

AMERICAN ASSOCIATION  
OF STATE HIGHWAY AND  
TRANSPORTATION OFFICIALS

**AASHTO**

TESTIMONY OF

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REGARDING

**Hearing on Examining the Economic Impact of  
Federal Infrastructure Investment**

BEFORE THE

**Subcommittee on Select Revenue Measures of the  
Committee on Ways and Means of the  
United States House of Representatives**

ON

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## INTRODUCTION

Chairman Thompson, Ranking Member Kelly, and Members of the Subcommittee, thank you for the opportunity to appear today to discuss building the foundation for our nation's future and delivering major economic benefits thanks to the Infrastructure Investment and Jobs Act (IIJA).

My name is Victoria Sheehan, and I serve as Commissioner of the New Hampshire Department of Transportation (NHDOT), and I am the immediate past President of the American Association of State Highway and Transportation Officials (AASHTO). Today, it is my honor to testify on behalf of the Granite State and AASHTO, which represents the state departments of transportation (state DOTs) of all 50 states, Washington, DC, and Puerto Rico. I'm also pleased to testify alongside Secretary Shawn Wilson—my successor as AASHTO President—and Joung Lee from the AASHTO staff.

First, please allow me to echo Secretary Wilson's gratitude for your dedicated and tireless leadership on development and delivery of the IIJA. AASHTO's membership appreciates the important policy priorities identified in the IIJA: unprecedented investment in our rail, freight, and transit systems, addressing climate change through carbon reduction and resilience, enhancing safety for all roadway users, supporting urban and rural communities, improving project delivery, and providing flexibility necessary for states to meet their unique needs. We in New Hampshire look forward to putting \$1.5 billion in highway and transit formula dollars to work over the next five years, as well as competing for additional resources from discretionary grant programs like Louisiana and all of our peer state DOTs.

Second, like Secretary Wilson, I had two emphasis areas as AASHTO President in 2020-2021—the value of transportation, and workforce development—that reflect the key priorities of this Subcommittee. During my term, I'm pleased to report that AASHTO was able to strengthen its efforts to help people better understand the value of transportation and how it impacts our quality of life through AASHTO's [\*Benefits of Transportation\*](#), which is an effort to highlight critical transportation investments across the country. AASHTO also promoted the need for collaboration with transportation professionals when land use discussions are occurring, as well as focused on the language used by state DOTs and the broader transportation industry to describe transportation infrastructure and investments. We recognize that from safety programs to economic development, the language of transportation can shift to better focus on the users of the system and the communities that benefit from investments.

As you are rightly highlighting in this hearing, workforce retention and development remains among the most pressing concerns for state departments of transportation. State DOTs today must diversify worker skill sets; recruit non-traditional workers; develop a workforce that is representative of the people it serves; support STEM education and trade programs to ensure a greater pool of potential workers; and capture the knowledge and know-how of an aging workforce that within a matter of years will no longer be available. During my AASHTO presidential tenure, we revamped the association's leadership development and training programs— including our programs that target elementary, middle, and high school students,

such as our annual bridge-building competition, to leadership training for the senior-most state DOT executives on effectively leading what is often the largest agency in their states—ensuring that these programs meet the needs of the DOT community and the public. Providing updated tools and guidance will help states capture the institutional knowledge of experienced technicians, engineers and organizational leaders.

As part of your efforts to oversee timely and effective implementation of the IIJA, I would like to discuss the following state DOT priorities this afternoon:

- Making the most out of the IIJA through federal formula programs
- IIJA implementation areas important to AASHTO and New Hampshire
  - State-based revenue efforts and tolling
  - Local and off-system investment
  - Bridge investment
  - Community engagement
  - Broadband deployment

### **MAKING THE MOST OUT OF THE IIJA THROUGH FEDERAL FORMULA PROGRAMS**

Timely implementation is paramount to the success of the IIJA and, as key infrastructure owners and operators, state DOTs will play a leading role in delivering on the promise of this legislation. AASHTO and the state DOTs stand ready to partner with Congress and the federal executive branch including the US Department of Transportation (USDOT) in providing coordination, collaboration, and direct assistance to ensure that the benefits of the new bill will be fully realized in the coming years.

As we partner with USDOT to stand up new programs—including discretionary grant programs—created under the IIJA, state DOTs express our appreciation to Congress for preserving the heart and soul of the Federal-aid Highway Program in the IIJA: the formula funding dollars supporting state and local investment decisions. The Federal-aid Highway Program started with the Federal-aid Road Act of 1916, which established the foundation of a federally-assisted, state-administered highway program that has been well-suited to our growing and diverse nation. 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 Federal-aid Highway Program evolves to meet our nation's needs over the next five years, AASHTO has recently held productive conversations with our partners at the Federal Highway Administration (FHWA). AASHTO and its members greatly appreciate FHWA's acknowledgment of the notable progress made by state DOTs on key policy priorities including system preservation, safety, climate change and resilience, innovation, equity, and efficient use of federal funds.

We also understand from FHWA that its “Policy on Using Bipartisan Infrastructure Law Resources to Build a Better America” memorandum issued on December 16, 2021 is intended to support the evolution and modernization of FHWA itself to better reflect state DOTs’ leadership in and commitment to policy priorities articulated in the guidance. We have relayed to FHWA that as they utilize this guidance to inform FHWA’s implementation of the Federal-aid Highway Program under the IIJA, emphasis should be placed on FHWA staff supporting states in advancing policy priorities described in the memo. We believe that given the outsized public expectations on IIJA implementation, these much-needed programs and projects must be advanced expeditiously. For this to occur AASHTO and USDOT must work together and utilize existing planning processes.

AASHTO also appreciates FHWA’s acknowledgement that the December 16 guidance does not suggest that the agency has the authority to require states to invest federal formula funds in certain types of projects nor restrict them from investing in other types of projects. While the legislative process that led to the IIJA was certainly unconventional, we firmly believe the enacted legislation—and your Congressional intent regarding the Federal-aid Highway Program over the next five years—provides state DOTs with flexibility in how investment decisions are made with formula dollars to meet each state’s unique mobility and accessibility needs. At the end of the day, I believe the collective efforts of states will go a long way in achieving the outcomes that are fundamentally agreed upon between FHWA and state DOTs.

## **PRIORITY IIJA IMPLEMENTATION AREAS FOR AASHTO AND NEW HAMPSHIRE**

### **State-based revenue efforts and tolling**

In the transportation sector, federal dollars play a relatively small role relative to total investment made in the United States. According to latest data from the Congressional Budget Office, only 22.3 percent of total transportation funding for capital, operations, and maintenance activities comes from the federal government. The remainder, or 76.7 percent, represents state and local government funding.

States have answered the call to action for increasing transportation investments, with more than two-thirds of all states having successfully enacted transportation revenue packages over the past decade—including in the Granite State. In addition, states continue to support a role for federal financing tools given their ability to leverage scarce dollars that allow needed projects to benefit communities sooner.

Financing tools can play an important and specific role—and AASHTO has supported many such financing options in the past, especially the Build America Bonds from 2009 that states very much appreciated. AASHTO’s members appreciate the ability to access capital markets and many states already rely on various forms of financing ranging from traditional tax-exempt bonds, tax-credit bonds, state infrastructure banks, and private equity, among other financing options.

When state DOT's are advancing larger scale projects, we carefully examine which funding and financing mechanisms will be most advantageous, given the type of the work and the status of other projects in our construction program. We strive to find the most cost-effective way to advance large-scale projects, without limiting our capacity to continue making investments statewide.

As an example, in 2014, the NH legislature approved a state gas tax increase, which was intended to fund the final phases of the reconstruction of Interstate 93 from Salem to Manchester. At that time, NHDOT also pursued a Transportation Infrastructure Finance Innovation Act (TIFIA) loan, backed by the state gas tax increase. The goal was to stretch the value of the new revenue, with the TIFIA loan structured so that New Hampshire is paying interest only for the first 10 years of the 20-year loan, allowing the State to pledge the additional new revenue collected to rural paving and bridge work. The result was the completion of a regionally significant project, savings of over \$20 million in financing, as well as improved pavement and bridge condition across New Hampshire, due to the ability to pave 1,400 miles of roadway and replace 23 structurally deficient bridges during the interest-only period of the loan.

As this example highlights, federal transportation funding does not displace or discourage state and local investment. In fact, as evidenced by significant transportation infrastructure investment needs, further strengthening and reaffirmation of the federally-assisted, state-implemented foundation of the national program is even more critical now than in the past.

### **Local and off-system investment**

States fully support building local government capacity to meet their priority transportation investment needs, especially for facilities not on the Federal-aid Highways or public roads classified as local roads or rural minor collectors. In fact, viewing state investment in local and off-system projects only through the federal funding lens, such as suballocation of Surface Transportation Block Grant Program (STBGP) funds, fails to reflect the full scope of state investments made on local transportation assets. A large amount of state dollars never touch the federal ledger. According to FHWA, states collectively invested \$26.7 billion of state funds for local roads and streets in 2019.

When looking only at STBGP suballocation, Washington State, for example, suballocates 39.1 percent of every Federal-aid Highway Program dollar even though the Fixing America's Surface Transportation Act required 15.4 percent of every federal highway formula dollar to be suballocated through the STBGP.

States also utilize "fund swaps" that, according to the General Accounting Office (GAO), is taking place in 15 states as of 2020. In the same report, the GAO also recognized that state DOTs and local agencies "choose to participate in fund swapping because it reduces the risk that local agencies will not comply with federal requirements, increases project flexibility and control for local agencies, and may result in project delivery time and cost savings."

I would also add that while road capacity expansion has largely correlated with population growth, it is important to note that most of this has not occurred on state-owned facilities. For the entire United States between 2009 and 2017, the full public road network grew by 223,494 lane-miles, according to FHWA. Of this growth, only 16,665 lane-miles or 8.3 percent were on state-owned facilities. The vast majority of this increase in highway capacity occurred on locally-owned facilities—frequently on low-volume roads—to support increased travel demand related to land development entitled by local governments. These lane miles are often added without consideration of the impacts of this development on state facilities.

In New Hampshire, we update our State's Ten Year Transportation Improvement Plan every two years, a multiphase process that begins when the Regional Planning Commissions work with their member communities to identify and rank candidate projects. When new projects are being added to the Ten Year Plan, the ownership of the corridor is not a factor; instead, the focus is on which projects are most needed by that region and funds are made available to deliver those prioritized projects. These may be projects on state or locally managed roadways that are federally eligible.

### **Bridge investment**

State DOTs have for many years invested in asset management and have been making the case to invest in both bridge preservation, keeping bridges in a good state of repair, while also addressing the significant number of structurally deficient bridges.

New Hampshire has made preserving and maintaining our existing infrastructure a priority and over the last eight years we have significantly increased our investment in bridge infrastructure specifically. While much needed, focusing on preservation, rehabilitation, and replacement of existing infrastructure has limited our capacity to deliver other types of projects that are important to communities. With the dedicated bridge funds provided in the IIJA, we can accomplish several things: increase the investment in bridges, advance bridge work and complete projects soon, and most importantly, use these dedicated bridge funds for bridge projects, freeing up more flexible categories of formula funds to complete other types of projects. This will allow us to complete corridor improvements, multimodal projects, and resiliency projects that were previously constrained in scope or programmed in future years due to the need to balance all categories of work.

### **Community engagement**

State DOTs strive to serve as stewards of an integrated, multimodal transportation system that achieves economic, environmental, and social goals set by the communities we serve. AASHTO's members understand that achieving these goals depends on meaningful collaboration with all relevant stakeholders, including government, transportation partners, and community members. Many state DOTs were exploring innovative tools to achieve community engagement goals before the COVID-19 pandemic. Innovations like virtual public involvement enabled state DOTs to continue moving projects forward while maintaining a connection with the communities they

serve. These virtual public engagements proved successful as many state DOTs witnessed increased community participation. Given the flexibility the virtual environment provides, community members were able to engage during times that worked best for them and, in some cases, were even able to take virtual tours of proposed projects.

State DOTs pledge to continue to collaborate closely with national, state, tribal, and regional organizations to identify tools and resources designed to create engagement opportunities that enable greater levels of participation. Specifically, state DOTs are committed to enhancing their decision-making processes focused on advancing racial justice and incorporating equity, diversity, and inclusion in all aspects of transportation including, but not limited to, investment priorities, policy development, project and program delivery, and environmental justice, through more effective public engagement processes, especially in historically underserved communities.

As part of New Hampshire's Ten Year planning process, hearings are conducted across the state. In the fall of 2021, twenty-two public hearings were held as part of the most recent update to Ten Year Plan. These hearings were conducted through in-person, hybrid, and fully virtual means to encourage maximum participation. An online survey was made available so that citizens could comment on transportation prioritizes by category, while also advocating for specific projects. The input we received has helped inform how the funds provided in the IJA could best be utilized to meet the needs of the state. Moving forward, the first four years of the Ten Year Plan will become the basis of the federally-required Statewide Transportation Improvement Plan, which also has a public comments process, and each individual project will be advanced with public meetings and hearings to determine how best to meet the needs of the community and region impacted by the project.

### **Broadband deployment**

As you heard from Secretary Wilson, state DOTs are developing solutions to manage broadband deployment on their properties to facilitate the use of technologically-advanced interactions between motor vehicles and infrastructure, as well as larger broadband deployment efforts. We believe these collective efforts by state DOTs not only lead to greater mobility and increased safety on the nation's roadways, but also provides broader access to digital resources especially for rural communities across the United States.

As COVID relief funds became available, New Hampshire established GOFERR, the Governor's Office for Economic Relief and Recovery. Associated with this office is an Infrastructure Subcommittee that is focused on the allocation of relief funds, but now also has oversight of the funds provided by the IJA. The state will receive \$122 million in broadband funds under the Coronavirus Capital Projects Fund (CPF), and another \$100 million from the IJA through the Broadband Access, Equity, and Deployment program, or BEAD provision. Additionally, last year, the New Hampshire legislature passed S.B. 85 that created the Broadband Matching Grant Initiative. New Hampshire now plans to leverage both CPF funds and the BEAD allocation to expedite the delivery of high-speed internet to communities throughout the state, both rural and urban, who are underserved today.

## CONCLUSION

As can be expected with legislation of the magnitude of the IIJA that creates significant policy changes in addition to providing increased funding levels, AASHTO and its state DOT members appreciate the Subcommittee's interest and oversight on its implementation.

We believe understanding Congressional intent behind the IIJA through today's hearing will help to inform translating provisions of the IIJA into regulation, policy, and guidance by the Biden Administration. AASHTO recognizes the rapidly evolving nature of IIJA implementation, and looks forward to continuous dialogue with Congress.

Thank you again for the honor and opportunity to testify today, and I am happy to answer any questions.