



**Washington State
Department of Transportation**

TESTIMONY OF

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REGARDING

The State of Transportation

BEFORE THE

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State House of Representatives**

ON

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Introduction

Thank you, Chairman Graves and Ranking Member Larsen for inviting me to testify today to discuss the state of transportation.

My name is Roger Millar, and I serve as Secretary of the Washington State Department of Transportation (WSDOT). I joined WSDOT as Deputy Secretary in October 2015 and was appointed Secretary of Transportation in August 2016. I've spent over 45 years working in the transportation industry at the local and state level and in the private sector. The prominent theme that has run through my career has been planning and implementing transportation systems that are not ends unto themselves; but rather the means toward economic vitality, environmental stewardship, social equity, public health, and aesthetic quality. I serve as a member of the Board of Directors of the American Association of State Transportation Officials (AASHTO) and served as 2022-2023 AASHTO President. In addition, I served as 2021-2022 Board Chair for the Intelligent Transportation Society of America (ITSA) and as 2022-2023 President of the American Society of Civil Engineers Transportation and Development Institute (ASCE T&DI).

I oversee an agency that is the steward of Washington state's multimodal transportation system and responsible for ensuring that people and goods move safely and efficiently. In addition to building, maintaining, and operating the state highway system, WSDOT operates the largest ferry system in the nation, sponsors the Amtrak Cascades intercity passenger rail service, owns and operates 16 airports, and owns a 300-mile short-line freight rail system. We work in partnership with others to maintain and improve local roads, railroads and airports, as well as to support mobility options such as public transportation, bicycle, and pedestrian programs. I'm here today to speak about the state of the nation's transportation infrastructure and supply chain issues.

Implementation of the Infrastructure and Investment Act

I want to start by thanking Congress for passing the Infrastructure Investments and Jobs Act (IIJA) / Bipartisan Infrastructure Law (BIL) which will provide over \$5 billion dollars in federal funding for Washington state over the life of the bill. While the IIJA only requires states to suballocate portions of three formula programs, in Washington, we suballocate 41 percent of our total federal-aid formula funds to local partners and we are working closely with them to support successful obligation of their federal funding. Federal funding currently comprises approximately 30 percent of the Department's total transportation budget, a historic high, and we are working diligently to put these funds to good use. To date we have used funding from the IIJA on more than 370 projects managed by WSDOT including 5 safety improvement projects, 28 environmental improvements like stormwater retrofits and fish barrier corrections, 137 roadway preservation projects and 93 bridge preservation projects.

In addition to increases in formula funding for longstanding programs, we also appreciate the new programs created under IIJA. In Washington state we are leveraging state funding to amplify the benefits of our federal contributions to meet important state goals. For example, the National Electric Vehicle Infrastructure program aligns with our state's goal of decarbonizing our transportation system and ensuring that all Washingtonians and visitors can use an Electric Vehicle and find convenient, reliable and accessible fast-charging stations. Our NEVI Plan Update was recently approved by the Federal Highway Administration (FHWA) and later this year we plan to issue a Request for Proposals for deploying fast charging stations along nationally designated alternative fuel corridors. In addition to the federal formula and competitive grant funding Washington will receive, we are also distributing \$30 million dollars in state funding through our Zero-emission Vehicle Infrastructure Partnership grant to nonprofit organizations, tribes, state and local government agencies, all of whom then partner with private-sector organizations to develop and implement their projects.

Another example of how we're leveraging federal funds is the electrification of our ferry system. WSDOT operates the largest ferry system in the United States. It is also the biggest contributor of greenhouse gas emissions of any state agency in Washington, burning 19 million gallons of diesel fuel to transport 19 million passengers every year. Our fleet is aging and many of our vessels are due for major preservation work or replacement. This makes it the perfect time to modernize the fleet as we preserve it in a state of good repair. That's why we've embarked on an ambitious ferry electrification program to transition to an emission-free fleet that will also cost less to operate and maintain. New IIJA funding opportunities, including the Electric or Low-Emitting Ferry Pilot Program, allow us to leverage federal funds with state dollars for this important work, increasing both the impact of federal funding and our ability to reach our decarbonization and efficiency goals.

New IIJA discretionary grant programs that support large, transformative projects through multiyear grant agreements and/or funding pipelines are also appreciated. For example, WSDOT was recently notified that we will receive a \$600 million National Infrastructure Project Assistance program or "MEGA" grant award for the Interstate Bridge Replacement Project. This bi-state project will replace the I-5 bridge which connects Washington and Oregon and serves as a critical connection for regional, national, and international trade. Replacing this aging bridge with a crossing that can meet the needs of all travelers for generations to come is of the highest priority. The MEGA grant program supports large, complex projects that generate national or regional economic, mobility or safety benefits – and the IBR program does all three. Funding that recognizes the long lead time and magnitude of transformational projects is key to our work and has been helpful moving several key projects forward.

Another example is the new Corridor Identification and Development program administered by the Federal Rail Administration. We received entry into these programmatic "pipelines" for both our existing Amtrak Cascades passenger service and our proposed Cascadia High-Speed Rail programs. This allows us to plan for improvements for current rail passengers as well as envisioning an even more robust system in the future with high-speed rail between major Pacific Northwest cities, enabling us to address transportation and other related quality of life issues for future generations.

As we deliver projects with funding through the IIJA, we strive to ensure the projects benefit all Washingtonians. This work also includes continuing to be more inclusive in our contracting work. WSDOT is a national model for Disadvantaged Business Enterprise participation as part of our ongoing contracting journey. For federal fiscal year 2023 our DBE participation rate is nearly 19 percent or \$111 million. That's an increase from FFY 2017 with 14.6 percent in total or \$77.6 million. Our work includes several programs supporting under-represented business efforts, including programs for small and veteran's businesses and capacity building mentorship programs.

In addition to efficiently deploying the federal funds we've received; we are also engaging in opportunities to comment on new rules. FHWA's Final Rule for Assessing the Performance of the National Highway System, Greenhouse Gas Emissions (GHG) Measure is one example. WSDOT recently co-signed a letter with 14 other states, representing over 40 percent of our nation's population and almost 50 percent of our GDP, noting our support for the measure. Transportation is the largest source of carbon pollution in the United States. As stewards of that system, state DOTs can take meaningful actions to cut greenhouse gas emissions. While state DOTs play a critical role in the transition to a clean energy economy, they cannot do it alone. This common-sense rule will provide important and uniform data to help state DOTs, partners, and stakeholders work together to make progress towards a cleaner, safer, and more equitable transportation system. Since 2018, WSDOT has voluntarily reported GHG emission estimates and targets on the National Highway System to FHWA as part of bi-annual performance reporting. The process is neither difficult nor burdensome and we stand ready to support our partners who are new to the process.

Challenges

For years, infrastructure investment did not keep pace with our needs. The impacts of a lack of adequate investment to preserve and enhance our systems for all users are readily apparent and will take time and hard work to overcome. There is also the cost – both monetarily and in human suffering – that we all pay as a society when it comes to transportation funding and issues such as safety.

The combined budgets of all state DOTs is nearly \$200 billion a year. Yet crashes cost our national economy \$1.4 trillion annually in economic and societal impacts. Not having our system in a state of good repair costs another \$142 billion a year. Congestion's annual cost is \$110 billion; with another \$107 billion for greenhouse gas emissions. Currently, WSDOT has less than half of the funding needed to keep our systems safe and in a state of good repair.

Like DOTs across the country, we are experiencing cost escalation for some projects. The COVID pandemic placed an unprecedented strain on the supply chain resulting in increased material costs. Material pricing volatility adds risks to projects. This is especially challenging for our largest, most complex projects because we are asking contractors to estimate these costs years into the future. Consequently, it's on these types of projects that we are seeing the largest

cost increases. While we are generally not experiencing the same supply chain issues we did during and immediately following the pandemic, other external pressures are still affecting project costs. These include market conditions exacerbated by strong, unprecedented competition among agencies for the same material and workforce pool.

Workforce availability is a challenge for entire transportation sector as we work together to deliver new projects and programs funded by IIJA and state and local governments. This involves all phases of project work and quite simply: the current near-term demand outweighs the supply. Many agencies and industry partners also are experiencing employee loss due to retirement and attrition, exacerbating the hiring challenges. Those challenges also affect schedule, ultimately affecting overall project costs. DOTs, labor, and contractors are ramping up to deliver the projects funded through IIJA but a massive increase in projects also requires a workforce increase, and we hope Congress will provide a robust and sustained level of funding as our federal partner so that everyone, especially our private sector partners, will invest to ramp up, keep up, and deliver on these vital projects.

We also need to do more to encourage women, people of color and other underrepresented groups to study and work in transportation engineering and the construction trades to help build the strong, diverse workforce our programs and projects require. We've done that in Washington state with several state-funded internship and Pre-Apprenticeship Support Services programs, including training and support for women, people of color, socially and economically disadvantaged individuals (including in juvenile justice or foster care systems) to learn the skills to become iron workers, maritime crews or other trades. In the last 10 years we've served about 3,000 people through these programs, but we need to see those numbers at 10,000 a year or more.

Reducing Federal Highway Funding Volatility by Addressing Record-High Levels of August Redistribution

Under the current process of providing highway formula and discretionary grant dollars for the federal fiscal year, the Federal Highway Administration (FHWA) has to wait until August to ask state DOTs to obligate a significant share – \$7.9 billion or 15 percent of the \$54 billion total in FY 2023 – in just one month. This “wait-and hurry up” approach deprives state DOTs of the full fiscal year to strategically plan and deploy investments to best deliver on the promise of the IIJA.

In the past, Washington has been successful in utilizing its full amount of our Obligation Authority and therefore has been eligible to receive redistributed funds. We've strategically overprogrammed preservation projects to take advantage of August Redistribution opportunities. In 2023, Washington state received a total of \$116 million in redistributed obligation authority, with approximately \$72 million for local agency projects. But our success means we have very little contract authority remaining, which will decrease our capacity to continue to utilize these redistributed funds.

AASHTO has been collaborating with the US Department of Transportation on a possible legislative solution to maximize highway formula dollars provided to state DOTs and are sharing

these for Congress' consideration. Legislative modernization of the August redistribution process in Section 120 of the annual Transportation-Housing and Urban Development appropriations is needed to mitigate the impact of slow-spending non-formula Highway Trust Fund programs and to ensure ample time for state DOTs to obligate additional dollars throughout the fiscal year. This action will more quickly translate IJA's historic investments to tangible benefits throughout the country.