

TESTIMONY OF

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REGARDING

**America Builds:  
Highways to Move People and Freight**

BEFORE THE

Subcommittee on Highways and Transit of the  
Committee on Transportation and Infrastructure of the  
United States House of Representatives

ON

Wednesday, January 22, 2025

## INTRODUCTION

Chair Rouzer, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to appear today at this important hearing on our nation's highways and their role in moving people and freight.

My name is Jim Tymon and I am the Executive Director of the American Association of State Highway and Transportation Officials (AASHTO) which represents the state departments of transportation (state DOTs) of all 50 states, the District of Columbia, and Puerto Rico. Russell McMurry, AASHTO's Vice President and Commissioner of the Georgia Department of Transportation (GDOT), was invited to testify at today's hearing. Unfortunately, a severe winter storm has impacted Georgia and a state of emergency has been declared that requires the Commissioner to lead storm response and ensure safety of all residents. While I will be testifying on behalf of AASHTO, this written testimony includes many examples from GDOT that Commissioner McMurray wanted to include as an illustration of the work state departments of transportation do each and every day.

I would like to extend AASHTO's utmost gratitude to you and your colleagues on the House Transportation and Infrastructure Subcommittee on Highways and Transit (the Subcommittee) for your dedicated and tireless leadership on surface transportation policy and in your oversight of the Infrastructure Investment and Jobs Act (IIJA) implementation. Any reference in this testimony to the IIJA is meant to only include the current authorized surface transportation bill and not intended to reference the non-transportation parts of the broader IIJA.

As AASHTO members look forward to the reauthorization of surface transportation programs prior to the IIJA's expiration in September 2026, the nation's state DOTs express the critical importance of sound policy and stable funding provided through this multiyear bill. The federally-assisted state-administered program and the formula-based funding that underpins the surface transportation bill remains foundational to the work of every single state DOT in meeting their goals of improving safety, mobility, and access for everyone as articulated in AASHTO's 2021-2026 [Strategic Plan](#).

A safe, interconnected, well-maintained, and well-operated national transportation network is essential to our nation's security and our nation's economy. American quality of life and economic mobility depend in large part on the quality and vibrancy of our transportation infrastructure to connect people as well as goods to their destinations safely. A strong transportation system enables American businesses to produce and distribute American agriculture, commodities, materials, and products more efficiently and competitively within the United States and to export to the world.

In a global economy, sound and sustained investment in our nation's transportation infrastructure is critical to bolstering America's role in the world economically and politically. These reasons are why the upcoming reauthorization of the nation's transportation programs offers this Subcommittee, this Congress, and this Administration an opportunity to evaluate and

calibrate the best strategies and policies to not only invest but enable that investment to leverage outcomes more efficiently—all towards delivering projects and programs that the American people expect and deserve.

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

My testimony is organized as follows:

- IIJA Successes and Challenges
- Surface Transportation Authorization Legislation
- Importance of the Highway Trust Fund
- Pressing Issues for State DOTs

## IIJA SUCCESSES AND CHALLENGES

The IIJA is now less than two years from expiring and it has been foundational for state DOTs to make the important investments that help move this country forward, grow our economy, and improve the quality of life for all Americans. Compared to the preceding Fixing America's Surface Transportation (FAST) Act, funding from the IIJA was increased significantly, especially in the discretionary programs. For state DOTs it represented around a 30 percent increase in funding initially for formula programs, in addition to several new programs created by the IIJA. This funding provided the opportunity to address capital infrastructure needs in urban, rural, and suburban areas, including important preservation, capacity, and resiliency projects. But as with any piece of legislation, there are provisions that have worked well, and others that have presented challenges coupled with overall cost increases which have left the IIJA's legacy short of its full promise. As this Subcommittee begins its work to develop the succeeding surface transportation reauthorization, AASHTO is grateful for hearings like this where practitioners can provide insightful information to aid Congress in your deliberation to improve the federal surface transportation programs.

### IIJA Successes

#### Efficiency of Core Formula Programs to Advance Projects Across the Nation

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

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

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

According to a Congressional Budget Office (CBO) estimate, 67 percent of formula dollars provided to states are estimated to be “spent out” via cash—and thus put into tangible projects—by year two of IIJA; conversely, discretionary grants under the IIJA have only been “spent out” at a rate somewhere between 1 percent to 7.4 percent by year two.

For GDOT, federal funding has represented about 40 percent of their total budget and about 44 percent of their capital programs over the last decade. Prior to that, GDOT was totally federal dependent for our capital programs. While the federal portion of each state’s capital programs varies widely, the core federal programs remain very important to all states, even those with a larger share of state funding. GDOT relies on the core federal programs to deliver projects from rural Georgia to metro Atlanta. These core programs give states flexibility of their use, including the ability to plan and leverage state and local funds to optimize the use of federal funding. Also very important is the ability to transfer funds between the core program categories. These core programs are foundational for our nation’s highway system and transportation networks.

### Delivering Tangible Safety Improvements

There is no greater priority for state DOTs than keeping our transportation users safe when using our transportation networks. In 2023, there were an estimated 40,900 deaths on our nation’s roadways. As expressed through our 2023 Board of Directors resolution entitled “State DOTs Commitment to Address the National Roadway Safety Crisis” and the subsequent creation of the AASHTO Safety Action Plan, state DOTs are committed to doing everything they can to reduce these numbers with the goal of getting to zero. Improving safety is also an emphasis area for

AASHTO under the leadership of President Garrett Eucalitto, Commissioner of the Connecticut DOT, who has called for “Centering Safety” on every state DOT action—all resulting in safer communities, safer users, and safer workers.

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

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

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

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

GDOT takes an ‘all-in’ approach to roadway safety through multiple key initiatives to move serious injuries and fatalities in our state to zero. GDOT fully utilizes its entire HSIP apportionment provided by the IJA every year to deliver a range of infrastructure improvements to improve safety on our roadways. Key examples include targeted ‘hot spot’ improvements and

proactively introducing systemic improvements to address crashes before they occur, such as centerline and edge line rumble strips to prevent roadway departure crashes.

GDOT also leverages the flexibility to use HSIP for non-infrastructure safety activities at every opportunity. GDOT is proud to help educate young drivers and high school students through safety summits in partnership with other safety organizations and industry stakeholders. GDOT has partnered with “We Are Teachers” to develop a Georgia Board of Education-accepted curriculum for grades K to 12. GDOT provides the curriculum, posters, videos, and games free of charge for teachers to use such that they can integrate safety messaging into math, science, and even history at the appropriate grade level.

## IIJA Challenges

### Administration of Discretionary Grant Programs

The IIJA authorized a substantial increase in the number of, and funding for, discretionary programs. We recognize these programs were intended to target specific policy priorities, but the entire administrative process around discretionary grants has shown to be slow, burdensome, and less efficient in turning federal funds into projects and benefits compared to the deployment of formula funding provided to state DOTs. New discretionary grant programs take considerable time and resources for USDOT to operationalize. The Department must create the program policy frameworks, go through rulemaking, provide Notices of Funding Opportunity, and develop the actual grant applications before receiving a submission. In addition, review and approval of the grant applications themselves require a significant number of resources by the USDOT. While discretionary grants are very important for large projects of national interest such as the Brent Spence Bridge, or to close the funding gap for megaprojects which are often bistate projects, we believe the proliferation of small-dollar discretionary grants in the IIJA has created challenges for state DOTs and local governments, diluting the focus of the federal interests and its resources away from core transportation investment that are nationally significant in their scope.

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

As an example in Georgia, the city of Athens applied for a Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant for safety improvements on a local street. The notice of funding opportunity was in January 2022. They received their award notice in September 2022 and the grant was finally executed in September 2024. This example also is reflective of the USDOT working directly with a local government entity who is not accustomed to navigating the

complexities of federal transportation funding. According to USDOT, as of December 15, 2024, only 15.7 percent of the IJA funding for RAISE has been obligated, and 0.7 percent outlaid, or cash out the door. In comparison, USDOT reports 91 percent of Federal-aid Highway Program dollars obligated (most of which represent formula programs) and 56.1 percent outlaid.

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

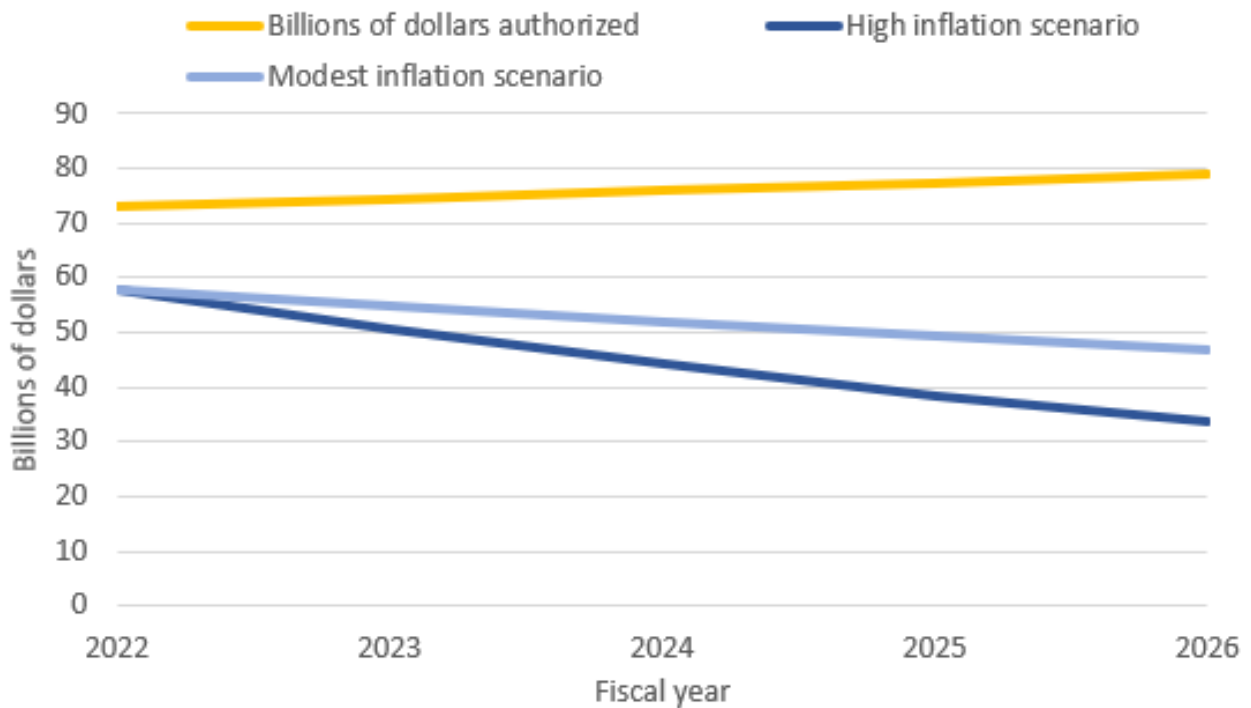
- Evaluate the policy priorities and the necessity of each discretionary grant program against the lens of federal interest;
- Treat any discretionary grant awarded to state DOTs like a project administered through FHWA's formula programs and the associated financial management system;
- Improve transparency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

### The Impact of Inflation

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

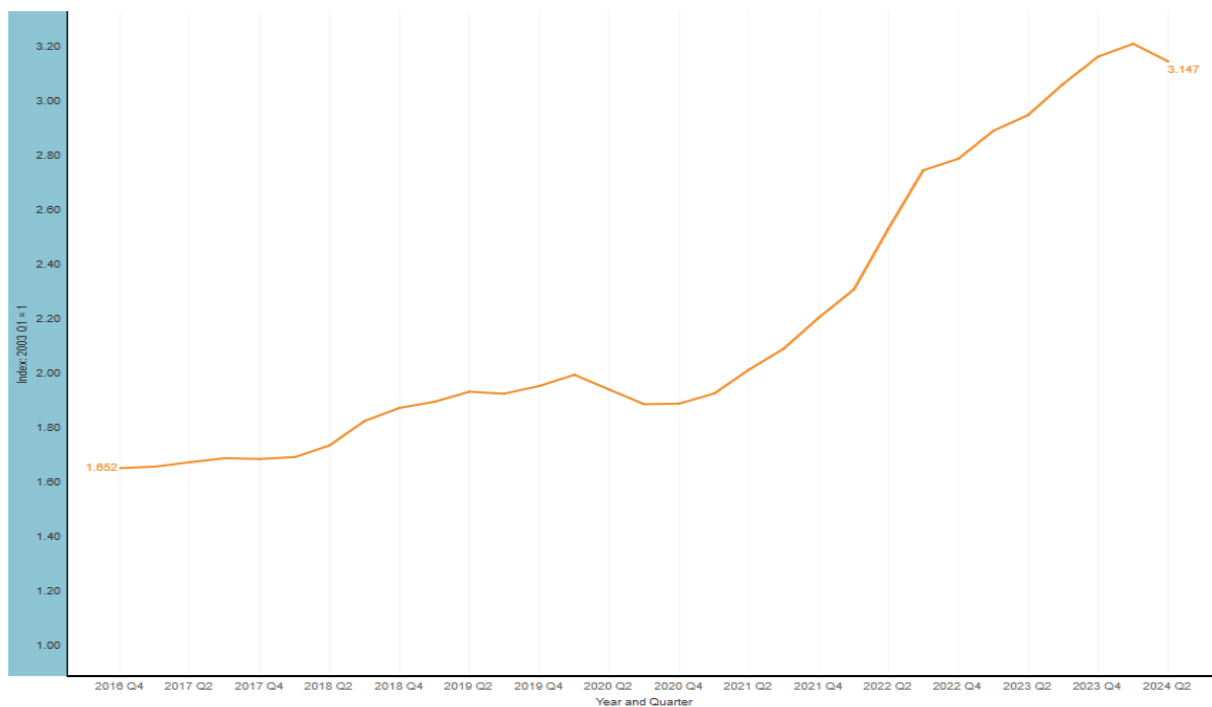
State DOTs are grateful for this funding. However, since IJA enactment in November 2021, the nation as a whole—and the transportation sector especially—has experienced a significant loss of purchasing power due to inflation. According to USDOT's Bureau of Transportation Statistics (BTS), their “modest inflation” scenario for the IJA estimates a 31 percent loss in purchasing power for the total of its five fiscal years from fiscal 2022 to 2026, reducing the \$379.3 billion in nominal dollars for highways to \$260.5 billion in real dollars. The BTS's “high inflation” scenario estimates a 40 percent loss in purchasing power of the IJA, reducing \$379.3 billion in nominal dollars to \$224.2 billion in real dollars. It should be noted that the nominal increase in formula funding to states from the last year of the FAST Act to the first year of the IJA was 31 percent—which translates to essentially standing still in terms of purchasing power under the BTS's “modest inflation” scenario or experiencing a 9 percent loss under the “high inflation” scenario.

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



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

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



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

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



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

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

### Regulatory Burdens that Impede Project Delivery

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

With that said, in the transportation sector, each federal dollar tends to be more "expensive" compared to each non-federal dollar due to regulations and permitting requirements associated with the federal program. In general, AASHTO requests Congress to direct federal executive branch agencies to reduce regulatory burdens wherever possible by removing prescriptive requirements.

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

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

- Easing access to assignment of the National Environmental Policy Act (NEPA) for interested states and streamlining its renewal process;
- Supporting co-location and collaboration of federal resource agencies involved in reviewing environmental documents;

- Limiting state DOTs' assumption of federal responsibilities under the Stewardship and Oversight Agreements with FHWA only to Title 23 rather than requiring adherence to all federal laws, regulations, policies, Executive Orders, and procedures;
- Consolidating duplicative permits and reviews overseen by the US Coast Guard, US Army Corps of Engineers, National Marine Fisheries Service, and the US Fish and Wildlife Service;
- Redefining "major federal action" and its thresholds and not requiring federal review and permitting for projects receiving *de minimis* federal funding, and;
- Expanding the list of project eligibilities under Categorical Exclusion in 23 CFR 771.117(d).

Six years ago, GDOT pioneered a new approach with federal environmental, regulatory, and resource agencies through the creation of an Interagency Office of Environmental Quality (IOEQ). The IOEQ built upon previous coordination whereby GDOT had been funding positions in federal agencies to help expedite the review of GDOT's environmental documents. The new approach involved establishment of a single physical office, paid for by GDOT, for the various resource agencies to actively collaborate and perform concurrent reviews to help reduce the delays that often accompany the typical siloed and sequential review process. Benefits of the IOEQ were evident within the first weeks as issues were addressed immediately when a question could be asked across the room as opposed to through the traditional bureaucratic process where each agency has their allotted time to respond in a linear way. While this seems like a commonsense approach of environmental resource agencies working together as a team, it took significant time and effort working with each federal agency individually to gain approval for this concept, which is not prohibited by law. AASHTO supports federal regulatory resource agencies being aligned and focused on improving delivery of transportation infrastructure projects.

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

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

AASHTO's BABA recommendations include:

- Congress and USDOT should explore every option available under the FHWA final rule on the use of manufactured products to minimize disruptions to the entire transportation industry, state DOTs and local governments;
- Congress should ensure the waiver process at the White House and USDOT is timely and transparent, including providing clear indication of when the federal agency received the waiver request and creating a database of common waivers, and;
- Congress should encourage USDOT to support collaboration between state agencies, contractors, designers and suppliers on developing a centralized listing of domestically-made construction materials complying with the new Buy America requirement. State DOTs have worked hard to best implement the BABA and AASHTO has taken the lead to develop an Industry Document Repository managed by the AASHTO Product Evaluation and Audit Solutions program as a national resource, so that each and every state doesn't have to certify the same products on their own.

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

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

## **SURFACE TRANSPORTATION AUTHORIZATION LEGISLATION**

The IIJA at its core included a five-year reauthorization of federal highway, highway safety, transit, and rail programs for fiscal years 2022 through 2026. The 119<sup>th</sup> Congress has an extraordinary opportunity to develop and enact the next multiyear surface transportation bill

prior to the IJIA's expiration on September 30, 2026. AASHTO stands ready to support Congress in meeting this deadline through the association's comprehensive policy development process informed by state DOT leads and practitioners.

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

To continue the momentum of delivering investments in transportation and critical projects, it is crucial a new authorization bill be enacted by September 30, 2026. In addition to continuing resolutions seen through the annual appropriations process, relying on short-term authorizing program extensions can cause unnecessary program disruptions, uncertainty, and delays in safety and mobility benefits to states and communities. Short-term extensions can make it difficult for state DOTs and local governments to plan and execute contracts for important highway and transit projects.

Stable multiyear apportionment of formula dollars is critical for GDOT to deliver projects and programs. By state constitution, GDOT cannot execute a contract without the full funding being encumbered, so we are unable to cashflow projects. This causes challenges in developing and delivering projects without full federal funding. GDOT uses the allowable "advance construction" process by the FHWA to prefund federal projects with state dollars until full federal funding is available, but not all states have the sufficient state funding to be able to utilize this tool to keep the project pipeline moving. Without full federal funding provided on time, states are having to shoulder the burden if they can.

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

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

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

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

To reaffirm the premise that the Federal-aid Highway Program is a state-administered, federally-assisted program which allows for the most effective use of federal funding, maximum flexibility of and transferability between the various funding formula program categories is absolutely necessary. Current law allows a state to shift the authority to use federal formula funds from one

core formula apportionment program to another, not to exceed 50 percent of the amount apportioned. In addition, states and metropolitan planning organizations (MPOs) may “flex” highway funds to other modes. The authority to transfer apportionment among funding formula categories is an important benefit for state DOTs in administering these funds, ensuring the balance and alignment of federal, state, and local transportation goals including safety, mobility, and the improvement of our transportation network. Each state is unique and faces its own transportation challenges and these differences demonstrate why state DOTs should control where and how their funds are best utilized. In the next authorization bill, AASHTO recommends that Congress provide increased flexibility and transferability between funding formula categories and halt the growth of new programs, instead broadening eligibility among fewer programs, and consideration of combining programs that have similar policy objectives similar to the overall program consolidation we saw under MAP-21.

Funding transfers among formula program categories is very important to state DOTs. For example, GDOT constantly monitors project delivery phases in over 25 federal budget programs, subprograms, and population categories specified in each program. State DOTs need flexibility to be responsive and agile when project delays occur such that each state can fully utilize their total federal funds each year. AASHTO supports continued and enhanced state-decided flexibility to maximize each state’s utilization of federal funds.

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

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

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

In the next authorization bill, Congress should build upon the investment provided by the IIJA funded through the Highway Trust Fund and General Fund as necessary, allowing transportation funding to keep pace with inflation at a minimum. Funding should grow steadily year to year over the life of the next surface transportation authorization bill to allow states to not lose ground and keep up with growing needs for a strong economy.

Any reduction in federal funding would be very impactful to all state DOTs, including Georgia. By average over the last 10 years, federal funding represents 44 percent of the state’s capital program. Georgia, along with many other states, continue to increase state and local funding to do our part in delivering transportation infrastructure and operations. GDOT’s 2050 freight plan

shows that freight tonnage moved on Georgia’s highways is expected to almost double. Most of this freight moves on the National Highway System and Interstate Highways. Without continued and increased investment, the costs to business, both small and large, will have an undesirable impact on our economy.

## IMPORTANCE OF THE HIGHWAY TRUST FUND

The federal Highway Trust Fund (HTF) serves today as the primary mechanism by which the federal government provides resources to states, local governments, and transit agencies for highway and transit investments. The federal HTF is based upon the important “user pays” principle and it ensures these user fees are used for Congressionally defined purposes through the application of budgetary firewalls that prevent the diversion of revenues to non-transportation activities. The historical predictability and reliability of annual HTF revenues supporting multiyear capital investments has enabled the federal surface transportation funding program to serve as the critical method for supporting state DOTs, local governments, and transit agencies across the country.

Resources from the HTF are provided in the form of multi-year contract authority, a unique federal budgeting mechanism that allows for the obligation of funds without the need for an annual appropriation. The authority to liquidate—i.e., pay—for these obligations is provided through the appropriations process.

The IJA provided annual contract authority levels for five years, from fiscal years 2022 through 2026. Providing annual contract authority levels at the beginning of the five-year authorization timeline allows state DOTs to plan and manage their program of transportation projects, giving them the much-needed certainty and stability to effectively and efficiently fund transportation investments.

AASHTO strongly supports efforts by this Subcommittee to enact a future multiyear surface transportation authorization bill that continues to provide much-needed HTF funding. While the HTF provided stable, reliable, and substantial highway and transit funding for decades, this is no longer the case. Since 2008, the HTF has been sustained through a series of General Fund transfers. With the transfer of \$118 billion into the HTF to pay for the IJA, the total amount transferred now stands at over \$275 billion.

According to the June 2024 Congressional Budget Office (CBO) baseline, annual HTF spending is estimated to exceed receipts by roughly \$39.7 billion at the end of FY 2029. If Congress were to reauthorize federal transportation programs for five years after the expiration of the IJA just to maintain current investment levels from HTF adjusted for inflation, CBO estimates the gap between revenue into the HTF and expenditures from it would be roughly a staggering \$143 billion.

Georgia supports the user-pay concept, and the state motor fuel taxes are constitutionally dedicated for transportation use. In 2015, the Georgia General Assembly modernized the user-pay concept by including an annual index to the motor fuel taxes based on Consumer Price Index and the fuel efficiency of the newly registered vehicles in Georgia. Keeping with the user-pay belief, the General Assembly has also enacted an annual electric vehicle (EV) registration fee, heavy vehicle impact fee, and a kilowatt-hour fee for public EV charging to help mitigate the impacts of increased fuel efficiency and the increase in alternative fuel sources.

Stable and predictable funding from the federal HTF is the tool that makes it possible for state DOTs and MPOs to plan for and deliver transportation projects. AASHTO stands ready to work with this Subcommittee and all of Congress to find a solution to this growing HTF funding shortfall.

## **PRESSING ISSUES FOR STATE DOTs**

### Fix August Redistribution of Federal-Aid Highway Program Dollars

Due to slow-spending discretionary grants funded under the Highway Trust Fund's "allocated" programs outside of the formula program for states, FHWA under current law waits until each August to ask state DOTs to obligate a significant share—\$8.7 billion or 14.5 percent of the \$60.1 billion total in FY 2024—in just one month via "August Redistribution," which hampers strategic programming of federal dollars. It's important to emphasize this is not additional money to each state, as each state's obligation limitation is not increased.

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

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

### Ensure Strong and Coordinated Federal Support for Disaster Response and Recovery

As they always do, state DOTs have stepped up in the face of recent and unprecedented natural disasters including hurricanes Helene and Milton, providing critical services ranging from first responders to clearing roadways and reestablishing transportation connections to restore and

rebuild communities. For example, Georgia was hit hard with Hurricanes Debby and Helene last year. GDOT crews and contractors are still removing debris and rebuilding transportation infrastructure. Both Federal Emergency Management Agency (FEMA) funding and the FHWA Emergency Relief (ER) program are critically important to our recovery.

AASHTO is grateful for the recent addition of \$8.086 billion to the FHWA ER account—along with FEMA funding for Hurricane Helene-impacted roads and bridges—in the Further Continuing Appropriations and Disaster Relief Supplemental Appropriations Act, 2025.

To ensure strong and coordinated federal support when a future disaster strikes, AASHTO requests further Congressional assistance in implementing programmatic agreements between federal agencies, such as FHWA and FEMA, for greater coordination and efficiency of emergency relief activities. We also recommend providing necessary funding for the Federal Transit Administration’s Emergency Relief account, which would support rural transit services overseen by most state DOTs. Lastly, we ask for increased flexibility under FHWA’s ER Program to provide economically justifiable project solutions that increase resiliency. This includes betterments that can reduce the risk of future and repeated damage while improving the ability to proactively address risks more broadly.

## CONCLUSION

State DOTs are committed to assisting this Subcommittee and Congress in the development of the next surface transportation legislation that will ensure the nation’s long-term economic growth and focus on safety through sound federal investments provided to all states. AASHTO values the longstanding partnership with the House Transportation and Infrastructure Committee and looks forward to continuing our work together.

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