

AMERICAN ASSOCIATION
OF STATE HIGHWAY AND
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AASHTO

TESTIMONY OF

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REGARDING

**Where's My Stuff?: Examining the Economic,
Environmental, and Societal Impacts of
Freight Transportation**

BEFORE THE

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Subcommittee on Railroads, Pipelines, and Hazardous Materials
of the Committee on Transportation and Infrastructure of the
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INTRODUCTION

Chair Norton, Chairman Lipinski, Ranking Member Davis, Ranking Member Crawford, and Members of the Subcommittees, thank you for the opportunity to provide the perspective of the nation's state departments of transportation on economic, environmental, and societal impacts of freight transportation.

My name is Jim Tymon, and I serve as Executive Director of the American Association of State Highway and Transportation Officials (AASHTO). Today it is my honor to testify on behalf of AASHTO, which represents the transportation departments of all 50 States, Washington, DC, and Puerto Rico.

In my role, I oversee a staff of 120 dedicated professionals who support our state departments of transportation (state DOT) members in the development of transportation solutions that create economic prosperity, enhance quality of life, and improve transportation safety in communities, states, and the nation as a whole. Before, I was AASHTO's Chief Operating Officer and the Director of Policy and Management from 2013 to 2018, working closely with state DOTs in the development of AASHTO's transportation policy positions and overseeing the monitoring of legislative, administrative, and regulatory activities relating to transportation; as AASHTO's COO, I also oversaw the management of the Association's internal operations. Prior to AASHTO, I had the great honor to serve as a staff director of the Highways and Transit Subcommittee, working on both MAP-21 and SAFETEA-LU.

We appreciate your Subcommittees' focus on the topic of freight today because we share your recognition that the benefits of freight transportation to the economy are enormous. Freight transportation increases the value of goods by moving them to locations where they worth more. And it also encourages competition and production by expanding the spatial boundaries of commodity and labor markets where economic activities can take place. Freight transportation also facilitates the growing demand for goods and services and employs millions of people. Simply put, freight transportation and the infrastructure needed to support it is a significant component of our nation's wealth and productive capacity.

My remarks today center around the following key points:

- Importance of freight transportation in the context of surface transportation reauthorization
- Core principles for reauthorization including federal freight policy
- Specific freight policy recommendations in the next surface transportation bill

IMPORTANCE OF FREIGHT TRANSPORTATION IN THE CONTEXT OF SURFACE TRANSPORTATION REAUTHORIZATION

From the very beginning of our developing nation, we have valued investment in our freight transportation infrastructure, starting with rivers, harbors, and post roads, and later taking major leaps through canals, the transcontinental railroad, and the Interstate Highway System.

Built on this national heritage of transportation investment, state DOTs strive to deliver the most effective and efficient surface transportation system that strengthens and grows the economy by increasing productivity, enhancing jobs and labor market accessibility, opening new markets for businesses, and optimizing supply chain efficiency for freight movement. It is this interconnected national transportation system—with states as a principal owner and operator of a multimodal surface transportation infrastructure system—that has enabled the United States to become the most vibrant and powerful nation in history.

As such, AASHTO's vision for policy recommendations are founded upon transportation serving as the key enabler for a higher purpose: to provide the safest system possible, highest possible quality of life, and most robust economic opportunities for everyone. And we strongly support your efforts to enact a well-funded, multiyear surface transportation reauthorization on time by September 30, 2020. We believe given the strong bipartisan support from the American public for robust infrastructure investment, it is time for the President and Congress to take bold action on this consensus national priority.

CORE PRINCIPLES FOR REAUTHORIZATION INCLUDING FEDERAL FREIGHT POLICY

Over the past two years, our state DOT experts engaged in a bottom-up policy development process that resulted in our comprehensive package of reauthorization recommendations, which was adopted by our Board of Directors in October. Based on our members' extensive work, I would like to share with you the following "core principles," which we believe sets the appropriate federal framework, including for national freight transportation policy.

1. Ensure timely reauthorization of a long-term federal surface transportation bill

- Funding stability provided by federal transportation programs is absolutely crucial to meet states' capital investment needs, which take multiple years to plan and construct.
- A long-term transportation bill is needed so that there is no authorization gap upon FAST Act expiration in September 2020. Short-term program extensions cause unnecessary program disruptions and delays safety and mobility benefits to states and communities.

Our state DOT members do everything in their power to deliver needed priority projects to improve freight movement as quickly as possible, but due to the nature of large capital programs, including an extensive regulatory process, many of the projects take several years to complete. The lack of stable, predictable funding from the Highway Trust Fund makes it nearly

impossible for state DOTs to plan for large projects that need a reliable flow of funding over multiple years. And these projects are what connect people, enhance quality of life, and stimulate economic growth in each community where they are built.

Getting the next long-term surface reauthorization completed on time will ensure uninterrupted investment in our freight transportation infrastructure, which in turn will enable our nation to continue building on the current economic expansion.

2. Enact a long-term, sustainable revenue solution for the Highway Trust Fund

- Ensuring Highway Trust Fund solvency in supporting a six-year federal surface transportation bill that simply maintains current FAST Act funding levels, will require approximately \$100 billion in additional revenues for the Highway Trust Fund.
- To achieve a state of good repair, USDOT's 2015 Conditions and Performance Report estimates highway and bridge needs at \$836 billion and transit needs at \$90 billion, which would require significant additional investment.
- Federal funding solutions can draw upon the experience of 31 states that have successfully enacted transportation revenue packages since 2012.

Despite substantial and recurring funding challenges facing our transportation system, the investment backlog for transportation infrastructure continues to increase—reaching \$836 billion for highways and bridges and \$90 billion for transit according to the United States Department of Transportation. According to the Congressional Budget Office, in order to simply maintain the current Highway Trust Fund (HTF) spending levels adjusted for inflation after the Fixing America's Surface Transportation (FAST) Act, Congress will need to identify \$100 billion in additional revenues for a six-year bill through 2026. At the same time, the purchasing power of HTF revenues has declined substantially mainly due to the flat, per-gallon motor fuel taxes that have not been adjusted since 1993, losing over half of its value in the last 26 years.

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

Infrastructure investment ranks high for both parties, with 88 percent of Democrats and 81 percent of Republicans surveyed calling it, "extremely important." A crucial step we can take to harness this momentum is to complete the FAST Act reauthorization before October 2020 without relying on any short-term extensions. We believe this truly is a unique window of opportunity to ensure the continued quality of life and economic vitality that make America a nation we are proud to call home. To do this, the situation demands bold action to invest in our transportation infrastructure at the appropriate level to guarantee the success of our nation's

future. This action has the clear support of the American public, and it is time for the President and Congress to make it happen.

3. Increase and prioritize formula-based federal funding provided to states

- The current federal highway program optimally balances national goals with state and local decision-making.
- Formula-based transportation funding reflects the successful federal-state partnership by ensuring the flexibility necessary for each state to best meet its unique investment needs.
- Congress should increase the formula-based program's share of the Federal-aid Highway Program from 92 percent currently in the FAST Act.

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

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

Congress recognized in the MAP-21 legislation the need to consolidate a complex array of federal highway programs into a smaller number of broader programs, with the eligibilities generally continuing under such programs. This revised program structure was continued in the FAST Act and it has provided state DOTs with greater flexibility to deliver projects—including key freight projects—more efficiently, and it better supports data-driven investment decisions to meet national performance targets.

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

4. Increase flexibility, reduce program burdens, and improve project delivery

- Increase programmatic and funding flexibility to plan, design, construct and operate the surface transportation system.
- Reduce regulatory and programmatic burdens associated with federal programs that are not part of the project approval process.
- Modernize Clean Water Act, Clean Air Act, and Endangered Species Act processes to improve transportation and environmental outcomes and reduce delays.
- To streamline and improve project delivery, states should be provided with opportunities to assume more federal responsibilities and the associated accountability.

As mentioned earlier, state DOTs are appreciative of the flexibility in the federal program that supports the right mix of projects to meet the unique investment needs of their own states. To further enhance the effectiveness of federal funding, we recommend increased flexibility of and transferability between the various federal programs, which will better enable states to target their scarce resources into the most beneficial freight programs and projects.

Each program has rules that are not always flexible regarding how the funds may be used, and each program is governed by transferability provisions that are established in statute. Specifically, because some set-aside programs have strict guidelines for use or narrow purposes, these programs tend to be underutilized. Yet limitations in the flexibility of set-aside programs prevent states from prioritizing projects based on local needs, as well as limiting the ability of state DOTs to maximize the use of available funding if a partner is not ready to begin a set-aside project.

In addition, given the difficulties that local transportation partners face in obligating federal fund, we can further improve the efficiency of how limited federal transportation dollars are put to work under the suballocated portion of the Surface Transportation Block Grant Program (STBGP). The latest available data shows that 80 percent of total unobligated STBGP funds nationwide belong to the suballocated STBGP even though it comprises 54 percent of total STBGP funding in 2019, rising to 55 percent next year. Increased program-level flexibility for STBGP would enable state and local governments to target funding to better meet their needs, whether for preservation, capacity, safety, or other unmet needs.

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

Beyond NEPA, AASHTO has identified a number of touchpoints where states can make determinations in lieu of seeking Federal Highway Administration (FHWA) approval. Examples include: federal funds obligation management, project agreements, right-of-way acquisition,

preventive maintenance, repayment of preliminary engineering and right-of-way costs, and credits toward non-federal share, among many other possible areas of current federal oversight.

5. Support and ensure state DOT's ability to harness innovation and technology

- Innovative approaches and technologies should be embraced to achieve a safer and more resilient, efficient and secure surface transportation system.
- State DOTs, as infrastructure owners and operators, need the 5.9 GHz spectrum for transportation safety and connected vehicle deployment purposes.
- Preserve state and local government authority to regulate operational safety of autonomous vehicles.
- Preserve state and local government authority to responsibly manage data collected from transportation technologies.

Today, the dramatic technological change underway within the transportation arena is no less significant than when the combustion engine was merged with the wagon in the early 1900s. Today, with the merger of technology between the car, truck and other vehicles—and with the roadway itself—we will enable unprecedented improvements to safety and mobility. This will change the way we move goods, services and people on our roads and highways. It is more important now than ever that we respect the roles at local, state and federal levels and work hard to develop a shared vision of this transportation future in order not to be a bottleneck to continued innovation.

The top priority for the state DOTs and AASHTO has been—and will always remain—the safety of all transportation system users. The loss of 36,750 lives last year on our nation's highways and streets demands that we act boldly. To this end, connected vehicles (CV) utilizing Vehicle-to-Everything (V2X) communication in the 5.9 GHz spectrum will save lives by creating a seamless, cooperative environment that significantly improves the safety of our transportation system. This dedicated spectrum is currently at risk due to proposed action by the Federal Communications Commission next week to take away more than half of the safety band away from transportation safety and connectivity purposes.

The FCC's proposed action would put great progress, such as what we recently saw in Wyoming, at risk. To improve safety along the 402 miles of Interstate 80, the Wyoming Department of Transportation implemented a USDOT pilot program using DSRC-enabled technology to connect vehicles to infrastructure and to other vehicles. This corridor along the southern section of Wyoming is prone to winter crashes affecting both commercial and private vehicles. It is subjected to some of the most extreme winter weather conditions—especially blowing snow and vehicle blow overs—of any highway on the Interstate Highway System. From October 2015 to September 2016, more than 1,600 crashes occurred on I-80 in Wyoming, resulting in 18 fatalities and 271 injuries. During this period, all or parts of I-80 were closed to all vehicles for a total of over 1,500 hours—impacting not only travelers but also the trucks that

make up roughly 55 percent of the state's total annual traffic stream and carry more than 32 million tons of freight across the state each year.

The Wyoming pilot program tested applications, such as advanced forward collision warnings, to let travelers know of crashes ahead. It also provided immediate situational awareness warnings about weather alerts, speed restrictions, and parking availability; detailed and current work zone warnings; specialized spot weather impact warnings for ice, fog, and other hazards; and notifications from disabled vehicles. Other sites under the federal pilot program looked at hot, humid weather (Tampa, Florida) and congestion (New Jersey/New York City) applications.

We recognize that oversight of communications technology may lie outside of your Committee's jurisdiction—but it is important to understand how the FCC's decision could impact the transportation sector and the policy priorities of this Committee. So we very much appreciate your willingness to stand with the state DOTs to make sure that our nation's highway infrastructure assets are provided the necessary technology to greatly improve safety outcomes for all users.

SPECIFIC FREIGHT POLICY RECOMMENDATIONS IN THE NEXT SURFACE TRANSPORTATION BILL

Based on the extensive input from the freight policy experts at our state DOTs, the following are the specific recommendations we would like to make in the next bill.

Expand the Extent of both the Primary Highway Freight System and National Multimodal Freight Network

The current definition and limitations of the Primary Highway Freight System (PHFS), National Highway Freight Network (NHFN) and the National Multimodal Freight Network (NMFN) will not allow states to attain the comprehensive goals set forth in MAP-21 and the FAST Act and do not take into account the geographic and economic differences in states, including the challenges of rural, large, land-based states and other concerns of states.

The PHFS network currently consists of 41,518 centerline miles, including 37,436 centerline miles of Interstate and 4,082 centerline miles of non-Interstate roads. The designation of PHFS roads in various states has resulted in a limited and disconnected network. The ability of a state to designate some additional mileage to the NHFN as critical urban and rural corridors still leaves an unduly limited and disconnected network. For the NMFN, the current draft network is limited and does not include all of the National Highway System (NHS) roads nor critical rural and urban transportation links.

Since states are required to complete state freight plans, which must then be approved by USDOT, a framework exists to identify and define the appropriate freight network in any given state.

We recommend the following changes:

- Expand eligibility of the National Highway Freight Program to include all of the NHFN. Eliminate the 2 percent rule so states can spend funds on any NHFN route (to include Critical Urban Freight Corridors and Critical Rural Freight Corridors).
- Expand the PHFS to include all Interstate System roadways regardless of how much freight funding a state receives. Given that the Interstate System is just that—a system—a fragmented designation of the Interstate System is not appropriate to addressing freight transportation and goods movement. Freight program eligibility should include all Interstate miles by default.
- Remove restrictions on state authority to add mileage to the PHFS, NHFN and NMFN, including but not limited to mileage caps on critical urban and critical rural corridors.
- Add eligibility to use funds on any portion of a state’s multimodal freight network as defined in a state’s freight plan.

Expand Eligible Activities through National Highway Freight Program

The use of the nation’s transportation system for freight is increasing, and with it the need for integrated solutions to better move freight throughout the country. Currently, no more than 10 percent of NHFP formula funding may be used for intermodal, freight rail, or water transportation. Integrated freight management solutions, freight safety programs, and research supporting future investments should be codified as eligible for NHFP and INFRA funds in new surface transportation reauthorization legislation.

We recommend the following changes:

- Reform the National Highway Freight Program, both the formula program to states and the discretionary program (INFRA), to more clearly include eligibility for investment in integrated freight technology, management and operations strategies and solutions, freight safety programs (including for emergency responders), and research supporting future investments.
- Remove the 10 percent multimodal cap to provide flexibility for states to use discretion in determining the amount of NHFP formula funding to go toward multimodal freight projects identified in the state’s freight investment plan and to invest more in multimodal projects if appropriate for that state. Eligibility should include multi-state proposals and projects for regions and corridors to improve freight intermodal connectivity.

Changes to Infrastructure for Rebuilding America (INFRA) Discretionary Grant Program

The FAST Act established a new discretionary grant program for Nationally Significant Freight and Highway projects. Grant eligibility is limited to highway projects on the NHFN, highway or bridge projects on the NHS, railway-highway grade crossing or grade separation projects, or intermodal or rail projects, including those within the boundaries of public or private freight facilities.

Under the FAST Act, not more than \$500 million in aggregate of the \$4.5 billion authorized for INFRA grants (previously known as FASTLANE grants) over fiscal years 2016 to 2020 may be used for grants to freight rail, water (including ports), or other freight intermodal projects that make significant improvements to freight movement on the National Highway Freight Network.

We recommend the following changes:

- Reauthorize the program and remove or increase the caps used for grants to freight rail, water (including ports), or other freight intermodal projects.
- Add eligibility to use funds on any portion of a state's multimodal freight network as defined in a state's freight plan.
- Minimize annual changes to the Infrastructure for Rebuilding America (INFRA) Discretionary Grant Program for consistency in grant applications and award criteria.

Reinstate the National Cooperative Freight Research Program

Throughout its history, a core element of the FHWA Research, Development, and Technology Transfer's (RD&T) mission has been to promote innovation and improvement in the highway system. Over the last decades, this critical mission element has developed into a broad array of research and technology activities covering the spectrum of advanced research, applied research, technology transfer, and implementation.

The National Cooperative Freight Research Program, however, was last authorized under SAFETEA-LU. MAP-21 and the FAST Act provided much more emphasis on freight, while simultaneously reducing funding for freight research at the national level. States are concerned that freight research needs are not being met solely through the National Cooperative Highway Research Program (NCHRP). A dedicated national freight research program is needed.

We recommend the following change:

- Reestablish the NCFRP to provide research products to assist states in their delivery of freight transportation projects with funding beyond the amount prescribed for the federally-managed Research Technology & Education programs and State Planning & Research funded programs.

Railroad Coordination

We heard from our state DOT members in every region of the country this past summer that restrictions and delays imposed on transportation agencies by railroad owners, either intentionally or unintentionally, are significantly affecting the timely delivery of transportation projects.

We recommend the following changes:

- Congress should establish consistent requirements, commitments, and timeframes across all public and private railroad owners to facilitate transportation work within and across

railroad rights of way, and provide USDOT the authority to enforce those provisions with the railroads.

- Congress should require USDOT to establish template or model agreements for standard activities conducted by the state DOTs in railroad rights-of-way (and vice versa), and provide guidance on the establishment of agreements for special or more complex activities.

CONCLUSION

State DOTs remain committed to assisting Congress in the development of the next surface transportation legislation that recognizes the importance of freight transportation, the investment needed to support freight transportation, and the ways in which demand for goods movement is growing and changing.

Over the past year, AASHTO's members have been engaged with USDOT in their effort to develop a national freight strategic plan to identify bottlenecks on the multimodal freight network, including the cost to address each bottleneck and strategies to improve intermodal connectivity. We share your desire to see this national freight strategic plan come to fruition soon, which will enable all of us to take a holistic look at the national freight movement picture prior to reauthorization of the next long-term bill.

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