelers. For nearly 2 years after Sandy, New York City has not only worked to repair and restore

its transportation infrastructure from the storm's damage but is also taking steps to improve the resiliency of its transit network. However, there is much more work to be done.

Can you speak to some of the challenges with regard to constructing a more resilient transportation network, what has been effective so far, and what policies would be most helpful to ensure that the DOT as well as State and local governments have the tools they need to improve resiliency and plan for future extreme weather?

Mr. FOXX. This is another very important topic, and it is one that cuts across many of the Department's programs, whether they are highway, rail, transit, maritime, etc. We learned a lot when we got involved with the Hurricane Sandy recovery. We are taking the learning we derived from that and trying to build into more of our programs routine resilient construction.

So for instance, we found that stoplights needed to be wedged into the ground deeper to be more resilient. We found that in the subways in New York, where the electrical wires had been under the trains, that putting them above the trains and encasing them in a thicker material would provide more resilience. So these best practices aren't being left in the Northeast. We are actually trying to see those get implemented in other parts of the Country, so that we are building more resiliently going forward.

Having said that, one of the challenges we are going to keep running into is, we are under-investing in our infrastructure overall. So in terms of actually building a more resilient America, the less funding we have available, the less we are going to be able to make an impact.

Senator GILLIBRAND. My last question, I know you addressed already but I will ask it, improving pedestrian safety is a critical issue in New York and one that local leaders in my State are working very hard to address, whether it is Vision Zero in New York City or projects to improve sidewalks and crosswalks in upState New York. Building pedestrian infrastructure into how we design our streets saves lives.

As this committee works to reauthorize MAP-21, we should make sure that we continue to invest in critical safety programs that protect the safety of pedestrians, including children and the elderly and people with disabilities. What would be the implications of failing to adequately address pedestrian safety at the Federal level?

Mr. FOXX. It is an incredibly important question, Senator. Between 2009 and 2013, we actually saw an uptick in pedestrian and bicycle deaths as well as accidents. It is one of the few areas in our entire Department where we are actually seeing that uptick. So we have to attack this as a Country. We have to use a multi-tiered strategy. Our Transportation Alternatives Program, which provides us resources to help support bicycle and pedestrian programs, has been useful. We have also made significant investments through TIGER to help promote best practices, including New York City's Vision Zero program.

Finally, we are working with mayors across the Country now to encourage them toward best practices in information sharing. A lot

of the capital expenditure for road assets across the Country are at the local level.

Senator INHOFE. Thank you. Thank you, Secretary Foxx. We are going to really enjoy this ride with you. I think you are the right guy at the most difficult time. We will make this happen together. Thank you for your service.

Mr. FOXX. Thank you, Mr. Chairman. Thank you, Ranking Member Boxer.

Senator INHOFE. I would like to ask the second panel to come in. I believe they are all in the anteroom. Our first introducer will be Senator Sessions. He is trying to get to another committee hearing. We will have our witnesses please come in and sit down.

Senator SESSIONS. Mr. Chairman, I think our new Senate is trying to get busy today. We have four major committees at this exact time going on that I am a member of. I know others are having conflicts, too.

Senator INHOFE. And on top of that, something like 16 votes. We are going to be busy.

At this time, I would like to welcome our panel. We have had a little bit of illness around, and it has changed the makeup of the panel a little bit. I would first like to introduce for introductory purposes Senator Sessions.

Senator SESSIONS. Thank you, Mr. Chairman.

I am honored to introduce Governor Robert Bentley, the 53d Governor of the State of Alabama. He is a long-term practicing physician. It is reported he finished at the top of his medical class. I haven't asked him that under oath, but I would not be surprised. In fact, I am sure that is accurate.

He served in the Air Force, and he made job creation a priority with automobile, airspace and manufacturing industries in Alabama, showing some real growth. He is Vice Chair of the Economic Development and Commerce Committee of the National Governors Association. He has a great understanding of the fiscal challenges facing our States. He was just re-elected despite having to make some real tough decisions to control spending. Had a big victory in this past election. He understands the fiscal challenges we face, what our States need to do to assure taxpayers' money is spent wisely. He has been leading a host of efforts to streamline and reduce unnecessary costs and spending.

Governor Bentley, thank you for coming. It has been a pleasure for me to work with you. I have the highest respect for you. I would say this, Mr. Chairman. I won't be able to participate in the questioning, I don't think. We will see how that works out. I hope to get back. But I share your view and that of Senator Boxer that we need a highway plan that we can pass that is soundly financed and paid for that allows our Governors to rely on the future, so they can plan for their future. It is cost money, or reducing the value of the money we spent, because of the uncertainty that is out there. Even though you know I am a frugal budget person, somehow we need to make this one work. I will try to be positive in that regard.

Thank you for your leadership and thank you for inviting Governor Bentley.

Senator INHOFE. Thank you very much, Senator Sessions, for that fine introduction of the Governor.

We recognize Senator Rounds for his introduction. I believe I met your guest when I was up in South Dakota.

Senator ROUNDS. That is entirely possible, Mr. Chairman and Ranking Member Boxer. My opportunity today is to first of all introduce the Secretary of the Department of Transportation in South Dakota, Darin Bergquist. I have known Darin for years, and I had the opportunity to actually appoint him as the Secretary of Transportation when I was Governor. So I can share with all of you, he has seen the ins and outs and challenges of trying to work with limited funding and in a rural State in which there is always a challenge in terms of how you take the dollars and spread them out and literally deliver the best you can and yet come back to a legislative body who is always questioning how you are spending the money.

If I could, I just want to share with you, in South Dakota we have challenges like everyone else. But it is a rural State, we are 200 miles up and down and 400 miles east and west. We have 85,000 miles of highway. Local governments own 57 percent of the Federal aid highway miles within the State and 91 percent of the State's structurally deficient bridges. The Federal Highway program is vital to ensuring South Dakota has the funds that we need to manage our State's highways and bridges, thereby providing for economic growth and ensuring that all South Dakotans can travel safely throughout the State every single day.

I can share with you that I look forward to working with the other members on this committee and with you, Mr. Chairman, and Ranking Member Boxer. We do need an infrastructure bill, we need a Highway Bill, one that delivers for transportation needs across the entire United States. I just hope that as we move through this process, we find an appropriate way to fund it on a longer term basis, and we also recognize that we have to do this as efficiently as we possibly can, and that means cutting through as much red tape as we can when it comes to delivering these services.

Something else, and that is that we work through this in a positive way, rural and urban areas, recognizing that our needs are truly different in many cases. But we are going to have to find a way to keep all of us in the same game, and recognize the needs of both the rural and the urban States in this methodology.

With that, Mr. Chairman, thank you.

Senator INHOFE. Thank you for that very fine introduction.

Senator SANDERS.

Senator SANDERS. Thank you very much, Senator Inhofe. I apologize for not being here earlier, but I was in another committee.

Thank you very much for inviting Governor Peter Shumlin of Vermont to be with us today. As Senator Rounds just mentioned, I think everybody on this committee understands our infrastructure is in many ways collapsing. We used to lead the world in terms of infrastructure. According to the World Economic Forum, we are now in twelfth place. That is not anything that anybody on this committee should be proud of.

In the State of Vermont, we have the same infrastructure problems as a rural State that every other State in the Country has. We have communities with a whole lot of potholes, we have conges-

tion. We have bridges that are in disrepair. Some years ago, and Governor Shumlin played a very active role in helping us in that regard, we were hit with Hurricane Irene. Devastation to our infrastructure in parts of the State. We worked very hard to rebuild that infrastructure.

So I appreciate your efforts, Mr. Chairman, and you are going to be working with Senator Boxer. There is a lot of division in the Congress today but I would hope that on this issue there is a common understanding that we are doing our kids and grandchildren a great disservice if we don't own up to the infrastructure problems that we have right now, that we work with Governors around the Country to go forward on this issue.

Mr. Chairman, thank you very much.

Senator INHOFE. Thank you, Senator.

Let me just make this comment. We are very proud to have all of you here. We had some illness, and the full panel is not here. But I appreciate very much your coming. It is important. And I do believe, when I look at this politically, it is going to be necessary to have a lot of pressure, a lot of pressure from the State in order to have the support necessary to get this through. It is going to be heavy lifting, but we know you guys are available and able to do that.

We will start with opening statements. Governor Bentley, you will be recognized first.

**STATEMENT OF HON. ROBERT BENTLEY,  
GOVERNOR, STATE OF ALABAMA**

Governor Bentley. Thank you, sir. And good morning, everyone.

It is a pleasure for me to be with you, Senator Inhofe and Senator Boxer. I appreciate Senator Sessions' great introduction of me. He is a good friend, and I appreciate all of you, all the members of this committee.

I am here on behalf of the National Governors Association and also the people of Alabama. Governor Tomlin and I are on the National Governors Association Economic Development and Commerce Committee. We serve together on a bipartisan basis. All the Governors of the States have basically the same problems that have just been mentioned today.

I am here today to highlight some of these problems and some of the situations that we have. The first priority, when we look at priorities, is really to continue to maintain a strong partnership between the Federal Government and the State governments. There are selected projects across this Country that are of national and regional significance, that States and the Federal Government can partner together on that will benefit our entire Country.

One such project is in Alabama, it is our Mobile River Bridge, also known as the I-10 Bridge. Senator Sessions, who had to step out, he knows this very well. This is a project that reduces congestion in the tunnels that helps with the growth of our great city there, Mobile. This is a major project that we need to be working on.

One of the second priorities that we need to look at is long-term funding, which has already been mentioned. Funding certainty at the Federal level is essential for planning and for budgeting for fu-

ture projects. We as Governors are CEOs of the States. We understand how important transportation infrastructure is to creating jobs in our States. Certainty allows Governors the ability to plan and to execute long-term multi-year transportation projects.

Since I took office in 2011, we have recruited 63,000 new and future jobs for the State of Alabama. Good infrastructure is a key part of the environment that is needed to create the jobs in our State. In Alabama, we are witnessing first-hand the successful partnership of job creation and infrastructure improvement. The first week, my first term of office, I met and recruited a \$100 million company, Golden Dragon Copper Tubing, to Wilcox County, which is the county with the highest unemployment rate in the State of Alabama. This new facility will employ 300 people and not only will it change this community, but it will change those families that live there and it will change a way of life.

The State gave \$7 million of construction money to build roads to this plant. And it will make a difference in the lives of the people of that area.

The third thing that I would like to mention is the flexibility that we need in Federal dollars. The earmarking of Federal dollars hurts the ability of Governors to allocate funds within our States. I want to share also in my testimony very quickly, I want to share a program that I have started. It is an innovative program that we have started in Alabama. It is something we call the ATRIP program. We have put \$1 billion to repair the roads and bridges of every county in the State of Alabama. We use Garvey bonds to do this.

We have been able to borrow these at a very low interest rate. And the fact that have ourselves used our gasoline money to back these bonds, we have been able to save \$35 million more.

Every county in the State of Alabama, 67 counties, will receive projects. And the least any county will receive is \$6.6 million. This spring, Congress will have the opportunity to set a new vision for infrastructure investment in America.

As a Country, we must show that if we are serious about our economy, that we must get serious about investing in our roads and bridges. Governors urge Congress to pass a long-term transportation bill that provides the certainty needed to plan for future projects and the flexibility needed to tailor those projects to the unique challenges that faces each State. Governors look forward to working with you, Congress, and the Administration, to authorize long-term funding. I thank you today for the opportunity to come and testify before you.

[The prepared statement of Governor Bentley follows:]



Statement of

The Honorable Robert Bentley, Governor of Alabama

&

Vice Chair, Economic Development and Commerce  
Committee, National Governors Association

Before the

Senate Environment and Public Works Committee

On

“The Importance of MAP-21 Reauthorization:  
Federal and State Perspectives”

January 28, 2015

Chairman Inhofe, Ranking Member Boxer and members of the Senate Environment and Public Works Committee, thank you for inviting me to testify today on behalf of the National Governors Association (NGA) and the people of Alabama. As Vice Chair of NGA's Economic Development and Commerce Committee, let me assure you that there is bipartisan support among governors to work jointly with our federal partners to build a foundation for surface transportation reauthorization.

Let me begin with several main points:

- Our nation's multi-modal transportation and related-infrastructure systems support and enhance the economic growth of states and the nation. Together, surface transportation and infrastructure help sustain quality of life, enhance public safety, and enable the flow of interstate and international commerce that underpins our nation's competitive position in the global economy.
- Over the years, previous surface transportation reauthorizations and short-term legislative extensions created uncertainty at the national level. This triggered necessary and pragmatic actions at the state level to maintain and develop our vital infrastructure, but governors agree that successful state action does not justify federal disengagement or devolution.
- Governors agree that a well-functioning surface transportation system requires both a long-term vision and funding stability to provide for our nation's diverse mobility needs. The process for maintaining our nation's transportation infrastructure also requires an intergovernmental partnership.
- Accordingly, we have traveled to Washington, D.C., today to highlight the important transportation projects we are working on in our states and to ask Congress to pass a surface transportation bill that provides states with the *certainty* needed to budget and plan for future projects. We also ask that Congress provide states with the *flexibility* needed to determine how to use the federal transportation dollars we receive.

#### **Surface Transportation's Effects on National and State Economies**

Our nation's infrastructure system provides the skeletal structure that promotes the flow of commerce in our nearly \$18 trillion economy,<sup>1</sup> sustains quality of life, and enhances the economic growth of states and the nation.

Thanks to the investment in roads, rails, airports and waterways, Alabama is globally competitive. Alabama's emphasis on infrastructure is one of the reasons we have added 63,000 new and future jobs since I took office in 2011. With more than 74,000 miles of

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<sup>1</sup> U.S. Bureau of Economic Analysis, National Income and Product Accounts, BEA 14-65 (Dec. 23, 2014).

public roadways, including six major interstate highways, our state is ideally located and structured for any company's logistical needs.

From automotive and aerospace to metals and medical, we've used our foundation and success in multiple industries to establish Alabama as one of the top five business climates in the country. This is a result of Alabama's good transportation infrastructure.

In Alabama, each of our 67 counties has been given the opportunity to recruit more jobs, thanks to the largest road and bridge improvement program ever conducted in the state. Alabama industries are not only deeply rooted, but also widespread from years of tremendous growth and development. The Alabama Transportation Rehabilitation and Improvement Program, known as ATRIP, is making more than \$1 billion available to counties and cities and allowing much-needed road and bridge projects to move forward. It has a companion program, the Rural Assistance Match Program (RAMP), which uses state funds to assist 21 counties with the local match requirement of 20 percent of the project construction cost. Today more than 1,100 road and bridge improvement projects are underway or soon will be because of ATRIP and RAMP.

ATRIP is an example of an innovative state program that leverages federal funds to enhance roads and bridges in every county of our state. In addition to all 67 counties in Alabama benefiting from ATRIP, 118 cities are acting as sponsors. Local sponsors are responsible for any cost that exceeds ATRIP participation.

Funding for ATRIP comes through the use of Grant Anticipation Revenue Vehicle, or GARVEE, bonds. Through the use of GARVEE bonds, Alabama can pay for projects. These bonds are repaid with future federal dollars. Last year, I proposed legislation to allow the state to back our GARVEE bonds with revenue from our state's gas tax. By doing this, we were able to get a lower interest rate and will save potentially more than \$35 million over the lifetime of the bonds.

Alabama is able to access future federal dollars now to pay for road and bridge projects that are needed immediately. With interest rates on municipal bonds at historic lows, the use of GARVEE bonds makes strong financial sense as the low cost of borrowing is generally lower than the rising cost of inflation in construction projects.

Last year, Standard & Poor's Ratings Services assigned Alabama its 'AAA' rating for \$508.5 million in state highway bonds. The 'AAA' rating for the transportation bond is the highest rating the state has ever received, and is the highest rating assigned by the ratings service. In fact, Alabama's bonds now enjoy a higher rating than the federal government's bonds.

By using GARVEE bonds, we are able to make much-needed improvements without raising taxes. In addition, this program will create construction jobs across the state as projects move forward, and by making areas more attractive to prospective employers,

the ATRIP program will help with the long-term recruitment of even more jobs in the future.

We need certainty at the federal level so that states can plan for and make infrastructure improvements. A long-term federal transportation reauthorization will provide certainty.

A continued federal investment is necessary to leverage our efforts to improve infrastructure systems and create a cohesive transportation network across the nation. However, the burden of maintaining the nation's entire transportation network cannot be left only to the states. All levels of government must partner to invest in quality infrastructure and meet our nation's transportation needs.

Federal transportation programs and funding should provide maximum flexibility to the states for implementation and innovation because of our diversity of geography, population, and priorities. When states receive federal funds that are earmarked for specific projects, it diminishes core program funding and restricts the ability of governors to maintain critical infrastructures within their states.

I also recognize that there are some select Projects of National and Regional Significance that must come from a specific funding source. For example, this year we have submitted a grant requesting \$500 million to make needed improvements to the Mobile River Bridge, also known as the I-10 Bridge. The total cost to improve this bridge is nearly one billion dollars. The upgrades would increase the capacity of I-10, which runs from Florida to California, to meet existing and predicted future traffic volumes and to provide a more direct route for vehicles transporting hazardous materials, while minimizing impacts to Mobile's maritime industry.

We are witnessing firsthand the successful partnership of job creation and improvements to roads and bridges.

During my 2014 State of the State address, I mentioned that the poorest county in America is Wilcox County, Alabama. The first week of my first term in office, I met with Golden Dragon Copper Tubing, and recruited that company to an area that included Pine Hill in Wilcox County. In May 2014, Golden Dragon held their grand opening. This new facility, at full capacity, will employ 300 people.

This facility means more than just jobs. For the 150 people currently employed, they are noticing what the rest of the community is noticing – improved roads and bridges. Through the Industrial Access Road and Bridge Corporation, the state constructed a new three-lane road. This three-quarter mile road runs from State Highway Five into the entrance of Golden Dragon. A new 350-foot bridge was also constructed to go over an existing railway and additional improvements were made to State Highway Five to

improve access to Golden Dragon. The state allocated a total of \$7 million on these projects, but the company's total capital investment is \$100 million.

This is one key example of how improvements to our infrastructure have a direct correlation to long-term job creation.

Governors across our country are championing infrastructure, and investing in infrastructure continues to be a central theme in many State of the State addresses. What are governors saying? Let me offer some examples:

➤ *"A recently completed Battelle study demonstrates the need for us to take a hard look at adequate road funding. The study shows that without action, funding available for road and bridge maintenance will fall short of what is needed to remain competitive and, more importantly, safe. Without action, Iowa's roads and bridges face an uncertain future. Our farmers will find it more difficult in delivering commodities to market. Business and industry will look elsewhere when considering where to invest and grow. As the study found, sound infrastructure remains a prerequisite for economic development. This is our opportunity to pave the road toward Iowa's strong future".* Iowa Gov. Terry Branstad, January 13, 2015.<sup>2</sup>

➤ *"Unleashing the potential of our economy also demands world-class infrastructure. The ability to move goods and services efficiently, connect to cutting-edge information technology infrastructure, and access cleaner, cheaper and more reliable energy is essential to every industry in our state."* Delaware Gov. Jack Markell, January 23, 2014.<sup>3</sup>

➤ *"Yet another way to improve the economy is to put people to work building and maintaining our infrastructure [...] In our current budget, we invest \$6.4 billion into the state transportation system. This is welcome news for all those who work so hard to build and maintain our roads and bridges [...] Good roads and bridges and freight rail and ports and transit and airports are important to more than just construction workers, they are vital to a thriving economy."* Wisconsin Gov. Scott Walker, January 22, 2014.<sup>4</sup>

➤ *"Without action, there will be a 52 percent cut in the maintenance budget, and 71 bridges will become structurally deficient or functionally obsolete. Without action, commute times will continue to rise, robbing us of time with our families. Without action, our ability to move goods efficiently will be diminished."* Washington State Gov. Jay Inslee, January 13, 2015.<sup>5</sup>

<sup>2</sup> Gov. Branstad Delivers 2015 Condition of the State: "Together We Can". Web. 24 Jan. 2015.

<<https://governor.iowa.gov/2015/01/gov-branstad-delivers-2015-condition-of-the-state-together-we-can/>>.

<sup>3</sup> "2014 Governors' State of the State Speeches." *2014 Governors' State of the State Speeches*. Web. 24 Jan. 2015. <<http://www.multistate.com/site.nsf/sosaddress2014?OpenPage>>.

<sup>4</sup> Ibid.

<sup>5</sup> Inslee, Jay. "2015 State of the State." *2015 State of the State*. Web. 24 Jan. 2015.

<<http://www.governor.wa.gov/news/speeches/2015StateOfTheState.aspx>>.

**MAP-21 Reauthorization: NGA Policy Priorities**

The seeds of a renewed national commitment to surface transportation infrastructure were planted more than two years ago when Congress passed the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21), which authorized federal law for highways and transit for 27 months. In advance of MAP-21, governors worked through NGA to inform congressional action. NGA also led an effort among national organizations representing state and local elected officials to develop guiding principles for transportation policy (*See Attachment 1 for NGA's Transportation and Infrastructure Policy*).

Governors appreciate that MAP-21 reflected many of NGA's policy priorities. In particular, governors supported the preservation of innovative financing tools such as public-private partnerships and expanding the capacity of the Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance program. Alone, these financing tools cannot substitute for reliable and sustainable funding sources, but they are an important complement. The development of new infrastructure projects will need innovative project financing options, stable funding sources, intergovernmental partnerships and multi-state coordination.

As Congress begins to work on MAP-21 reauthorization, NGA's principles remain relevant. Governors, as the "CEOs" of states, understand the importance of transportation infrastructure to economic competitiveness and job growth. To move our economy forward and be able to plan and execute long-term, multi-year projects, states need predictable federal funding and the flexibility to use existing and new financing mechanisms when public funding falls short.

We are all aware that a range of funding options has been suggested because existing revenue sources cannot sufficiently support the various federal trust funds that help finance transportation and infrastructure.<sup>6</sup> I believe we would also agree that if there were one viable "silver bullet option," Congress would have already passed it into law.

Governors will leave it to the experts to advise Congress on those options, recognizing that a combination of both short-term and long-term options may be required to safeguard the Highway Trust Fund. However, for the reasons described previously, NGA maintains that continuing to use general fund transfers to fill Highway Trust Fund shortfalls and operating federal highway and transit programs through a patchwork of short-term extensions are not viable long-term options.

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<sup>6</sup> See *Matrix of Illustrative Surface Transportation Revenue Options*, American Association of State Highway and Transportation Officials (2014). (Options suggested include standards such as the motor fuels tax; indexing; a shift to a sales tax on fuel purchases vehicle-miles-traveled fee; and customs and imported oil duties.)

### **Infrastructure and Federal Tax Reform**

In addition to the conversation surrounding MAP-21 reauthorization, NGA is engaging in other federal policy conversations—such as the one surrounding federal tax reform—that could impact states' ability to fund or finance infrastructure. *Funding* infrastructure through taxes, tolls, and other mechanisms is different from *financing* infrastructure through debt and equity investments.

Practically every state and Puerto Rico issues general obligation or revenue bonds.<sup>7</sup> For nearly 200 years, the \$3.6 trillion tax-exempt municipal bond market has helped states, cities, and counties finance infrastructure needs including roads, bridges, transit systems and other vital projects serving the public good.<sup>8</sup>

Since its inception in the early 20<sup>th</sup> century, the federal tax code has excluded interest earned on municipal bonds from income. NGA cautions that ending or capping this federal exclusion could increase the cost of financing infrastructure projects, slow down or terminate projects, trigger higher taxes on citizens, or some combination. Consequently, NGA advocates that federal laws and regulations, either directly or indirectly, should not increase the costs states incur to issue municipal bonds or decrease investor appetite to purchase them.

### **Conclusion**

The current surface transportation law expires at the end of May 2015. If we truly believe that a strong national transportation system is essential to creating jobs and maintaining a strong national economy, we need a law that reflects that belief.

The short-term surface transportation reauthorizations and extensions patched together over the years created uncertainty at the national level and triggered action at the state level. I have described how we are improving infrastructure in Alabama, and you will soon hear about the work my colleagues are doing in their states.

Governors are leading the way, but let me be clear: While state and local governments can do a lot, we cannot do it all.

Action at the state level must not be interpreted as an invitation for Congress to completely transfer the federal transportation program to state and local governments. Rather, to succeed, leaders across all levels of government must work together.

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<sup>7</sup> Transportation Governance and Finance: A 50-State Review of State Legislatures and Departments of Transportation, Joint Project of NCSL and AASHTO (May 2011). See page 33, n54.

<sup>8</sup> Lambert, Lisa. "U.S. Municipal Bond Market Shrinks to Smallest in Five Years: Fed." *Reuters*. Thomson Reuters, 11 Dec. 2014. Web. 23 Jan. 2015.

This spring, Congress has the opportunity to set a new vision for infrastructure investment in America. Governors urge Congress to pass a long-term surface transportation bill that provides the certainty needed to plan for future projects and the flexibility needed to tailor those projects to the unique challenges that each state faces.

If we are serious about our economy, then together we must be serious about our nation's infrastructure. The nation's governors look forward to working with Congress and the Administration to reauthorize MAP-21 and to demonstrate our shared commitment to an effective, well-functioning transportation system.

Thank you for the opportunity to testify. I would be happy to answer questions.

**ATTACHMENT 1**



## ECONOMIC DEVELOPMENT AND COMMERCE COMMITTEE

### Policy 0-2 -- Transportation and Infrastructure

#### 2.1 Preamble

Our nation's multi-modal transportation and related-infrastructure systems support and enhance the economic growth of states and the nation. Infrastructure provides the skeletal structure that connects the nation. Together, transportation and infrastructure help sustain quality of life and enable the flow of interstate and international commerce that underpins the United States' competitive position in the global economy.

Governors affirm the following guiding principles in federal laws, regulations, and practices:

#### 2.2 Guiding Principles

##### 2.2.1 National Vision

- To provide for our nation's diverse mobility needs, transportation and infrastructure policies require long-term vision and funding stability.
- The focus of federal transportation laws, regulations, and programs, regardless of mode, should include efficiency of delivery, reliability, capacity, system preservation, cost effectiveness, safety and security, innovative solutions, and partnerships.

##### 2.2.2 Intergovernmental Partnership

- A strong federal-state partnership is critical for our nation's transportation and infrastructure systems because all levels of government have a role in transportation, which must be coordinated if we are to improve mobility and safety, protect the environment, and ensure the security of vital transportation and infrastructure assets.

##### 2.2.3 Infrastructure

- A national commitment to bring existing infrastructure into a state-of-good-repair, and in targeted and strategic places construct new infrastructure, advances the ability of the United States to meet basic mobility and service delivery needs. Infrastructure provides rural access and connectivity, strengthens economic competitiveness, helps reduce congestion, improves safety, supports environmental sustainability, and boosts quality of life.

##### 2.2.4 Funding and Finance

- All options must be on the table for ongoing evaluation because existing revenue sources are no longer adequate to support the various federal trust funds that help finance transportation and infrastructure.
- Facilitating investment in infrastructure projects through existing and new self-sustaining financing mechanisms can help mitigate public funding shortfalls. Successful mechanisms leverage capital markets and require borrowers to use revenues from projects to repay the financing, making capital available to lend for new projects. If federal funds help capitalize and sustain infrastructure-financing mechanisms, then those funds must be separate from trust fund revenues dedicated to core transportation programs.

- 2.2.5 Certainty and Stability**
- The design of federal funding mechanisms must maintain reliable, long-term funding certainty. The ability of state and local governments to plan and execute long-term, multi-year projects hinges on predictable federal funding.
- 2.2.6 Program Reforms**
- Reforming and restructuring federal transportation programs may improve them provided restructuring preserves core federal programs, limits federal requirements that preempt state spending flexibility, and prohibits earmarks that diminish core program funding.
  - Federal transportation programs and funding should provide maximum flexibility to the states for implementation and innovation because of our diversity of geography, population, and priorities.
- 2.2.7 Project Delivery**
- Streamlined project delivery that reduces approval and completion times and improves efficiencies, while achieving the intent that underlies critical environmental, planning and design, and procurement reviews, requires a federal commitment.
- 2.2.8 Public Transportation**
- An ongoing, strong federal role is critical to help fund and deliver diverse public transportation solutions for metropolitan and non-metropolitan areas across the country.
- 2.2.9 System Performance**
- Federal incentives that reward positive outcomes in matters such as congestion mitigation and safety are better than prescriptive federal penalties focused on preemption and unfunded mandates.
  - Outcome-oriented performance measures developed by states and national goals set by Congress should be clear, measurable, attainable, and fair.
- 2.2.10 Safety and Security**
- All levels of government must cooperate to improve the safety and mobility of our nation's transportation systems, reduce fatalities and injuries, protect the environment, and ensure the security of infrastructure assets throughout the country.

*Time limited (effective Winter Meeting 2013 – Winter Meeting 2015).  
Adopted Winter Meeting 2013.*

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## STATE OF ALABAMA

February 23, 2015

The Honorable Barbara Boxer  
 Ranking Member  
 United States Senate Committee on Environment and Public Works  
 456 Dirksen Senate Office Building  
 Washington, DC 20510-6175

Dear Senator Boxer:

Thank you for the opportunity to testify at the transportation hearing before the Senate Committee on Environment and Public Works on Wednesday, January 28, 2015. Below are my responses to your follow-up questions. Please let me know if you need additional information.

Sincerely,

 A handwritten signature in black ink that reads "Robert Bentley".
 

Robert Bentley  
Governor

1. **Many of you testified about the growing demands of freight movement on the transportation system. Whether it is moving goods out of a port of entry, or across our heartland, the efficient movement of freight is vital to our economy. Can you discuss why there should be a federal interest in supporting a nationally connected transportation system that benefits goods movement?**

*There is no doubt that the efficient movement of goods and services is critical to economic productivity. Because goods move across state borders, a coordinated effort among the states is required to establish and maintain an efficient freight network. These goods sometimes originate or are destined for our state and sometimes the goods are merely passing through to other destinations and markets. Regardless of the origin or destination, all states recognize that we are mutually dependent on each other to facilitate the efficient movement. States must work together to create a cohesive and connected system. The federal interest (or role) is to facilitate this coordinated effort. In addition, a federal assistance program may be necessary when a state does not have the financial resources to take on needed improvements to facilities or when the improvement is of national significance. For example, Interstate 10 is the southernmost interstate artery serving the Gulf Coast states. This route serves all the Gulf ports in the movement of goods to the east and west. This route is constricted by two-lane tunnels under the Mobile Bay that are over capacity, resulting in daily congestion and delay. The estimated cost of a new bridge to eliminate the congestion is more than Alabama's total annual federal highway allotment. A national program to provide funding for projects of national significance would benefit all states by increasing the movement of goods.*

The Honorable Barbara Boxer  
February 23, 2015  
Page Two

**2. We hear a great deal about pavement conditions, deficient bridges, and hours wasted in traffic due to congestion. As the chief executive of your state, you know what is important to growing the economy and supporting jobs and businesses within your state. Can you discuss how important an efficient transportation system is to having a strong economy, attracting employers and workers, and supporting commerce?**

*In Alabama, it is estimated that on a tonnage basis, truck freight accounts for an estimated 53 percent of the movement of all goods. Rail, aviation, ports and waterways account for the remainder. With more than half of the freight tonnage entering and leaving the state on highways, the ability of the highway transportation network to accommodate this activity in a safe and efficient manner is critical to economic prosperity. We need a transportation system that safely and efficiently moves people to work, children to school, and goods and services to and from companies.*

*The results of the statewide travel demand model provides an assessment of the roadway system based on existing and future congestion. Currently, three percent of the state's roadway miles operate at an inadequate level of service. As expected, most of the congested roadway segments are located within urban areas. With population growth, congestion will continue to be an issue on Alabama's transportation system. By 2035, congestion will affect almost 17 percent of the state's roadway miles. Interstates will suffer the worst, with almost 70 percent of these facilities operating below desired levels of service. Urban roads will be especially congested with 35 percent of the urban system operating at unacceptable levels. The most congested of all the state's roads is expected to be the interstates in both urban and rural areas. By the year 2035, 760 miles of roadways are expected to exceed the acceptable volume to capacity ratio in urban areas. Of these deficient road miles, 238 are on the interstate system. Rural areas throughout the state include 1,062 miles of congestion needs, including 392 miles on rural interstates.*

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## STATE OF ALABAMA

February 23, 2015

The Honorable Mike Crapo  
 United States Senate Committee on Environment and Public Works  
 410 Dirksen Senate Office Building  
 Washington, DC 20510-6175

Dear Senator Crapo:

Thank you for the opportunity to testify at the transportation hearing before the Senate Committee on Environment and Public Works on Wednesday, January 28, 2015. Below is my response to your follow-up question. Please let me know if you need additional information.

Sincerely,

A handwritten signature in black ink that reads "Robert Bentley".

Robert Bentley  
 Governor

**1. You note the importance of a reliable federal surface infrastructure program to the state of Alabama. Alabama is similar to states like Washington and Oregon in that it provides routes of commerce to coastal ports. Can you elaborate on the importance of Alabama's roads to the economies of neighboring states?**

*There is no doubt that the efficient movement of goods and services is critical to economic productivity. Because goods move across state borders, a coordinated effort among the states is required to establish and maintain an efficient freight network. These goods sometimes originate or are destined for our state and sometimes the goods are merely passing through to other destinations and markets. Regardless of the origin or destination, all states recognize that we are mutually dependent on each other to facilitate the efficient movement. States must work together to create a cohesive and connected system. The federal interest (or role) is to facilitate this coordinated effort. In addition, a federal assistance program may be necessary when a state does not have the financial resources to take on needed improvements to facilities or when the improvement is of national significance. For example, Interstate 10 is the southernmost interstate artery serving the Gulf Coast states. This route serves all the Gulf ports in the movement of goods to the east and west. This route is constricted by two-lane tunnels under the Mobile Bay that are over capacity, resulting in daily congestion and delay. The estimated cost of a new bridge to eliminate the congestion is more than Alabama's total annual federal highway allotment. A national program to provide funding for projects of national significance would benefit all states' economies by increasing the movement of goods.*

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## STATE OF ALABAMA

February 23, 2015

The Honorable Jeff Sessions  
 United States Senate Committee on Environment and Public Works  
 410 Dirksen Senate Office Building  
 Washington, DC 20510-6175

Dear Senator Sessions:

Thank you for the opportunity to testify at the transportation hearing before the Senate Committee on Environment and Public Works on Wednesday, January 28, 2015. Below is my response to your follow-up question. Please let me know if you need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Robert Bentley".

Robert Bentley  
 Governor

- 1. Your testimony also emphasizes the importance of states having enough flexibility to determine how to allocate federal transportation dollars. It is important that states are able to make local transportation decisions without unnecessary federal restrictions. As we continue to discuss federal highways legislation, what are some examples or instances of federal policies that prevent state and local officials from effectively pursuing surface transportation projects or federal policies that increase the cost of those projects?**

*Just recently, our state was attempting to advance the next phase of a large project. We were told by the Federal Highway Administration (FHWA) that we would have to perform an environmental reevaluation. This is common procedure. We understand why it is necessary and agree that reviewing the validity of past decisions is in the public's interest. However, we have been advised by FHWA that the construction of the entire project must be in the local metropolitan planning organization's fiscally constrained long range plan in order for FHWA to review and approve an environmental reevaluation. Funding is available for the next phase of the project but not available to fund the entire project over the next 20 years. If we are not able to identify reasonable funding for the entire project, we will not be able to advance any phase of the project. It is difficult, if not impossible, to predict funding for the next 20 years. There is value in doing long range planning, but it is foolish to limit that plan based on a 20-year prediction of funding. In the project example cited, if the local metropolitan area is unable to reasonably define funding for the entire project, they will be precluded from advancing any part of it, even though there is a designated earmark for the project.*

Senator INHOFE. Thank you, Governor Bentley.  
Governor Shumlin.

**STATEMENT OF HON. PETER SHUMLIN,  
GOVERNOR, STATE OF VERMONT**

Governor Shumlin. Thank you so much, Chairman Inhofe. I really appreciate your inviting us down. To Ranking Member Boxer, thank you so much for hearing us out, and to the entire committee. I want to thank Senator Sanders for that introduction. It is a real honor to be here.

I am honored to be here too with Governor Bentley on behalf of the NGA. Governor Bentley and I have worked together on opiate addiction issues, lots of other issues. And I think he stated the case well in saying that Governors in all 50 States, on a bipartisan basis, want to partner with you to get this job done. Because we all know that our economic prosperity, our national security, and our ability to improve the quality of life depends upon fixing our crumbling and aging infrastructure.

I know that I am looking forward to hearing from Secretary Bergquist as well. I know that his Governor wished to be here. I send the regrets of Governor Malloy of Connecticut. We got whacked pretty hard in the Northeast, a little bit of a snowstorm, and our transportation infrastructure. He would be here if he were not digging out. In Vermont we got hit, too, but our southern States are not as accustomed to snow as we are up in Vermont. So he is still digging. That is the deep South, too, Governor Bentley.

[Laughter.]

Governor Shumlin. I am going to paraphrase a little bit, because I know that my comments were put in. Governor Bentley basically just sent my message for me. We know that we can't prosper as a Nation unless we fix what Senator Sanders referred to, which is, we used to be No. 1, we are fourteenth. You all together with the U.S. Senate have the ability to fix this challenge for us with Congress.

I want you to know, sort of on the ground, as a Governor, what this means to a small, rural State, and what it means to Vermont is not all that different than what it means to Wyoming or Alabama or Idaho or South Dakota or North Dakota or New Hampshire. Our challenge in smaller, rural States is that we sometimes forget that 80 percent of our transportation network, 3.1 million miles of roads and thousands and thousands of bridges, runs through our rural States.

So if you take Vermont as an example, when we talk about crumbling infrastructure, you can say, well, you know, Vermont doesn't have that many people. So why does it really matter to the Nation's economy? Well, it matters not only to Vermonters' quality of life, but we happen, as an example, and many other rural States are in the same boat, bordering Canada, we are the transportation conduit to our biggest trading partner in America, Canada.

Projections going forward are that in the next three decades we are going to see our freight transportation increase by 50 percent. And we have a crumbling infrastructure right now.

So in terms of jobs and prosperity, the rural States actually carry a bigger burden, because we have more to maintain. And we all know that infrastructure is crumbling and it has to be rebuilt.

So I just want to make the point that when you look at this challenge of reauthorizing the Transportation Trust Fund, it is important to remember that the rural States really have a special burden. Now, the Northeast States have an increased burden as well just simply because of climate. If you look at what we are facing together, we are dealing with a much shortened construction season. We obviously have freezing and thawing that takes an extraordinary toll on our pavement and our bridges. And we have to throw salt on them like there is no end to it, which is really terrible for steel, which is critical to bridges. It frankly doesn't help pavement much, either. So in a sense, the colder States, I would argue, but all the rural States are in this one together.

I want to just say a word about, in listening to the rural States' challenges, I want to say a word about the funding and what it really means for those of us who are in that challenge, as we are losing the battle. For me, and Governor Bentley just made reference to it in his Garvey bonds, he is in the same boat. We rely upon an ongoing funding stream from the Feds to do our work. What happens to a Governor like me is that when there is uncertainty about funding or when the Fund is out of money and you are literally unable to send the match back to the States, we are in a terrible position of having to dig for cash that we didn't anticipate we would need. Or turning to contractors and simply saying, we can't do the work that we contracted with you to do, because we are not sure we can pay the bill.

This is the reality for Governors across America. So we have to remember that when we talk about getting this done, and we know that May is the drop-dead date, in my case, next month we will start letting contracts for the work to be done next spring. And remember, in a State like Vermont or in the Northeast, your paving season and your building season runs from mid-April, if you get lucky, early May, until October, somewhere around Thanksgiving it starts to freeze and you can't make pavement below 32 degrees, as you know. So those are the challenges that we face together, both timing and funding.

I just want to make a comment about funding. There is sometimes the perception that States can go it alone, that they can figure this out without the partnership of the Federal Government. I want to remind us that, particularly the small, rural States don't have the options for funding that some of the larger States might have. I go across the George Washington Bridge with the EZ Pass and I dream of having that kind of volume and that kind of passage to get over a bridge. We are often asked, when we hit our transportation challenges, why don't you do tolls in Vermont? Well, we don't have enough people to pay the tolls. We don't have enough traffic to go through. It literally would not be a great giving proposition for us, in all the studies that we have done.

So let's remember that while the small, rural States have a more intense infrastructure, more miles and bridges to maintain, we have fewer funding sources to do it. So I really appreciate the op-

portunity to be before you today, and we would love to answer any questions that you have.

I just want to make four quick recommendations, if I could.

[The prepared statement of Governor Shumlin follows:]

**United States Senate Committee on Environment and Public Works**  
**Senate Testimony: Honorable Peter Shumlin, Governor, State of Vermont**  
**Transportation Reauthorization: Challenges in Small States and Rural Areas**  
**January 28, 2015**

Chairman Inhofe, Ranking Member Boxer, and Members of the Committee, thank you for the invitation to appear before you today to share key transportation challenges facing small and rural states. As a Governor and as a businessman I recognize the critical role you play in moving our nation and our economy forward with the next transportation reauthorization.

Our nation's economic prosperity depends upon a reliable transportation system to efficiently move people and goods. Governors across this nation understand that infrastructure is fundamental to our economic competitiveness and job growth. We make that connection every day as we travel around our states and talk to our citizens and employers.

The issues facing small states and rural areas apply throughout the nation. From Wyoming to Alabama and Idaho to South Dakota the challenges are similar to those we face in Vermont. We have seen both the quality and quantity of the transportation systems that serve small states and rural areas decline for decades due to underinvestment. That has significant, daily impact on the mobility, economic opportunities and the quality of life of rural residents. Getting to the doctor, taking your kids to play team sports, transporting goods for your customers or to your business – these activities often require many miles of travel and rural Americans cannot do these things without reliable, well-maintained transportation.

The costs of maintaining an aging infrastructure are a serious challenge, particularly in northern climates, where snow, ice and temperature changes require additional maintenance and costs. According to the Federal Highway Administration, there are 3.1 million miles of rural roads, accounting for 80% of the national road network. They carry about 40% of vehicle miles traveled. City and county governments – which rely heavily on State DOT funding - are responsible for 95% of unpaved and 55% of paved roads<sup>1</sup>.

Our ability to maintain safe bridges is a growing challenge across the country, but especially in small rural states. On a per capita basis, rural states maintain significantly more bridge miles

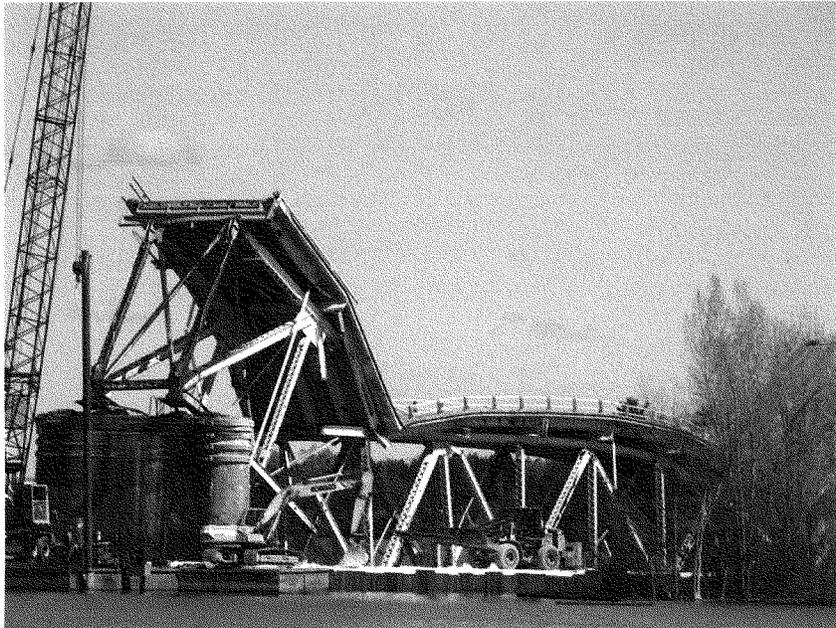
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<sup>1</sup> Rural Policy Research Institute (2011): *Rethinking Federal Investments in Rural Transportation: Rural Considerations Regarding Reauthorization of the Surface Transportation Act*, p.9  
[http://www.rupri.org/Forms/RUPRI\\_Transportation\\_April2011.pdf](http://www.rupri.org/Forms/RUPRI_Transportation_April2011.pdf)

than the national average. According to the FHWA, there are 251 structurally deficient bridges in Vermont, and over 63,000 throughout the nation<sup>2</sup>.

Vermont has employed innovative construction to accelerate our bridge repairs, but without sustained funding for bridge maintenance, the number of structurally deficient bridges will increase.

The demolished Champlain Bridge, April 2010



Compounding the funding challenge is the fact that states like Vermont have very limited ability to raise additional revenues to make up for federal funding shortfalls. Low population and Average Daily Traffic (AADT) does not generate sufficient trips required for tolling and other revenue generating mechanisms available to more populous states. Although we desperately

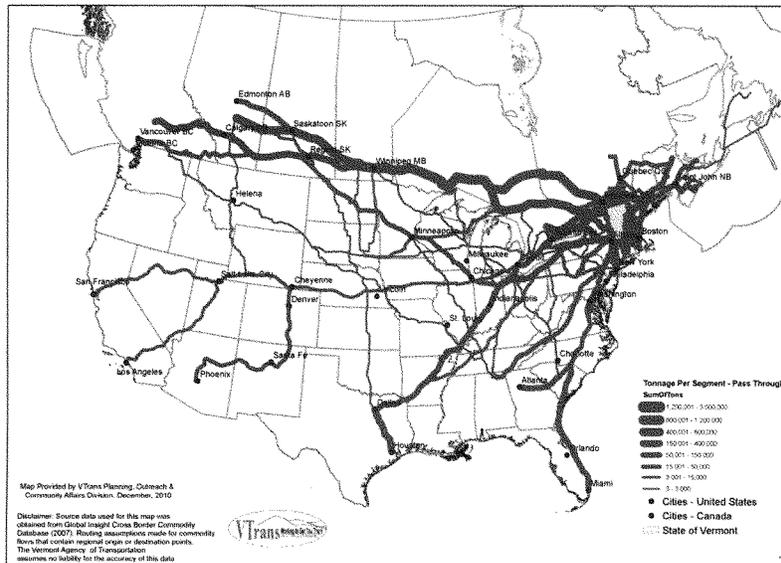
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<sup>2</sup> Federal Highway Administration (2013): *Deficient Bridges by State and Highway System*.  
<http://www.fhwa.dot.gov/bridge/nbi/no10/defbr13.cfm>

need the roads and bridges, we just do not have the people needed to support their funding on our own.

Nevertheless, as a border state, Vermont provides essential corridors to our nation’s largest trading partner, Canada. Vermont’s road and rail network is right in the middle of the New York and Boston to Montreal corridors. Over 40% of Vermont’s freight trips neither originate in nor are destined for Vermont. And FHWA forecasts that freight movements will increase by 51% through 2040, dramatically increasing the demand for reliable transportation to support the national economy. The nation needs Vermont’s roads and those of our sister rural states to maintain commerce and support national economic growth.

U.S.-Canada Cross Border Commodity Flows Through Vermont



Infrastructure requires an intergovernmental partnership. States recognize our responsibility to supplement federal funds awarded to us with state funds. Recently, Vermont both increased and restructured our state gas tax in an effort to stabilize our declining transportation fund revenues. Now in Vermont 50 % of our gas tax is derived from volume sold and 50% is based on the price of fuel. But the nation, just like Vermont, needs to find alternative revenues to the gas

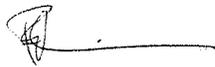
tax which will continue to decline as vehicles become more efficient and the number of electric and hybrid vehicles increases in the future.

### **Recommendations**

Governors know that a properly funded transportation system translates directly into jobs and a strong national economy. While urging you to act quickly, before the Federal Highway Trust Fund becomes insolvent, I have the following recommendations for your consideration to assure that rural states maintain a strong connection to the national economy.

1. **Maintain the Highway Trust Fund** as the principal vehicle for funding transportation infrastructure and **secure a long term funding source** that allows states to plan for significant transportation investments.
2. **Ensure the needs of small and rural states are addressed** in order to maintain mobility and system connectivity to the national transportation system. Since MAP 21 took away small state minimums, it is critical that small and rural states – particularly border-states that facilitate international trade – continue to receive a sustained national funding commitment.
3. **Maintain competitive discretionary grant programs** that also recognize unique features of small rural states through equitable geographic distribution of grants including a set-aside and lower minimum project size for rural states.
4. **Maintain and increase funding flexibility between modes** so that rural and small states best support their unique multi-modal systems and **encourage innovation and regional partnerships** to further national goals and economic development needs.

Thank you for your time today and for your work to maintain and improve our nation's transportation system. Our jobs, economy and quality of life depend upon the outcome of your work.



Peter Shumlin  
Governor, State of Vermont

Senator INHOFE. I am afraid we can't do that, Governor.  
Thank you very much for your presentation. Secretary Bergquist.

**STATEMENT OF DARIN BERGQUIST, SECRETARY OF  
TRANSPORTATION, STATE OF SOUTH DAKOTA**

Mr. BERGQUIST. Thank you, Chairman Inhofe, Ranking Member Boxer, Senator Rounds and members of the committee.

I appreciate the opportunity to be here in front of this committee this morning on behalf of South Dakota Governor Dennis Daugaard. Governor Daugaard really wanted to be here himself to tell you our story, because he understands and appreciates the importance of strong transportation investment to our State. He sends his regrets that he was not able to be here today.

But on his behalf, I would like to highlight a few of the key points of his written statement. First of all, we thank you for holding this hearing early in this Congress. This tell us that the committee appreciates the prompt action to pass good Federal surface transportation legislation that will benefit the Nation. The Nation needs strong Federal transportation funding and long-term financial stability for the highway and transportation program in order to strengthen the economy and the Nation.

We believe the transportation program should continue to distribute the vast majority of funds to the States by formula. It should further simplify regulations and program requirements, providing States with additional flexibility to meet their unique individual needs.

The Federal transportation program must connect a Nation, including rural areas like ours. A rural State like South Dakota is far from markets and population centers, but our contributions are important to the national economy. South Dakota and other rural States are the sources of products, resources and recreational opportunities that help define us as a Nation. Our highways connect cities like Chicago and to the west coast, enable agriculture and other goods to move to national and rural markets, and allow people to visit great places like Mount Rushmore and other parks and attractions that are located in rural areas.

Extensions and very short-term authorizations are a particular problem for a State like ours, with a cold climate and a very short construction season. Without a multi-year funding, we have to focus more than we would like on short-term and smaller projects.

I also want to empathize that the need for highway and transportation investment is apparent, and States are taking action. In South Dakota, Governor Daugaard just this week introduced a proposal to our legislative session that would significantly increase State investment in transportation in South Dakota.

While we are trying to do our part, States cannot do it alone. We need a strong Federal program. Large rural States like South Dakota have very few people to support each mile of Federal highway and be able to maintain our portion of the national highway system. The rural population of 7 billion people is expected to grow by 70 million a year, and we need to export our crops and products to help feed them.

Sixty-five percent of the truck traffic in South Dakota is through commerce, meaning it does not originate in nor have a destination in our State. But it certainly serves the Nation.

Before closing, Mr. Chairman, we would like to encourage you to do what you can to simplify the transportation program and make it more flexible. We know there necessarily must be some requirements for the Federal program. But this is an area where, for the public interest, less is more. As an example, one proposed rule, States collect multiple data items for all public roads. As it turns out, this includes gravel and dirt roads, which make up the majority of the roads in our State. This is not a priority use of scarce funds. So we urge the Congress to simplify the program where it can so that program dollars can provide more transportation investment in projects that improve our system.

In summary, strong and stable Federal funding, along with flexibility that reduces requirements, will help States provide the transportation system that the Nation needs. Congress should continue to distribute the vast majority of program funds by formula and of course, Federal surface transportation legislation must continue to recognize that significant Federal investment in highways and in rural areas like ours is in the national interest.

Again, Mr. Chairman, thank you for the opportunity. I would be glad to answer any questions.

Senator INHOFE. Thank you, Secretary Bergquist, an excellent statement.

The Chair is going to take the prerogative to go ahead and start, if it is all right with the rest of you, with Governor Bentley, who has a particular scheduling problem. So I will recognize you at this time to respond to questions.

And I would only make this one comment, Governor Bentley. You talked about certainty. This is always a problem that you have when you are dealing with government. Right now, there is always the uncertainty of all these regulations that are out there that are creating hardships on people. Certainly it is true in this area, too.

Is there anything you would like to elaborate on concerning the certainty issue that you raised?

Governor Bentley. I think certainty probably is the most important thing that we are asking for on a State level. And if we have the certainty, whatever that certainty is, we can deal with it. It is so difficult for us as a State to not know whether or not we will get funding. If this ends in May, which it supposedly will, it makes it difficult for all of us.

One of the things that I have put in place in Alabama, that I have talked about, is we put \$1 billion into the repair of our roads and bridges. We need to repair what we already have. We can't just build new roads and bridges. We have to repair what we have and make sure that they are functional.

So we have borrowed \$1 billion and we have gotten it at such a low rate simply because we have such a high bond rating in Alabama. But we need \$69 million every year to pay off those bonds over the next 18 or 19 years.

So we just need certainty, whatever that certainty is. Whatever the Federal Government can help us with. And we appreciate that

partnership. That is one of the things, it is a partnership. All the States connect, obviously, so it is a partnership.

So the certainty to me is the most important thing, and that is what we need the most.

Senator INHOFE. Very good. Senator Boxer.

Senator BOXER. Thank you. I just want to thank our panel. Mr. Bergquist, I just want to make a quick point and then I am going to ask the Governor.

I am so for simplification and flexibility. I work with Senator Inhofe, and he will tell you that I came a long way on that point. But we do have to protect taxpayers here. So I think for me, I want to make sure I am protecting taxpayers. So just keep that in mind, that we have to find that sweet spot. That sweet spot may look a little different to you than it does through my eyes. But we are going to work together on this.

Governors, thank you. I know how hard it is to get here and to take you away from your States. Governor Bentley, I was so interested in your Alabama Transportation Rehabilitation Improvement Program. It is a \$1 billion dollar program, am I right on that point?

Governor Bentley. Yes, ma'am.

Senator BOXER. A billion dollar program. And the reason you can do this, you are counting on future Federal dollars. So you have the Garvey bonds, is that a correct explanation of how it works?

Governor Bentley. Yes, it is.

Senator BOXER. Yes. And so I just guessed, because I think your point about certainty is so key, we would like you in another way, in your very eloquent way, explain to us why certainty is so critical. And if you didn't have the certainty of this Federal bill, how it could impact you back home. Again, I know it is repetitious, but that is the message I would like to see go out of this hearing.

Governor Bentley. Again, let me say, I think certainty is the most important thing that we have to deal with. Over the last five or 6 years, we have not had that certainty, obviously. And so we need it to plan. If we don't have, we need five, six, ten, whatever the number of years that you decide, we just need to know what those are. And we need to plan accordingly.

And this program that I have put in place and was able to actually put in place without legislation, because the people of Alabama had allowed us to borrow the Garvey bonds. And so we are using future Federal dollars.

Senator BOXER. Right.

Governor Bentley. And so the certainty is so important for me, because I have signed \$1 billion on bonds. And I want to make sure we pay it back. And we can pay it back in two ways. No. 1 is, if the Federal Government will help, continue to give us some certainty about what they are going to give the States. Plus the fact that we can do it better because in Alabama we have such a great bond rating. We have a better bond rating than the Federal Government.

So we were able to borrow this money at such a low rate, certainly lower than inflation rate for delaying the repairs on these roads and bridges. So certainty is just, it is essential to us.

Senator BOXER. Thank you, Governor. I know you speak for both Governors here.

My last question to you is, it is interesting to learn about the I-10 bridge project. And you noted there are some projects of national and regional significance that are too large to be funded without specific Federal assistance.

Do you believe a Federal program to allow these types of projects to compete against one another, in addition to core highway formula funding, would be popular among the States, these projects of national significance?

Governor Bentley. Well, I would rather have them to compete than not have it at all.

Senator BOXER. I hear you.

Governor Bentley. Because I think that competition is always good. I think that as a Federal Government, and I am not speaking for the Federal Government, because I run the State of Alabama. But I think that you do have to look at what is the most important for our security, for our economy, for our safety. All of those things you have to look at when you look at these types of projects outside of the normal funding stream.

Senator BOXER. Thank you so much.

Senator INHOFE. Thank you, Senator Boxer.

Senator BOOZMAN.

Senator BOOZMAN. Thank you, Mr. Chairman, and thank you all for being here.

In relation to this, can you tell us the impact of the 2-year bill versus a five-year bill, what that does as far as certainty, the necessity of the longer bill versus the 2-year bill? The other thing I would like for you to think about along with that is, one of the frustrations we have is, you mentioned that we were No. 1 in infrastructure. I think if you look back, when we were No. 1, probably the percentage of what the States were doing was more than it is now, as opposed to what the Feds are doing.

I think one of the frustrations we have is that as we put money into the States, because of the fiscal constraints of the States with things like prisons and Medicaid and education and things like that, the States have a tendency sometimes to shrink back and things stay the same as opposed to increasing.

You mentioned, Governor Shumlin, about your small State. Arkansas is a small State. To our credit, we passed a half cent sales tax to try and overcome the problems that you have. I wish coming across the 14th Street Bridge every day that we could give you some of our traffic.

[Laughter.]

Senator BOOZMAN. That would make my life and many other commuters a lot easier.

But comment on the two versus the 5-year bill. And then also the problems, how do we ensure that as we try and do the very best that we can do to get money into the States that is actually an improvement versus the State shrinking back?

Governor Shumlin. So in terms of the two to five, the more certainty you can give us. Obviously five is better than two. I have to say that Governor Bentley and I have both served in an environment where we would love to have two, because we have been working month to month. Since we have been Governors, we have been Governors for 4 years.

So needless to say, the more certainty you can give us, the longer period of time, the happier all Governors will be. Particularly in a situation where you are dealing with Garvey bonds, as Governor Bentley is. He said to Wall Street, we have an ongoing funding source from the Feds, so I can go to the folks of Alabama and say, with certainty, we are going to be all right. But we need it too, because obviously we make similar decisions. All Governors do.

Senator BOOZMAN. So the two versus the five actually drives the cost up. Not only is there a certainty issue, but with your contractors, things like that, you are actually driving up the cost of the construction projects also.

Governor Shumlin. Absolutely, Senator.

The second piece is in terms of the partnership. My experience has been that we have had to increase our State contribution just to keep up with our Federal match. What I mean by that is unfortunately, the gas tax is a dwindling tax. Not so unfortunately, it is for good reasons. People are driving less miles and they are driving more efficient vehicles. But we all know that in the long run, we are going to have to figure out another way to drive revenue, both nationally and in the States. We are going to have to go to miles traveled or some other way of doing this. There is no reason why an electric car shouldn't be paying for the roads, too.

Having said that, in my State as an example, we could not keep up with our Federal match because of dwindling gas taxes without asking for more from Vermonters just to meet what we had already gotten in the past. In other words, I was about to give up \$40 million of Federal funding, which for me, an average transportation budget of about \$400 million, that is 10 percent, we are talking real money, having to cancel projects that are critically important as our bridges and roads crumbled.

So what I did is, and I don't like raising taxes, but we raised it from 20 cents to 26 cents. We triggered half of it toward volume and half of it toward sales, so that we would be able to play the price as they go up and down without obviously in a period like we are in right now, where the price of gas is cut in half. We would have been totally demoralized if we hadn't based at least part of it on volume. But Vermonters are making a bigger effort to just, from a tax standpoint, to make that Federal match, than we were in the past. So I don't know if Vermont is unique, but I can tell you we are definitely not backing off on our residents' commitment to rebuild roads and bridges. We have been asking for more from them, and I think a lot of Governors have.

Senator BOOZMAN. Mr. Bergquist.

Mr. BERGQUIST. One of the challenges with the 2-year to the 5-year program is that due to the length of time it takes to deliver any project of any size, once we have that security of having a 2-year program, by the time we can start planning and deliver a project the program is unfortunately over and we are back into a short-term situation like we are unfortunately accustomed to dealing with.

I agree with the Governor's comments, too, on some of the negative impact of the short-term, month to month type of business that we are doing now. It is resulting in not necessarily being able to do the optimal treatments to our roads. We are just doing what we

can in a short period of time. Oftentimes it is a band-aid type fix that may not be the financially best thing to do, but the only thing that can be done at the time.

Senator BOOZMAN. Thank you, Mr. Chair.

Senator INHOFE. Thank you. Senator Whitehouse? And we are trying to confine our questions right now to Governor Bentley, if we could.

Senator WHITEHOUSE. Thank you, Chairman. These will certainly be Governor-oriented questions. In Rhode Island, let me say what we are seeing, and if it sounds familiar to the Governors, let me know. We are seeing the Federal formula highway funds increasingly subscribed over time. And we are seeing static revenue from that. We are not seeing big Federal increases that are funding growth in the highway program.

We are also seeing maintenance costs for the existing infrastructure climbing. That eats into the static Federal revenues. We are seeing debt service on our Garvey bonds eat up a chunk of what would otherwise be going out into roads and to bridges. And we are seeing uncertainty in the out years about whether that Federal funding is really going to be there.

What we get from all of that is a distinction between little projects that you know you can fund that can run for a year or two, you can get it done, and that you can fit into that shrinking remaining available portion of our highway budget, and the big projects that our transportation officials know are out there, know we have to grapple with some day. But there is no slug of money big enough to take them on. And if you are going to spread them out over many, many years, that raises the cost in many cases. It also takes you beyond your comfort level of whether the Federal funding is really going to be there, given the uncertainty that has been created by all the fiscal and budget hijinks that have gone on here in Washington.

So what that leaves us with is some big projects that we really have no way to get into our highway program responsibly. Does any of that sound familiar to the Governors? I see both heads nodding, let the record reflect. So what I want to make sure that we do, and this echoes a little bit the Ranking Member's question, is that there be a pool of funding for projects that are big and significant. Instead of giving them out, because I know a lot of people don't like earmarks, it should be a competitive grant program. But it would at least provide a vehicle for those big projects to be brought online before a big calamity happens, a very expensive bridge, a major highway overpass or intersection, things like that just strafe small State budgets.

Does that seem like a sensible notion to you, that for these big projects there be a specialized source of funds that you could compete for to get them handled, where they can't be reached through ordinary funding?

Governor Bentley. I personally believe that what you said is exactly what I said in my testimony. There has to be a different stream of funding for those type projects. And they should be, they should be competitive. And we need to decide their national significant. We need to decide the safety of the area. For instance, I mentioned the bridge over the bay in Mobile. We have all the highways

coming to one tunnel. We have hazardous material that is transported through that. And so there are so many things that you have to look at. Competition is good. I think you shouldn't have a bridge to nowhere.

I personally am against earmarking just for the sake of earmarking for political reasons. I believe that the earmarking should be done for what you are talking about, and I believe I am talking about, which is national and regional significance. And you do have to compete, in order to get those funds.

Senator WHITEHOUSE. Mr. Chairman, if I could make one final remark. One of the flaws in the stimulus program that we put together and passed in the depths of the recession was that our rush for shovel-ready projects meant the only ones we could get into the pipe were the ones that were already on the books of our transportation organizations. So those big ones that are waiting out there, which would have been a great opportunity, we missed.

So that is another reason, I think, that we need to make sure we do this projects of national and regional significance. I thank the Chairman for his courtesy.

Senator INHOFE. Thank you, Senator Whitehouse.

Senator Rounds.

Senator ROUNDS. Mr. Chairman, I will yield. I will just say it is refreshing to have Governors come in and give that good dose of common sense. We appreciate it.

Senator INHOFE. At this time we will excuse you, Governor Bentley. I know you have a scheduling program. Thank you very much.

Governor Shumlin, I didn't mean to be discourteous to you when you were first talking. You had four points you were going to end up with which I did not hear, since I didn't give you time to express them.

Governor Shumlin. I think we have covered them, actually, Mr. Chairman. Thanks for that opportunity. I would like to respond to the question of competing for large projects. I would just add that I think that Senator Whitehouse is on target. A program like that makes sense. I do want to point out that the small, rural States who have 80 percent of the highways, roads and bridges to maintain, have a tough time competing with big State projects. So if you are going to do that, some kind of set-aside to recognize the difference in steel is important. Because while we have more miles covered and more bridges on those miles, we don't necessarily have the huge individual project that frankly, a heavily populated State would have.

Senator INHOFE. Yes, and Governor, that is something we are all going to be working on. Because it is very meaningful.

Let me just make one comment. When they were talking about the earmarks, there is a great misunderstanding here. One of the few, and this is my observation, one of the few things that really does work well with the Federal Government is the way the Highway Trust Fund is set up. It responds back to the needs of the State.

I think not many people knew that when we did our last, particularly the 2005 bill, we made an effort to listen to the States, recognizing that they know more what is good for them, whether it is Alaska or anywhere else, than our infinite wisdom here in

Washington. So I think it is something that has worked well. The problem was, if they would use another word when they are messing around with this thing, then we wouldn't be having the problems we are having now. There is a big difference between earmarks as most people think of earmarks and earmarks as they come from the States, from the departments of transportation. That is why I think it is great, and hopefully we can address this and take care of these problems we are talking about right now. That would be kind of fine tuning it.

The big problem is, though, we have all those issues out there, and we have to do it. I know a lot of people kind of forget, it always sounds good when you say, well, let's just keep all of our money in the State. Well, that is fine if you are in a position to do that. But if you are from Wyoming or South Dakota or North Dakota, you have lots of roads and no people.

So we are going to address this, and we are going to try to do this one right.

You have covered your four points?

Governor Shumlin. Yes.

Senator INHOFE. That is good. All right, Senator Whitehouse.

Senator WHITEHOUSE. I will just second the Chairman's remarks. I am actually not an opponent of earmarks, I am a great fan of my senior Senator, Jack Reed, who is our Rhode Island appropriator. I would think that his judgment about where Federal money should be spent in Rhode Island is probably a good deal better than the bureaucrats in all these various departments.

But my point was, we don't need to have that fight to have a good projects of national and regional significance portion of this bill. But I am with the Chairman on that fight, and particularly as it applies to these transportation issues.

I think my questions have been adequately answered. I would just put on the record that we got a full answer from Governor Bentley under the Chairman's request. Governor Shumlin was nodding vigorously throughout, but didn't have a chance to say anything. So I would just offer him a chance, if he had any comments to make on this, in addition. Otherwise, I think the record is clear that the Governors before us were in accord on this subject.

Governor Shumlin. I think we are in your court. The only point I would make that hasn't been made in terms of this conversation generally is, when we talk about reinvigorating the trust fund, which we all know was created in 1958, has served us well, that was a time when we were building infrastructure for the first time in America. It is what made this Country great. It is what made us the most powerful economy in the world. We couldn't have done it without that infrastructure investment, without that trust fund. I think Governors are united on that.

Senator INHOFE. The first covered bridges, you are talking about?

Governor Shumlin. The first covered bridges, you have it. And the challenge we face now from just big picture for a second, because sometimes we get into the weeds on how we should allocate the money, and I suspect that all 50 Governors would agree on this one, is that we have two things facing us. The first is obviously the aging infrastructure, the fact that what we built so effectively in the late 1950's, early 1960's across the Nation is now crumbling.

But the other challenge I am facing, I can tell you, and I bet other Governors are facing it too, is the weather challenges have made the transportation infrastructure more vulnerable than I believe it was when we built the infrastructure. I can tell you, as a Governor who has served for 4 years now, I have managed three really devastating storms, the toughest storms that Vermont has ever seen in our history. We lost, in our teeny little State of Vermont, we lost hundreds of miles of roads. We lost 34 bridges. We saw infrastructure destroyed, not only in Irene, but in two separate, significant storms. This was created by just the kind of rain that we have never seen in Vermont, where we would suddenly get these what I call Costa Rican style deluges of 10, 12 inches of rain dumped on our little State in a matter of hours. Just didn't used to happen that way.

So we have to remember that we have crumbling infrastructure, we have a climate that is really putting additional pressure on all the assumptions we made about where we put roads, where we put bridges. Suddenly we have flooding challenges in places that never had them before.

Senator WHITEHOUSE. Governor, can I jump in on that? Because there is an interesting statistic, I think it comes out of the national property casualty insurance industry. If you look at the number of billion dollar storm and weather disasters that the Country has had in recent decades, in the 1980's, every year those billion dollar disasters numbered zero to five. That was the range in the 1980's. You had none or maybe you had as many as five. But that was the range.

By the 1990's, the range was three to nine billion dollar disasters every year. A minimum of three, a maximum of nine. By the 2000's, the range was two to 11 billion dollar disasters each year. In the 2010 decade so far, it has been six to sixteen.

So the point that the Governor is making about what he has seen in Vermont is one that we are seeing all across the Country and we have seen it in Rhode Island with 100-year storms appearing one after another, certainly not 100 years apart. I yield back my time.

Senator INHOFE. Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman. I agree with the Senator from Rhode Island when it comes to the issue of who should be making the decisions. I like the idea of providing ample opportunity for the States and local governments to make those decisions about where the dollars should be spent.

I think we should be very liberal when it comes to allowing the States, recognizing their ability to make good decisions for their citizens about infrastructure development.

I was going to go to Secretary Bergquist just for a moment and talk a little bit about some of the common sense things that States do or would like to be able to do if provided the opportunity. I think when we go back to taxpayers, when we talk about additional revenue sources and so forth, one thing they want us to do is deliver as efficiently as possible those needed infrastructures or those needed bridges, roads and everything that comes with it.

Part of that means making good decisions about how we spend the dollars. Sometimes I think good advice coming from the Feds

is just that, it is advice. But it shouldn't necessarily be requirements. There should be ample opportunity for States and departments of transportation to make good choices about what they want that infrastructure to look like.

I am just wondering if the Secretary could share a little bit about some of the efficiencies that might be able to be found if some of the red tape was eliminated, or at least some of the restrictions on the use of those funds, that could be examined. Would you care to comment on that a little bit?

Mr. BERGQUIST. Sure, if I might, Mr. Chairman. Two immediate things come to mind, Senator Rounds. One, I followed with interest your dialog with Secretary Foxx earlier on the need to further streamline the review process that goes into projects. As Secretary Foxx indicated, there were certainly improvements that were made as part of MAP-21. I would welcome the opportunity to continue to work with the Federal Highway Administration on further refining that process. I think there are still additional enhancements that can be made to that, to shorten that time period so we don't have the problem of the projects taking so long to deliver that can't actually start construction until, whether it is a 2-year or 5-year bill, until that bill is over. I think that is one of the areas of opportunity.

The other area that I see as an opportunity, and I touched on an example of that earlier in my statement, is the balance between the funds and resources that you invest in collecting data and reporting and those types of things versus what actually goes into asphalt and concrete and bridges. I mentioned the case, or the potential requirement to gather all the data on our gravel and dirt roads, which you are very familiar with. I am not sure that is the best use of those funds, when we have bridges, you mentioned the bridge numbers in South Dakota, we have over 1,000 that need to be replaced. That money may be better spent there.

Governor Shumlin. I think, Senator, your question on efficiency and how we can all work together to use our transportation dollars better is right on. I know that I for example have been successful doing a couple of things that really made a difference for how we spend our limited dollars in Vermont. One, when I became Governor, I found that there was, frankly, a rivalry between, or lack of communication and often real annoyance between our Agency of Natural Resources folks and my Transportation folks. My Transportation folks would go out and get ready to build a bridge or build a road, and they felt like the ANR folks would come in and go searching for arrowheads or whatever, and they were all fighting and carrying on and it would take years to do anything. They would let the blueprints just pile up in the offices. I said, we have to end this.

So my State offices got flooded in Irene. So all the State offices were wiped out, destroyed. I used that as an opportunity when I reorganized them to put them in the same office building. They had to eat lunch together in the same cafeteria. And guess what? They found out they like each other. They are working much more effectively together to get the job done.

So now our ANR folk will go out with our engineers, they will go on the ground together and make the decisions on the ground

that sometimes took t here years; they now take 3 days. So it is a big difference.

The other piece is technology. I just want to mention that. Governors are embracing across the Country smarter ways to do things, more efficient ways to do things. And residents are willing, if they understand it saves them tax dollars, to be more patient.

I will give you an example. We have cut the cost of our bridges, building bridges significantly by saying to citizens wherever we can, instead of building a detour bridge, which you have to go through permitting, takes forever, huge costs. And I bet you anything Secretary Bergquist is doing the same thing. I have my Secretary Minter here, she could speak more eloquently about this. But we literally say to residents, if you would let us close that bridge for six to eight, 12 weeks, we can rebuild that bridge in that period of time. And you come in with these pre-fab bridges or you use the technologies for literally half the price or a quarter of the price and much less time.

So we are all interested in finding ways to be more efficient, to cut red tape. States can do it, the Feds can do it. Together we could use our dollars more effectively.

Senator INHOFE. That is good.

Senator BOOZMAN. Very quickly, Mr. Chairman, following up on Senator Rounds. The committee worked really hard under Senator Boxer's and Senator Inhofe's leadership in trying to identify things to cut the red tape. The problem is that some of those things don't come under our jurisdiction. So we can cut red tape here. What I would really like for you all to do and our comrades is come up with the things you mentioned, the State problems that we have sometimes, and also other Federal problems that aren't under the jurisdiction of the committee, so that we can work with those committees in the next reauthorization, which hopefully will happen very soon. And then again make sure that we do that.

We have talked about the challenges of getting more money into the system. This is a way to save tremendous amounts of money. We have examples. I got to go visit the bridge that fell down in Milwaukee. That thing was rebuilt in a year. That would be a 10- or 20-year project, probably. But again, because of the necessity the agencies worked together. We didn't have the "gotcha" attitude. It was, how can we help you get this thing done.

So we have great models. But we really would appreciate your input. I believe very strongly that the input needs to come from you all, you are on the ground fighting the battle. No one can tell us better, from your experiences.

If you would do some homework, I will give you a little bit of responsibility in that regard, that would be very, very helpful to the committee. And I hope, Mr. Chairman, that we can work with other committees that have some jurisdiction in that area and with the States and try and figure out how we can move the projects forward. Thank you.

Senator INHOFE. Senator Boozman, we had a similar situation right across your border into Oklahoma, when the barge ran into the bridge, you might remember that. We actually rebuilt that thing in one half the time it normally would have taken. And we have been making a steady case out of that also.

So necessity is the mother of virtue or something like that. Hopefully that will work.

I just want to make one further comment because I know there is misunderstanding here when we talk about the way this system works. But there is a reason that we do it the way we do it. All the States don't do it exactly the same. In my State of Oklahoma, as those people behind you can tell you, we will list a number of projects. We will have people going out with eight transportation districts in my State of Oklahoma, make their own priorities, so that really, my job isn't so much to see what needs to be done in the State of Oklahoma, it is where those priorities come from the State. And people just overlook that.

So that is one of the systems that does seem to work well. Hopefully we are going to be able to do a really good job with this bill.

So any further comments you want to make, any closing comments?

Governor Shumlin. Mr. Chair, I want to thank you and the committee members. You have a tough job. And it is an incredibly important job. I just want to say that the Governors, all 50 of us, on a bipartisan basis, will partner with you in any way that can be useful to get predictability, get the trust fund reauthorized and give us certainty. I think it is in all of our interest.

Senator INHOFE. Within your States. I think that is so important that we do that.

Governor Shumlin. Absolutely.

Senator INHOFE. I think that there is another thing you can do too, and that is apply the pressure necessary to our own elected people to let them know what their No. 1 priority is. If you run out of things to say, I will give you an idea.

[Laughter.]

Senator INHOFE. To use the constitutional argument, Article I, Section 8, that is what we are supposed to be doing here.

So I have heard it say many times before, when people were trying to make comments about how conservative they are or something like that, when it gets right down to transportation, I have heard them say, oh, I wasn't talking about transportation. So it is something we are going to deal with.

What I wouldn't like to see is have a system change where you take States out of the system. You are the ones who know where the priorities are, what needs to be done and you know where your members, your elected officials live. So that would be very helpful.

Senator Rounds, did you have any further comment?

Senator ROUNDS. Mr. Chairman, just to echo what you are suggesting, sir.

Senator INHOFE. Well, thank you both very much for being here. We appreciate it. We are adjourned.

[Whereupon, at 11:45 a.m., the hearing was adjourned.]

[Additional material submitted for the record follows.]

STATEMENT OF HON. JEFF SESSIONS, U.S. SENATOR  
FROM THE STATE OF ALABAMA

Thank you Chairman Inhofe for holding today's hearing. As our committee begins the process of examining MAP-21 Reauthorization, I look forward to working closely with State and local officials to making sure that Alabama families and workers can

continue to rely on a safe, effective, and fiscally sound transportation infrastructure system.

The solvency of the Highway Trust Fund is a serious issue that deserves Congress's attention. But as we begin to consider potential ways to address this issue, we should recognize that Americans deserve more transparency with regard to how their transportation moneys are spent—the Federal Highway Administration obligated \$41 billion in fiscal year 3, an enormous sum. We need to root out unnecessary expenditures in an era of scarce public dollars.

For example, last October, in response to a request from Senator Vitter, the Government Accountability Office (GAO) issued a report titled Highway Trust Fund: Department of Transportation Has Opportunities to Improve Tracking and Reporting of Highway Spending. In the report, GAO observed that

“[w]hile Highway Trust Fund dollars are used for a wide range of activities, such as road or bridge improvements, information about these activities is not readily available to Congress and the public.”

The report further observed that

“DOT’s annual fiscal-year budget reports provide information on total spending at the program level, but do not provide detailed information about the types of activities and administrative expenses funded with the Highway Trust Fund moneys.”

Notably, the GAO report found that the Federal Highway Administration does not collect and report aggregate spending data for non-“major” projects, which represented nearly 88 percent of all fiscal year Federal-aid highway obligations.

The GAO report confirms that while the long-term solvency of the Highway Trust Fund is a real problem, Federal agencies need to do a better job at demonstrating to Congress and the American people that limited taxpayer dollars for transportation are being used efficiently and effectively.

I am glad this Committee recognizes the fiscal issues surrounding the Highway Trust Fund as well as the importance of transportation infrastructure to our states and local communities. In Alabama, the I-10 Bridge in Mobile is a critical link for the transportation of goods and services throughout the country, yet traffic congestion leads commercial drivers to avoid the bridge and pursue longer, costlier routes. Any Federal transportation bill should provide State and local authorities the flexibility to make sure that vital projects like the I-10 Bridge can serve their communities in a way that meets the nation’s commercial needs.

I also appreciate the efforts State and local organizations take to make sure that our road systems are safe and built as cost-effectively as possible. In particular, the National Center for Asphalt Technology at Auburn University is working with the Minnesota Department of Transportation to help develop technologies, pavement systems, and construction methods that lead to safer, quieter, lower-cost and longer-lasting roads. In a time of limited budgetary funds, these organizations are leading innovative efforts to provide safe roads in a fiscally sound manner, and their commitment to cost-effective research should be an example for State and Federal agencies throughout the country. I look forward to leveraging such resources in lowering the costs of the Highway Trust Fund in future years while continuing to ensure we have the transportation links our economy requires to thrive.

Again, thank you Chairman Inhofe for holding this hearing.

**Statement of  
The Honorable Dennis Daugaard  
Governor of South Dakota  
before the  
Committee on Environment and Public Works  
United States Senate  
regarding  
Multi-Year Federal Surface Transportation Program Reauthorization  
Washington, DC  
January 28, 2015**

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Chairman Inhofe, Ranking Member Boxer, and Members of the Committee:

Thank you for this opportunity to discuss the future of the Federal surface transportation program. Also, thank you for holding this hearing early in the new Congress, because it shows that you understand that prompt action to pass good surface transportation legislation would be in the national interest. I hope my testimony helps you in that effort. I will begin with some key points.

- The nation needs a Federal transportation program providing strong funding and long-term financial stability. The program should provide States with flexibility by continuing to distribute the vast majority of funds by formula and by simplifying regulations and program requirements. Enacting a well-funded, long-term Federal program with flexibility for States is critical if we are to address transportation issues and strengthen the country.
- A strong Federal transportation program must connect the nation, including rural areas. By definition, rural areas are far from large economic markets and population centers but our contributions are very important to the national economy. We are the source of products, resources, and recreational opportunities that help define us as a nation. Highways in and across rural states benefit residents of large cities. For example, travel between Chicago and the West Coast requires good highways across states like South Dakota. Furthermore, most truck traffic drives thru South Dakota, without originating or terminating in our state. Delivery of transportation projects and services remains a challenge with increasing requirements in performance management, planning, and data collection. Commendably, MAP-21 simplified many elements of the Federal highway program into a smaller number of programs while maintaining significant transferability between programs. In addition, MAP-21 increased the percentage of the overall highway and transit programs distributed by formula. We need to continue to simplify and focus on essentials.

In the balance of my statement, let me elaborate.

**Program Stability and Certainty is Needed**

By providing authorizations for 27 months, MAP-21 created some stability for transportation programs. Still, Federal transportation programs are funded through an extension ending this May. This creates administrative and project delivery challenges as states inevitably focus on short-term projects and contracts for smaller projects. It creates particularly difficult challenges for northern states like mine with a short construction season. We need an authorization that is longer-term than MAP-21.

**A Strong Federal Program Serves the Nation**

As you know, Mr. Chairman, at various times in the debate over what became MAP-21, some discussed significant reductions in the Federal surface transportation program. We are pleased that did not occur. If that were to happen, vast areas of the country connected by a national system would be faced with growing isolation. Their economic growth and the economic growth of the country would be in jeopardy. To keep this from happening and to serve the nation, we need a Federal transportation program that grows with transportation needs.

Over the last five years or so, Federal highway program funding has been flat, but construction inflation, the aging of many facilities, and continued heavy use have adversely affected the condition and performance of the transportation system. For all states, but particularly for states with large land areas, extensive road systems, and small populations, we cannot maintain the extensive national highway network at the desired condition and performance if Federal transportation program funding continues to lag. I'm confident all States do their best to be as efficient as possible. The need for improvements is apparent and many states are taking steps on their own. I have proposed funding increases and user fees in my own State, but stronger Federal funding is also needed. States cannot do it alone.

The Federal highway program is especially important to large rural states with small populations. We have very few people to support each mile of Federal highway---and preserving and maintaining the aging, nationally connected system is expensive. Yet, citizens from rural states contribute significantly to this effort. For example, South Dakota's per capita contribution to the Federal Highway Trust Fund exceeds the national average by over 55 percent. We are number three in the country in Federal Highway Trust Fund contributions per capita and number two in highway miles per capita. Further, with South Dakota's low population and traffic densities, tolling is not a realistic option to meet transportation needs. Past Congresses have recognized it is in the national interest to strongly support highways and transportation in and across rural states. Congress must continue that approach. Here are some reasons why.

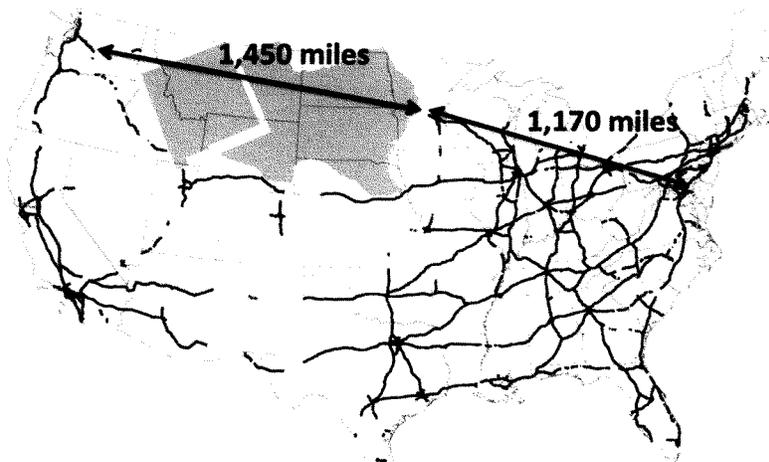
- 65% of truck traffic in South Dakota is interstate commerce---it does not have an origin or destination in South Dakota. Other rural states also serve as a bridge between metropolitan areas, rural economic production and the nation's ports;
- The world population of seven billion is expected to grow by 70 million a year and rural areas like South Dakota need to export corn, wheat, soybeans and other agricultural products to help feed them;
- 30% of the nation's agricultural commodities are exported, improving the U.S. trade balance;

- Rural highways serve the nation's energy extraction, biofuel production, and wind power industries, which are located largely in rural areas;
- Rural highways enable people and business to access scenic areas like Yellowstone and Grand Teton National Parks, the Badlands, and Mount Rushmore---none of these are located on Interstate highways. To visit them you must cross vast tracts of Federal and other rural land needing transportation access;
- Rural highways are a lifeline for remotely located and economically challenged citizens, such as those living on tribal reservations, and
- Rural highways facilitate military readiness.

While the highways in rural states clearly serve important national purposes, the draft Primary Freight Network published by USDOT shows a vast area almost 1,500 miles wide in the north central and western United States unconnected by the proposed network. South Dakota has only one mile on that "network." Frankly, it suggests that some states are unimportant. Freight movement in rural areas and the rest of the country binds us together as a nation. It is not just high truck volumes that bind us but vital economic relationships that strengthen all areas and sectors of our economy. Correctly, however, nothing in the law links funding to that network.

Congress should not accept such a fragmented and unconnected network. National freight planning efforts should recognize the importance of moving commercial freight across all areas of the country. Transporting agricultural products and natural resources from production areas to national and world export markets is vitally important to the national economy.

**Vast Area Unconnected by Proposed Primary Freight Network  
Central Minnesota to Central Washington**



**Program Streamlining, Simplification, and Flexibility Promotes Investment**

Whether the issue is freight planning, safety, performance measurement or another regulatory matter, Federal requirements need to focus on desired outcomes through processes requiring less time on administrative compliance so States can focus on improving transportation services. Often, less is more, as the time and expense of administrative requirements inevitably detracts from the ability to use funds for transportation investment.

Proposed rules, if adopted, would impose new requirements, resulting in increasing data collection, planning, and administrative costs at a time when construction inflation takes away a share of flat Federal funding. For example, one proposed rule would have States expend scarce dollars collecting multiple data items for all public roads, including gravel and dirt roads. Frankly, those dollars would be better used on road and bridge projects. We need to reduce administrative burdens and maximize actual transportation outcomes and services from program dollars.

**Conclusion**

In summary, we favor a federal program with strong and stable funding that maintains a flexible approach that will increase, not limit, State flexibility by reducing regulations and program requirements. Congress should also continue to distribute the vast majority of program funds by formula. This will enhance the ability of states to effectively provide transportation services the nation needs while also generating jobs, facilitating commerce, and enhancing safety and mobility.

It is essential that Federal surface transportation programs and legislation continue to recognize that significant Federal investment in rural highways is, and will remain, in the nation's best interest. The citizens and businesses of our nation's more populated areas, not just residents of rural America, benefit from a good transportation network in and across rural states like South Dakota. Legislation incorporating the features I discussed will better equip all states to address transportation needs and will benefit the nation.

That concludes my testimony. I'll be happy to respond to any questions you may have.

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**Environment and Public Works Committee Hearing  
January 28, 2015  
Responses of the Honorable Dennis Daugaard, Governor of South Dakota,  
to Follow-Up Questions from Sen. Boxer for Written Submission**

**Senator Barbara Boxer**

Questions for All Governors

- 1. Many of you testified about the growing demands of freight movement on the transportation system. Whether it is moving goods out of a port of entry, or across our heartland, the efficient movement of freight is vital to our economy. Can you discuss why there should be a federal interest in supporting a nationally connected transportation system that benefits goods movement?**

**Response of Governor Daugaard**

Thank you for the question.

A nationally connected transportation system strengthens the economy and directly benefits goods movement. Before they are used, goods must move from their origin to their destination. This is true for consumer goods, for agricultural and natural resource products --- for everything. The growing national and international scope of freight movement clearly confirms the federal interest in a nationally connected transportation system.

Improving freight movement continues to be a priority in South Dakota. It is a major consideration in our planning and project selection process. We focus a portion of our federal formula funding on projects that are important to freight movement on our National Highway System and other important roads.

Here are a few reasons why there must be strong federal transportation investment in partnership with the states to support a nationally connected transportation system benefiting goods movement.

- Goods movement often requires trucks crossing extensive portions of rural America. For example, freight movement between Chicago and the West Coast requires good highways across "bridge" states like South Dakota. Highways in rural states provide important freight benefits to business and people in large metropolitan areas. Similar patterns in other areas illustrate this classic example of interstate commerce and clearly justify a federal role.
- To further illustrate the national interconnected nature of highway commerce, we estimate that almost two-thirds of the truck traffic crossing South Dakota's highways

does not have an origin or a destination in our state. Our state is roughly 400 miles from east to west and 200 miles from north to south. This means that a huge portion of the truck traffic in our state is long-haul interstate commerce. We support and facilitate interstate freight movement by investing our federal formula program funds in our transportation system.

- South Dakota has an extensive Federal-aid highway network but relatively few people to support each mile of Federal-aid highway. People in geographically large states with small populations make a proportionately large contribution to support the nation's highway system, including freight movement. Based on the most recent data, South Dakota, with a population density of about 10 people per square mile, has the third highest per capita contribution to the Federal Highway Trust Fund of any state, exceeding the average contribution by over 55 percent. Obviously, large states with a small population can only fund so much. This highlights the importance of the federal role in providing funds invested by states to maintain and preserve this nationally connected network.
- Agricultural and natural resource products cannot move to national and world markets without a good highway network, including connections to rail facilities. The network also provides essential support to energy extraction industries, biofuel production plants, and wind power facilities---important national interests located largely in rural areas.

For these and other reasons, South Dakota supports a strong federal role in transportation investment in partnership with the states. "Connecting South Dakota and the Nation" has been on the door of every South Dakota Department of Transportation vehicle for over a decade, emphasizing the importance of the shared state and federal interest in moving goods and people. South Dakota can further this shared interest if it receives strong investment in federal formula programs. We cannot provide a nationally connected network alone.

2. **We hear a great deal about pavement conditions, deficient bridges, and hours wasted in traffic due to congestion. As the chief executive of your state, you know what is important to growing the economy and supporting jobs and businesses within your state. Can you discuss how important an efficient transportation system is to having a strong economy, attracting employers and workers, and supporting commerce?**

**Response of Governor Dugaard**

Thank you for the question.

South Dakota is far from major national and world markets and population centers. Manufacturers and other businesses deciding to locate in South Dakota consistently choose locations with good highway access. Obviously, efficient transportation is important to the economic success of South Dakota and the nation. Strong federal highway investment will advance this important goal.

Another way to appreciate the economic importance of an efficient transportation system is to imagine the nation without it.

- How would Californians eat bread made from South Dakota wheat or how would South Dakotans enjoy produce from California?
- How would manufactured products or crops be delivered to cities, ports, and national and global markets?
- How would farmers obtain inputs like fertilizer and seed from distant locations?
- How would tourists visit national scenic wonders like the Badlands, Mount Rushmore, or Yosemite without good highways?

They wouldn't. Good transportation strengthens the national economy by enhancing opportunities for economic success by the people and businesses of each state.

**Environment and Public Works Committee Hearing**  
**January 28, 2015**  
**Responses of the Honorable Dennis Daugaard, Governor of South Dakota,**  
**to Follow-Up Questions from Sen. Crapo for Written Submission**

**Senator Mike Crapo**

- 1. South Dakota features many of the same transportation challenges we face in Idaho as long stretches of Federal-aid highway are supported by a small number of people. Without a reliable federal highway program, can states like South Dakota and Idaho adequately provide the infrastructure investment to maintain interstate commerce?**

**Response of Governor Daugaard**

Thank you for the question.

South Dakota agrees with you that large, rural states face transportation challenges because they have extensive federal highway networks and relatively few people to support each mile. We also agree that providing the infrastructure investment needed to maintain, and preferably enhance, interstate commerce remains a challenge.

These two points highlight the need for strong and reliable federal investment in highways in states like South Dakota and Idaho to facilitate interstate commerce and grow the economy.

More specifically---

- Like Idaho, South Dakota has a significant amount of federal land. That land generally cannot be taxed or developed but it must be crossed and needs highway access.
- The per capita contributions to the Highway Trust Fund from large rural states exceed the national average. We require federal assistance to preserve and improve the transportation system for our citizens and out-of-state users and beneficiaries.
- The highways in states like South Dakota and Idaho provide national benefits. A significant portion of our states' truck traffic does not originate or terminate in our states. It continues to other places. Trips from Chicago to Seattle, for example, use highways in Idaho and South Dakota.
- Both states are far from markets but our products are important to the nation because:
  - The world population of seven billion is expected to grow by 70 million a year and our states want to help feed them;

- 30% of the nation's agricultural commodities are exported, improving the U.S. trade balance;
  - Moving our agricultural and forest products and other goods to national and world markets requires good highways.
- Both states have cold climates and extreme temperature fluctuations that damage roads and bridges.
  - Federal scenic areas in South Dakota and Idaho---the Badlands, Mount Rushmore, and Yellowstone National Park, Craters of the Moon, and Sawtooth National Recreation Area---are not located on Interstate highways. We need federal investment in the broad network connecting those facilities to visitors from the nation and the world.

2. **As noted in your testimony, any long-term reauthorization of the federal surface transportation program must maintain and build on flexibility to the states. How often do you hear from your transportation managers about concerns due to federal requirements?**

**Response of Governor Daugaard**

Thank you for the question.

South Dakota Department of Transportation managers constantly deal with federal requirements. Requirements are expected. However, the federal legislative framework should trust states to make good decisions and strive to minimize federal requirements. That would help get the most from each transportation dollar.

Unnecessary requirements take time and funding away from delivering transportation services. Increasing requirements in performance management, planning, and data collection are a concern. We should avoid new requirements or adjust current ones when we find costly requirements that are not providing sufficient benefits. I have encouraged South Dakota's Department of Transportation to solicit and advance ideas to reduce regulatory costs and improve benefits.

- One example from my testimony concerns a proposed rule containing provisions that would have states collect multiple data items for all public roads, including gravel and dirt roads and other low volume roads. Use of scarce program dollars for data collection in such places is a low priority compared to providing safety projects or improving other transportation services.
- Federal requirements have become so complex and time consuming that we allow an opportunity for a voluntary state-federal funding exchange. Under our state's approach, the state Department of Transportation administers some federal highway funds to local governments and this exchange allows local entities to trade federal dollars for state dollars. Over 35 percent of our local governments volunteer to accept 90 cents of state funding instead of a federal dollar because the added flexibility allows them to make more improvements.

Enacting a flexible, simplified, well-funded, long-term federal program focused on formula funding will strengthen the country. Less can be more when regulatory costs or program efficiencies free up dollars for transportation investment that will create jobs and improve safety and the economy.

Statement of  
The Honorable Dannel P. Malloy, Governor of Connecticut  
before the  
Senate Committee on Environment and Public Works  
on  
“The Importance of MAP-21 Reauthorization: Federal and State Perspectives”

January 28, 2015

Chairman Inhofe, Ranking Member Boxer, members of the Senate Committee on Environment and Public Works, thank you for inviting me to testify this morning on behalf of the State of Connecticut. I'm honored to be here, and to appear on this panel with my fellow Governors. And I appreciate the opportunity to be a part of this process you are undertaking to reauthorize the nation's surface transportation program. Your work is vital to our nation, to our economy, and to all our citizens and so I commend your outreach to the states and the bipartisan spirit with which you have convened this panel.

When it comes to transportation infrastructure, we all know the stakes are big. The federal investment in the national transportation network throughout our history, but especially the last half-century, has been instrumental in developing the world's largest economy and most competitive and mobile society. Every single citizen of our nation has benefitted from this federal commitment.

Connecticut, and the Northeast generally, is uniquely challenged with transportation systems that are older, more heavily traveled and located along coastal systems. Indeed, in my state, half of our interstate system was constructed prior to 1962, with only 10 percent constructed in the last 20 years. The Northeast has a population density over three times that of the nation as a whole, with over 90 percent of the population living within 50 miles of an existing or proposed intercity passenger rail corridor. The Northeast states have a high level of economic interdependence and travel connectivity, as reflected in the tens of millions of medium distance (100± mile) multi-modal trips that currently cross state lines, and the 200 million such trips projected by 2025.

In Connecticut, there are over 21,400 miles of public roadways. The state is responsible for over 3,800 bridges, and we inspect another 1,450 bridges for safety purposes. The state provides local bus route service to about 80 percent of the state's annual bus riders. Our rail system consists of 628 miles of active rail segments, including passenger and freight. Ownership and operation is split between private rail carriers, Amtrak, and the state of Connecticut. We have three deep water ports, including the Port of New Haven which is the highest volume commercial shipping port on Long Island Sound and the busiest port between Boston and New York City. Bradley International Airport near Hartford, CT, is the second largest airport in New England serving 7.2 million passengers and 160,000 flights per year.

Soon the spring construction season will be upon us. States need the certainty provided by a continuous federal authorization. Even the threat of a lapse in funding is disruptive to our programs, forcing us to

consider postponing bidding-out or awarding projects. If indeed a lapse were to occur, projects would almost certainly be halted across the country. In regions like the Northeast with its short construction season, any such disruption will delay completion of major projects and ultimately add to their total cost. The effects of an interruption in these construction projects would be felt throughout the transportation, construction, equipment and supply sectors, affecting thousands of private sector direct jobs. Ultimately, our economy would suffer. And delaying projects can lead to catastrophic consequences on the infrastructure itself, as our infrastructure generally is already in poor condition.

In recent years, the succession of near defaults and short-term extensions has created uncertainty and forced states to compensate and plan accordingly. In Connecticut, as I will discuss later in my testimony, we have increased state spending on our transportation system – 65 percent in just the past four years – and that has enabled us to continue to put projects out to bid and award projects despite the uncertainties caused by the failure of Congress to proactively act. But states and our local partners cannot sustain our transportation network in the long-term without a committed federal partner. Increased state funding for transportation should not be viewed by any member of Congress as an invitation or excuse to pull back from the federal government’s traditional role in our nation’s transportation infrastructure.

Now, let me say a few words about my home state. Connecticut is a small state at the crossroads of the Northeast and is the gateway to New England with a rich history rooted in the founding of this great nation. Industrial, political, scientific, and artistic innovation has always been the signature of our citizens.

But we’re also known as “The Land of Steady Habits.” And for too long – for almost two generations - Connecticut has fallen short investing in our transportation infrastructure.

Transportation and economic growth are, of course, bound together. States that make long-term investments in their infrastructure can have vibrant economies for generations. States that don’t, will struggle. It’s that simple. Because Connecticut got into the habit of under-investing in our multi-modal transportation network, the economic potential of the state, and the quality of life of our citizens has been hampered.

I ran for Governor and came into office four years ago determined to break this habit. Since 2011, we’ve dramatically increased funding for transportation, even as we struggled with tight budgets and economic challenges left over from the Great Recession.

As I mentioned before, transportation capital funding is up 65 percent and, during this period, we’ve sent more General Fund revenue to our Special Transportation Fund than ever before – nearly \$1.2 billion dollars. We’ve taken action on long-overdue projects like widening major interstates, replacing bridges that are vital for rail and vehicular traffic, and investing substantially to add new tracks and signal systems along all our rail lines, particularly our portion of the Northeast Corridor.

All told, we've invested more in transportation than any time since the 1980s. It's more progress than Connecticut has made in decades.

But it's still not enough. To be competitive, whether as a single state or as the United States, we must predictably invest more for the long-term in our roads, bridges, rails, and ports – even our walkways and our bikeways. Connecticut must do more on its own as well as in partnership with the federal government.

The entire focus of my State of the State address that I delivered earlier this month was on this effort. My goal is to establish a shared vision among the citizens of Connecticut for a best-in-class transportation system that fuels the next thirty years of investment in our infrastructure. We must do this to make us more business friendly, attract new companies, accelerate job growth, promote the flow of commerce within and beyond our borders, improve our quality of life, and make Connecticut an even better place to raise a family.

Our aspirations are lofty:

- A state with the safest highways, railways, buses, bicycle and pedestrian systems in New England;
- A state where people can move back and forth to their jobs in a reasonable and predictable amount of time, so they can spend less time in traffic and more time with their family;
- A state where we attract new businesses because our highways and rail networks can deliver goods efficiently, without delay;
- A state where our children want to stay and raise new generations because they have a choice to live and work with a car, or without one;
- A state with three vibrant, deep-water ports exporting more and more goods made in Connecticut;
- A state with an international airport that serves as a hub for transportation across America and around the globe;
- A state whose bus and rail systems efficiently, predictably, and safely interconnect all of Connecticut, linking us to cities up and down the east coast;

- A state that is crisscrossed by bicycle and pedestrian trails that make our communities more sustainable, our towns more walkable, and our cities more livable.

To achieve a best in class transportation system, Connecticut must consider and debate all options on how to pay for it. That is a conversation we will have during the current state legislative session.

We also need a committed federal partner. I recognize the challenge Congress confronts in reauthorizing a long-term, fully funded reauthorization to MAP-21. I understand the politics on both sides and I can sympathize with the difficulty you face seeing a bill enacted into law that meets the long-term needs of our great country. I'm hopeful that this Congress can overcome these challenges and I assure you that governors stand ready to help you.

Certainly there is a role for project financing and private investment in this effort to rehabilitate and modernize our transportation infrastructure. I was pleased to see the President's announcement last summer that the U.S. Department of Transportation would establish a Transportation Investment Center to facilitate credit assistance and private investment in our nation's transportation systems. Innovative project financing tools are only going to grow in importance, and I applaud the attention being paid to such initiatives.

And as I seek to expand transportation funding in Connecticut even more, innovative financing will be something I will examine closely in my efforts to get more projects off the ground. And along with the financing alternatives, my state agencies are already changing the way we do business, delivering projects faster and cheaper. Even though we have not yet utilized the innovative financing mechanisms authorized under previous surface transportation bills, I urge the Committee to continue its past commitment to innovative financing tools, such as TIFIA loans, public-private partnerships, and Railroad Rehabilitation and Improvement Financing.

But, most importantly, we need the federal government to increase funding for surface transportation. A reauthorization at current funding levels is nothing less than a significant deterioration of purchasing ability when adjusted for inflation. That translates into the deterioration of our infrastructure. Simply sustaining a system that is just barely performing should be unacceptable to this committee and the entire Congress. Acknowledging again the challenge every member of Congress confronts in funding a bill that yields a world class transportation system, I urge all options to be on the table for an honest debate.

Finally, while I recognize that a national rail authorization falls outside the jurisdiction of this committee, I'd be remiss if I did not take a few minutes to emphasize the importance of rail to Connecticut and the entire Northeast, and to urge the Congress to include a rail component in any reauthorization. The Northeast Corridor (NEC) is a vital service that supports and sustains not just the economy of the Northeast, but frankly, the entire country. But it continues to suffer from totally inadequate resources. States of the NEC have adopted a cost allocation policy with Amtrak that contributes significantly more

to the NEC infrastructure; assuming the responsibility for maintaining the infrastructure at a level that supports current operations. That historic action of state partnerships is memorialized in a policy that was sent to Congress just this week. However, it's time for the federal government to take responsibility for the backlog in state of good repair on the NEC, just as the states have stepped up to be responsible for normalized replacement.

And for my state, there has been no contribution by Amtrak or the Federal Railroad Administration to the NEC in Connecticut. We own the line from the New York border to New Haven, and over the past decade have invested well over \$3 billion into this section of the NEC, with virtually no contributions from Amtrak. It's time to change the terms of the partnership. The federal government should be a long term partner with the states by authorizing a long term transportation program that includes intercity passenger rail, with funding levels sufficient to maintain and improve this infrastructure that is so vital to the nation's economic and safety interests.

Chairman Inhofe, Ranking Member Boxer, members of the Committee, thank your again for the opportunity to testify. I welcome your questions.



NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

STATEMENT FOR THE RECORD BY  
**SENATOR DEB PETERS,**  
**SOUTH DAKOTA SENATE**  
AND  
**REPRESENTATIVE MARY JANE WALLNER,**  
**NEW HAMPSHIRE HOUSE OF REPRESENTATIVES**  
Co-Chairs of the Standing Committees, National Conference of State Legislatures

ON BEHALF OF THE  
NATIONAL CONFERENCE OF STATE LEGISLATURES

**THE IMPORTANCE OF MAP-21 REAUTHORIZATION: FEDERAL AND STATE  
PERSPECTIVES**

TO THE  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,  
UNITED STATES SENATE

JANUARY 28, 2015

On behalf of the National Conference of State Legislatures (NCSL), a bipartisan organization representing the 50 state legislatures and the legislatures of our nation's commonwealths, territories, possessions and the District of Columbia, we appreciate that Chairman Inhofe, Ranking Member Boxer, and the other distinguished members of the Senate Environment and Public Works Committee have made this hearing a priority. It represents a key step in examining the need for Federal transportation infrastructure investments and the importance of passing a long-term MAP-21 reauthorization as well as a review of MAP-21's successes and those policy areas in need of an update. It is important that all parties, including state legislatures, can work together to ensure a safe and reliable surface transportation system throughout the country.

The federal government plays a vital role in supporting a national surface transportation system that facilitates interstate commerce, fairly and equally addresses the mobility needs of all Americans and meets our national defense needs. NCSL supports the continuation and preservation of a federal-aid surface transportation program that directs spending to national priorities while allowing for state and insular area flexibility in local and regional variations. The federal program should provide states with maximum flexibility in deciding how to generate and leverage transportation revenues and how to use state and federal dollars. The ability of states to maintain flexibility in decision making and comply with environmental and other mandates depends on regulatory flexibility as well as adequate and reliable funding.

## Beyond MAP-21

### **Funding and Financing**

Revenues for our transportation system continue to decline with vehicles becoming ever more fuel efficient and changing travel patterns nationwide. The Highway Trust Fund is estimated to become insolvent in only a few months time. The American Society of Civil Engineers estimates America's surface transportation infrastructure faces a funding gap of about \$94 billion a year based on current spending levels. Taking all of this into account, NCSL urges Congress to work closely with states to develop a shared, long-term vision for financing and funding surface transportation systems that will enhance the nation's prosperity and the quality of life of all Americans.

However, based on the current status of the Highway Trust fund, a short term increase in federal highway transportation funding is needed to provide sufficient funding for the next authorization until a new, more stable long-term funding mechanism for surface transportation can be put in place.

The surface transportation system in the United States needs a new vision to guide it beyond the Interstate Highway era into the 21st century and the needs and challenges that lie ahead. NCSL believes that Congress must:

- Migrate the Highway Trust Fund (HTF) from a gas tax to a new national funding stream. A federal trust fund financed by user fees, should be retained as the primary method of funding federal-aid surface transportation programs. It must provide states a sustained, reliable source of transportation funding.
- Examine innovative ways that capture all system users and encourage pilot programs in states for experimentation with approaches, methods and mechanisms. Any system should ensure both the privacy of users and maximum flexibility for states in the use of funds they receive from the HTF.
- Approve the creation of a \$20 million program, with no more than \$2 million available for allocation to any one state, to support state-level pilot programs to explore transportation funding alternatives to fuel taxes.

- Make all funding and financing options available to state legislatures for state and federal-aid programs. Statutory and regulatory barriers to state and locally-granted revenues should be removed, including all current federal restrictions on states' authorities to toll, allowing states to optimize resources for capacity expansion, operations and maintenance while ensuring free flow of goods and people.
- Encourage and expand incentive-based programs in order to spur local and regional transportation innovation in full coordination with state authorities. A comprehensive approach would promote the use of tolling, congestion pricing, public transit, telecommuting, real-time traffic and other advanced technologies (also known as intelligent transportation systems), and other strategies to achieve interstate mobility goals through urban congestion reduction.
- Ensure states have continued flexibility in creating legislative and programmatic frameworks for Public Private Partnerships (PPPs) and full authority to select and engage in PPP projects. While the level of private sector participation is best determined by state and local authorities, federal guidelines should be designed to accommodate private sector support, although private participation should not be a prerequisite for receiving federal funds.
- Continue credit-based and loan guarantee programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA), Grant Anticipation Revenue Vehicles (GARVEE), private activity bond, and State Infrastructure Bank (SIB) programs, in order to incentivize private sector investment—particularly for freight mobility by rail, highway and waterway—in projects sponsored by the public sector.
- Provide regulatory flexibility in decision making and complying with environmental and other mandates
- Ensure that surface transportation authorizing legislation acknowledges and fully supports the role of passenger rail for ensuring interstate mobility.
- Avoid the expansion of federal-local funding streams without appropriate coordination with state legislatures as these complicate state-local relationships, financial arrangements, and state match expectations for transportation programs.

**Performance Management**

One of the largest transformations within MAP-21 was a shift to a more performance based program so as to ensure that investments are correctly targeted, as well as increase the accountability and transparency of these investments. As the U.S. Department of Transportation (USDOT) continues this process of implementing the changes required in MAP-21, we urge the department to both recognize and build off of the extensive work states have done with regard to performance management. We also urge the department and Congress to avoid creating additional reporting mandates or implementing lowest-common denominator performance measures that run counter to good asset management practices.

**Program Consolidation**

MAP-21 also featured a significant restructuring of transportation programs into a smaller set of core programs with the intention that the new structure would give states and other grantees additional flexibility to deliver projects more efficiently. NCSL supports this enhanced programming flexibility in order to meet a multitude of national goals and its continuation in any reauthorization effort.

**Project Streamlining**

NCSL believes that the federal government has a role to play in ensuring that national environmental policy aligns with national transportation policy, while assuring efficient and cost-effective approaches to both goals. The findings of an August 2011 Congressional Research Service (CRS) report noted that major highway projects can take 10 to 15 years to plan and build.<sup>1</sup> NCSL support efforts that build on the changes included in MAP-21 to streamline regulatory review processes so that construction projects can again be realized on-time and on-budget.

**National Highway and Transportation Safety Administration (NHTSA)**

MAP-21 consolidated various grant programs from SAFETEA-LU, including impaired driving and motorcycle grants, along with the new graduated driver licenses and distracted driving grants, into the new Section 405 National Priority Safety program. While NCSL supports a continued federal role in helping to set national performance safety goals, NCSL encourages the expansion of safety programs to incorporate emerging safety issues, and opposes the use of

federal sanctions or redirection penalties to enforce federal safety standards. There have been concerns from NCSL members that some of the qualifications for these grants are so high it may be difficult for states to participate. Specifically, it may be difficult for some states to qualify for the new incentive grants for graduated driver licenses and occupant protection. NCSL would be happy to work with the committee in the future to help identify those states that would require legislative changes in order to qualify for these grants.

NCSL appreciates the opportunity to submit testimony of this important issue before the Committee. We respectfully request it be submitted for the record.

**Appendices:**

NCSL Surface Transportation Federalism Policy Directive

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<sup>1</sup> Congressional research Service, "Accelerating Highway and Transit Project Delivery: Issues and Options for Congress," August 3, 2011. Accessed from : <http://bit.ly/CRS080311>



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January 28, 2015

The Honorable James Inhofe  
Chairman  
Committee on Environment and Public Works  
410 Dirksen Building  
Washington, DC 20510

The Honorable Barbara Boxer  
Ranking Member  
Committee on Environment and Public Works  
456 Dirksen Building  
Washington, DC 20510

Dear Chairman Inhofe and Ranking Member Boxer:

Thank you for hosting today's hearing entitled, "The Importance of MAP-21 Reauthorization: Federal and State Perspectives." We applaud your work to ensure infrastructure development is a priority in the 114<sup>th</sup> Congress. On behalf of the Portland Cement Association (PCA), I wish to share the views of America's cement manufacturers regarding reauthorization.

First and foremost, Congress must ensure that the Highway Trust Fund (HTF) is financed through a steady and reliable source of revenue. Absent the enactment of legislation that achieves long-term solvency, the condition of highways throughout the United States will continue to worsen, impeding mobility and inhibiting economic growth. Your efforts to generate thoughtful and constructive dialogue on how to address our long-term funding needs are greatly appreciated.

While establishing a sustainable mechanism for funding our nation's infrastructure is critically important, the promotion of practices that maximize the value of limited federal resources is also crucial. Today, various economic analysis tools are being utilized by states across the country to make more cost-effective decisions in transportation planning. These practices take into account not only a project's initial investment, but also maintenance expenditures and user costs over its anticipated life, and salvage value. Strengthening the ability of decision makers to choose the most cost-effective alternatives can save hundreds of millions of dollars, allowing agencies to devote limited funding to a greater number of key projects. PCA was very pleased with your committee's efforts to enhance federal support for Alternative Design/Alternative Bid (AD/AB) in the 113<sup>th</sup> Congress and believes that the reauthorization of MAP-21 should include provisions to encourage practices that help deliver the most cost-effective solutions.

With the condition of our roads and bridges declining at an alarming rate, rehabilitation of the nation's infrastructure is a high priority. As Congress develops legislation to support rebuilding our aging transportation system with today's significant resource constraints, it is critical that we embrace longer lasting pavement solutions. Properly designed concrete pavements are routinely designed to last more than 50 years and require minimal maintenance and rehabilitation (limiting the traffic disruption these activities cause) during the first 20 years of service. This reduces future demand on Highway Trust Fund resources and contributes to responsible stewardship of this national asset.

Recent studies show that in addition to the significant benefits related to longevity, concrete pavements, being more rigid, can benefit highway users with significant fuel savings. Researchers at the Massachusetts Institute of Technology (MIT) have estimated that using stiffer pavements on the nation's roads could reduce overall vehicle fuel consumption by as much as 3 percent, with a commensurate reduction in emissions to the environment.

Dedicated federal funding for implementation and deployment of advanced and beneficial highway technologies will accelerate the modernization of our transportation system. PCA supports efforts to continue funding pavement technology deployment through the surface transportation program. The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) provided \$12 million in annual support for the Accelerated Implementation and Deployment of Pavement Technologies (AID-PT) program. This initiative, widely supported by the pavement and transportation industries, is successfully accelerating the adoption of innovative pavement technologies by highway agencies. PCA favors the reauthorization of this successful program.

As the Committee moves to reauthorize MAP-21, PCA encourages you to consider how we can build on the reforms contained in MAP-21 to further improve the planning and spending decisions of transportation officials, while providing a sustainable source of funding for the Highway Trust Fund over the long term.

PCA looks forward to working with you and Members of the Committee on these important issues. Should you have any questions or need more information, please feel free to contact me.

Sincerely yours,



James G. Toscas  
President and Chief Executive Officer

cc: Members of the Committee on Environment & Public Works

