

AMERICAN ASSOCIATION
OF STATE HIGHWAY AND
TRANSPORTATION OFFICIALS

AASHTO

TESTIMONY OF

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REGARDING

**Reviewing the Implementation of
the Infrastructure Investment and Jobs Act**

BEFORE THE

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

ON

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American Association of State Highway and Transportation Officials

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INTRODUCTION

Chair Crawford, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to appear today at this important hearing on implementation of the Infrastructure Investment and Jobs Act (IIJA).

My name is Marc Williams, and I serve as Executive Director of the Texas Department of Transportation (TxDOT) and on the Board of Directors 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 state departments of transportation (state DOTs) of all 50 states, the District of Columbia, and Puerto Rico.

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 reauthorization that ultimately led to the enactment of the IIJA. Stable and long-term policy and funding provided through a robust multiyear federal surface transportation bill remains crucial to the work of every single state DOT to meet its goal of improving safety, mobility, and access for everyone, which is articulated in AASHTO's 2021-2026 Strategic Plan¹.

On behalf of TxDOT and its nearly 13,000 employees, I would like to also share our vision of being a forward-thinking leader in delivering mobility, enabling economic opportunity, and enhancing safety and quality of life as we strive to connect our residents, businesses, and visitors with Texas. People represent TxDOT's customers, and over the last decade and every year since then, we have seen our customer base grow as Texas' population has increased more than any other state. In 2022, Texas' population grew by nearly 1,300 people per day as we surpassed 30 million residents.²

Accounting for Texas' ever-increasing population presents challenges in accommodating the growing demand on our transportation system. While many other states may be seeing a stagnant or declining population with little need for new transportation capacity, Texas must continue to grow our transportation infrastructure to meet demand.

In Texas, our growth in freight transportation is even more dramatic. From 2014-2019, it was over three times faster than the rate of population growth. In 2019, our transportation system moved nearly 4 billion tons of freight worth \$2.9 trillion. This freight moves across 80,000 miles of state-maintained highways, through 20 seaports, along 14,700 miles of Class 1 railroad track, through 426,000 miles of pipelines, across 20 commercial border crossings with Mexico, and through 10 cargo airports. Texas leads the nation in global exports and cross-border trade with Mexico. A robust and strong transportation system enables Texas to lead the nation in economic

¹ 2021-2026 AASHTO Strategic Plan: <https://www.aashtoplan.com/>

² <https://www.census.gov/newsroom/press-releases/2022/2022-population-estimates.html>

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growth and remains one of the strongest and most diverse economies in the world. Efficiency and flexibility in the implementation of the IIJA is critical to ensuring that TxDOT and all state DOTs can effectively deliver a strong federally supported transportation infrastructure program.³

Today's hearing is an example of Congress' important oversight responsibility in the successful implementation of the IIJA. AASHTO and state DOTs have worked closely with our federal executive branch partners including the US Department of Transportation (USDOT), in providing coordination, collaboration, and direct assistance to ensure that the benefits promised by the IIJA will be fully realized in the coming years and beyond. As key infrastructure owners and operators who will play a leading role in implementing this legislation, state DOTs have conveyed to USDOT that:

- AASHTO membership's input is critical not just at the outset of the IIJA's implementation, but for the full five-year duration of the legislation, including in development of regulations, guidance, and policies;
- Congressional intent behind the IIJA is to provide state DOTs with flexibility in how investment decisions are made with the Federal-aid Highway Program formula dollars to address each state's mobility and accessibility needs, as demonstrated by TxDOT's example above. Therefore, if a range of possible legislative interpretations exist, USDOT should provide flexibility that allows each state to best meet its unique transportation systems' demands, and;
- Collective efforts of states will go a long way in achieving the outcomes that are fundamentally agreed upon between USDOT and state DOTs.

With that in mind, as part of your efforts to oversee timely and effective implementation of the IIJA and to help inform policy for future legislation, I would like to discuss the following areas with you this morning:

- Demonstrating progress on robust multimodal transportation investment under the IIJA
- Improving highway safety
- Ensuring stability and flexibility of federal formula dollars
 - \$3.5 billion accounting discrepancy
 - August Redistribution
- Improving administration of discretionary grant programs
- Build America, Buy America
- Impact of inflation on delivery of the IIJA
- Supporting flexibility in the deployment of electric vehicle charging infrastructure
- Developing the workforce of today and tomorrow






³ Texas Delivers 2050 Texas Freight Mobility Plan: <https://www.txdot.gov/projects/planning/freight-planning/texas-delivers-2050.html>

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DEMONSTRATING PROGRESS ON ROBUST MULTIMODAL TRANSPORTATION INVESTMENT UNDER THE IIJA

During the lead-up to reauthorization of surface transportation programs, AASHTO’s Board of Directors adopted five core policy principles. The state DOT community could not be more thankful to see key policy and funding features reflected in the IIJA that reflects our priorities conveyed to Congress in October 2019.

AASHTO CORE POLICY PRINCIPLES	INFRASTRUCTURE INVESTMENT AND JOBS ACT KEY FEATURES
1. Ensure timely reauthorization of a long-term federal surface transportation bill	 Provides five years of federal funding and policy stability from FY 2022 to 2026
2. Enact a long-term, sustainable revenue solution for the Highway Trust Fund	 No revenue solution, though provides a \$118 billion General Fund transfer to HTF; Continues support of state user fee programs and creates a national user fee pilot program
3. Increase and prioritize formula-based federal funding provided to states	 90 percent of total HTF highway funding is provided to states via core formula programs, including two new programs: Carbon Reduction and PROTECT (for resiliency)
4. Increase flexibility, reduce program burdens, and improve project delivery	 Improves the environment review process by touching up on NEPA, Section 4(f), and stewardship and oversight agreement, among others
5. Support and ensure state DOTs’ ability to harness innovation and technology	 Provides substantial funding for EV infrastructure deployment and increased research and development funding

As key infrastructure owners and operators state DOTs’ successful delivery of the IIJA remains paramount here in Year Two of this historic legislation. This year, every state DOT is laser-focused on demonstrating tangible progress taking place thanks to the IIJA in improving safety, mobility, and access for everyone.

In Texas, federal funding represents approximately one-third of TxDOT’s overall program, so having five years of funding certainty as provided by the IIJA is crucial to ensure an effectively planned federal program. The IIJA has also provided additional resources to local and modal partners across the state. For example, we have seen progress in our rural transit programs with IIJA funds going to help both capital and operational needs, and the IIJA has allowed TxDOT to provide additional funding for localities to improve off-system bridges.

Furthermore, under AASHTO President Roger Millar’s leadership⁴, AASHTO and its members are seeking to advance a resilient national transportation system that is safe, sound, and smart. Such a system will have the ability to prepare for—and adapt to—changing conditions and will be able to withstand and recover rapidly from disruptions.

In meeting the expectations of the IIJA, state DOTs are proud of the progress they have been able to make in recent decades to invest in all modes of the transportation system as part of the statewide network. For example:

- In 2019 state DOTs invested \$20.8 billion in public transportation, compared to the federal investment of \$11.3 billion. Formula transit funding in the IIJA for Rural Areas (Section 5311) and Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310) remain crucial for statewide mobility and accessibility.
- With regard to rail service, twenty state agencies provided \$750 million in funding support to Amtrak, providing service to 48 percent—or almost half—of Amtrak riders system-wide in 2019. States will be critical to the successful implementation of the passenger and freight rail investments included in the IIJA, by applying for funding under new rail discretionary grant programs.
- For civil aviation, the Federal Aviation Administration reported that in 2020, states helped to support four million jobs and generated \$850 billion in total economic activity. The increased funding from the IIJA will allow state DOTs to continue to make these kinds of critical investments.

State DOTs are also on the cutting edge of technology and innovation. Through AASHTO’s collaborative “inter-committee” working groups, state DOTs are directly addressing some of the most important emerging issues in the transportation sector—such as connected and automated vehicles, electric vehicles, unmanned aerial systems, and shared mobility.

IMPROVING SAFETY FOR ALL ROAD USERS

For far too long, we have seen a tragic loss of life on our nation’s roads and streets, and the recent significant increases in traffic fatalities are even more disheartening. Every state DOT in the nation and the AASHTO community stand with this Subcommittee in your unwavering commitment to do everything in our power to make our roads safer.

The IIJA provides an increase in funding and flexibility for the Highway Safety Improvement Program that allows states to expand their efforts to identify and implement improvements to

⁴ AASHTO President Roger Millar’s Emphasis Areas: https://www.transportation.org/wp-content/uploads/2022/10/2022-Millar-EA-4pgr_final_web.pdf

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our surface transportation infrastructure that will counteract the daily tragedies occurring on our roads. But even with the good news of increased safety resources under the IIJA, the horrific estimates from the National Highway Traffic Safety Administration (NHTSA) of the increase in the nation's traffic fatalities confirm a grim truth that so many of us are aware of on both a professional and personal level: 42,915 people died in traffic crashes nationwide in 2021 (last full year data available), or 118 deaths every single day. And the 2022 data remains sobering: NHTSA estimates that an estimated 20,175 people died in motor vehicle traffic crashes, an increase of about 0.5 percent as compared to the 20,070 fatalities NHTSA projected for the first half of 2021.

AASHTO is fully dedicated to combating traffic fatalities and serious injuries in urban and rural areas across the country. We know that as infrastructure owners and operators, state DOTs have a leading role in many of the activities that will get us to zero deaths. With that in mind, AASHTO is organizing a Safety Summit for October 2023 that will focus on identifying tools, procedures, and other resources available for considering safety for all road users throughout the transportation project lifecycle and on identifying gaps in these resources so that we can prioritize the development of solutions for transportation agencies to implement.

We appreciate that the IIJA clearly calls out the principles of the Safe System Approach: that no death or serious injury is acceptable; people make mistakes and are vulnerable; we all share responsibility in preventing serious crashes; we need to be proactive in our efforts; and we need to have redundant safety strategies in place.

The Safe System Approach is often discussed in the context of urban environments and vulnerable road-user safety. Addressing urban roadway safety is important and something state DOTs work hard to improve, along with our local government partners. I would also like to emphasize the potential for the Safe System Approach to help us address fatalities and serious injuries on rural roadways, as well. The rural roadway fatality rate—fatalities per million vehicle miles traveled—is roughly twice the urban fatality rate. As with crashes in urban areas, there are a variety of factors that contribute to the occurrence and severity of rural crashes, but application of the Safe System Approach principles will help us address our rural safety challenges.

AASHTO and state DOTs recognize the need to play a leading role in defining the Safe System Approach to ensure that application of these principles is done in a manner that recognizes the most urgent safety needs and priorities of individual states and local governments without having a one-size-fits-all approach. With each state having urban and rural areas, FHWA's guidance and technical support for the Safe System Approach needs to address both and should be coordinated with any guidance or resources from NHTSA or other USDOT modal administrations.

Texas, like the nation, has seen a dramatic rise in highway fatalities since 2020. Tragically, Texas has not experienced a single day without a death on our roadways since November 7, 2000. To

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“End the Streak” of this devastating loss of lives, TxDOT has developed our most important safety campaign: #EndTheStreakTX, which is designed to bring awareness of, and put an end to, the needless deaths on Texas’ roadways through public outreach, campaigns, and social media.

TxDOT is taking dramatic steps to address this epidemic by increasing our investment and employing a wide range of initiatives aimed at achieving our vision of zero highway fatalities. The Texas Transportation Commission—TxDOT’s governing body—has targeted funding for safety projects with an investment of nearly \$17 billion through our ten-year transportation plan. To help coordinate Texas’ safety investment in our metropolitan areas, our commission established a Safety Task Force with our twenty-three Metropolitan Planning Organizations to leverage our state funding along with the increased safety investment that is part of the IIJA.

TxDOT is also active in seeking innovative solutions to design safer roadways for all users. Recently, in coordination with the Texas A&M Transportation Institute, TxDOT developed an award-winning “Safer by Design” Toolkit—a suite of tools that evaluate the effect of traffic control, roadside design, bike/pedestrian factors, and other elements that impact highway safety. This toolkit integrates the best available safety research and provides engineers with the quantitative tools needed to make effective design decisions related to safety.

AASHTO and its members will continue to promote known infrastructure-based opportunities—and to identify new ones—to address the variety of factors contributing to crashes and the roadway safety needs of all road users. AASHTO’s councils and committees continuously identify best practices to share among the states so that we can continue to learn from one another and spread good ideas around the country.

ENSURING STABILITY AND FLEXIBILITY OF FEDERAL FORMULA DOLLARS

The IIJA provided a record \$351 billion for highways over five years from the Highway Trust Fund (HTF) and General Fund, with \$307 billion provided as formula apportionments to states. Fully delivering on this historic commitment by Congress requires a consistent flow of formula dollars to states and localities each year, along with the ability to transfer or “flex” formula dollars quickly based on each state’s investment needs.

\$3.5 billion Highway Funding Discrepancy at USDOT and FHWA

At the beginning of FY 2023, FHWA disabled program codes for pre-IIJA funding from its accounting system—the Fiscal Management Information System (FMIS)—preventing States from obligating these funds. On February 3, 2023, FHWA informed AASHTO’s Board of Directors of the reason for this decision. FHWA tracks program- and project-level data used for paying invoices and reimbursements via FMIS, which, according to FHWA, shows an estimated \$4.7 billion balance in contract authority authorized prior to IIJA. However, USDOT’s department-wide financial management system—Delphi—shows a \$1.2 billion balance. USDOT asserts that

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because Delphi is their “system-of-record,” the contract authority balance in FMIS needs to be reconciled to that of Delphi, a downward adjustment of \$3.5 billion.

According to FHWA, the discrepancy occurred during the changeover by USDOT to Delphi, sometime between fiscal years (FY) 2003 and 2005. FHWA and USDOT have been unable to find the root cause of the discrepancy. But FHWA has indicated that they will be reexamining FY 2004 through FY 2005 transactions over the next several months to reconfirm that finding. As a temporary measure, FHWA informed state DOTs this February that it is rationing access to pre-IIJA contract authority as the agency looks for ways to fully reconcile the two different accounting system balances.

From AASHTO’s perspective, the most important priorities for states are to:

- Allow states to fully access all pre-IIJA contract authority dollars;
- Make sure states do not see any reduction in their contract authority balance, and;
- Make sure this discrepancy is addressed in a way that would not further exacerbate issues associated with a large August Redistribution of obligation limitation.

AASHTO strongly recommends against any rescission of highway formula contract authority as a means to address this discrepancy. State DOTs are not responsible for this USDOT accounting discrepancy, and state DOTs have developed their multiyear capital programs with the dollars previously authorized by Congress. A rescission would solely penalize states and their local partners by requiring reprogramming of other federal funds and state dollars to meet prior project commitments, which would in turn delay or cancel their planned investments elsewhere in their state—and would result in a net decrease in overall federal investments anticipated under the IIJA.

Ultimately, if reconciling FMIS and Delphi requires a rescission of highway contract authority, we urge Congress to ensure pre-IIJA balances held by states are made whole through a legislative remedy. Our preferred solution is to authorize \$3.5 billion in new contract authority for the Federal-aid Highway Program to make up for this accounting discrepancy. Alternatively, Congress could look to transfer \$3.5 billion of contract authority from unobligated allocated programs (e.g., Transportation Infrastructure Finance and Innovation Act (TIFIA) credit program, Infrastructure for Rebuilding America (INFRA) grant program, etc.) to the apportioned program for states.

August Redistribution

Over the last several years, we have seen an increasingly large amount of annual redistribution of HTF obligation limitation to state DOTs, commonly referred to as August Redistribution (AR). In the most recent cycle, AR reached a record-high level of \$6.2 billion for FY 2022, which represents a substantial increase from \$1.9 billion in FY 2015. Such a large redistribution created significant difficulties for state DOTs to effectively program these dollars within a very narrow

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timeframe of about a month before the end of the federal fiscal year. We understand the preliminary estimate from FHWA shows an even larger AR amount for August 2023.

Historically, AR dollars have only come from allocated HTF programs such as TIFIA and INFRA, as state DOTs fully obligate every dollar from the Federal-aid Highway Program. This is due to allocated programs' slower obligation rate compared to HTF formula apportionments to states. In addition, carryover balances from allocated programs have grown larger due to the increased funding they received under the IIJA. This has led to state DOTs seeing a corresponding and relative decrease in the amount of formula obligation limitation they receive at the beginning of the fiscal year. Receiving less obligation limitation at the beginning of the fiscal year—but then receiving large amounts toward the end of the fiscal year—deprives state DOTs of the ability to strategically deploy IIJA dollars and effectively plan their program of projects.

To make the most out of the historic transportation investment made under the IIJA, we request that Congress reform the AR process. The contemporary Federal-aid Highway Program has added many new allocated programs through the enactment of the IIJA, resulting in AR having outgrown its framework developed decades ago. AASHTO's recommendations to improve AR include:

- Redistributing unused allocated program contract authority to the Surface Transportation Block Grant Program (STBGP), as was done in April 2014 under MAP-21 for unobligated TIFIA balances in excess of 75 percent of the amount authorized for TIFIA that fiscal year;
- Expanding the use of the "lop off" provision for all allocated programs, where all unused contract authority from such programs would be converted to STBGP for distribution to states, and;
- Consider redistributing obligation limitation earlier in the year, such as before June 1.

IMPROVING ADMINISTRATION OF DISCRETIONARY GRANT PROGRAMS

The IIJA includes a substantial increase in the number of, and funding for, discretionary programs. Because these programs support Congressional priorities, we believe the efficient and effective delivery of these discretionary programs is critical to the successful delivery of the promises made to Americans by the President and Congress.

As USDOT continues to solicit applications, award dollars to projects, and execute project agreements, AASHTO has offered the following recommendations to USDOT leadership:

- Continue to provide state DOTs with a comprehensive and periodically updated schedule for Notices of Funding Opportunity for IIJA discretionary grant programs;

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- Include a “prequalification” process for discretionary grant applications to:
 - Determine project eligibility
 - Review the ability of the grant applicant to meet all Federal-aid requirements (such as NEPA, Buy America, Davis-Bacon, etc.)
 - Ensure project readiness
 - Demonstrate availability of matching funds
 - Determine capacity to effectively administer the project
- Require permission of the project by the owner of the facility that is the subject of the grant request, including local governments’ applications for projects on state-owned facilities;
- States should not be expected to administer grants awarded to localities if the state was not part of the application;
- Require that the proposed project be included in the Statewide Transportation Improvement Program;
- To the extent possible, implement the same grant application process across all discretionary grant programs;
- Publish a list of all applications received, and;
- State DOTs are interested in assisting and providing input to USDOT in order to speed up the execution of project agreements.

TxDOT finds discretionary grant programs to generally be an inefficient tool for administering federal funds. The overwhelming number of grants included in the IIJA continues to create challenges for states, localities, and even USDOT. For applicants, the cost of developing grant applications can be onerous, sometimes costing up to \$100,000 per application in Texas, or over \$200,000 elsewhere. If awarded, it can take 15 to 18 months for the grant agreement to be finalized and funds obligated. USDOT continues to face challenges in managing the large volume of grant programs that they are expected to stand-up and deliver, with at least five IIJA FY 2022 grant programs that have not had Notices of Funding Opportunity issued to date. It may benefit Congress and USDOT to review whether the selected projects will achieve the desired objectives of the programs, and whether the distribution of awards are fair and equitable considering national performance needs and requirements.

To help ensure transparency in the process, TxDOT has long advocated for a more formalized grant debriefing process to increase partnership and collaboration. We have recommended USDOT consider publishing guidelines for applicants seeking debrief meetings on their applications. TxDOT has also advocated for USDOT to provide applicants with their application scoring information and constructive feedback related to the specific deficiencies of each unawarded application.

BUILD AMERICA, BUY AMERICA

AASHTO and the state DOTs strongly support the expansion of America's manufacturing capacity, promoting domestic jobs, and encouraging economic growth. At the same time, we firmly believe there must be a deliberative process for implementing the Build America, Buy America (BABA) Act that ensures timely and successful delivery of critical infrastructure projects funded through the IIJA.

State transportation agencies continue to experience material and product delivery delays due to supply chain issues, material shortages, and worker shortages. Materials including aluminum, which is used in numerous products including light poles, mast arms, and sign panels; glass beads, which are used in retro-reflective pavement markings; fiber optic cable; epoxy; and plastic pipe/conduit are already experiencing delivery delays and material shortages around the country.

With the 2023 transportation construction season under way, there is already significant concern regarding the readiness of industry for the transition to the new BABA requirements for construction materials that went into effect in November 2022 (Docket No. DOT-OST-2022-0123), including the potential for delays in the delivery of needed transportation projects in communities around the country. Thus, while we appreciate the additional guidance that is being proposed by the White House Office of Management and Budget (OMB), AASHTO strongly opposes any expansion of the coverage of these requirements until further market-based research is conducted to determine the availability of American-made goods in the broad cross-section of materials already covered by the existing requirements.

It should be noted that the state DOTs expended significant effort to change specification language, quality assurance language, and other documentation and training to meet the BABA guidance provided in April 2022 in OMB memo M-22-11. Implementation of any additional or modified BABA requirements will require a similar level of effort to implement, which would not be achievable until the 2024 construction season or later. Thus, if the newly proposed rules are finalized, states will need clarification on the timeline for implementation of new or modified requirements by USDOT and its operating administrations.

As with other states, TxDOT has been working diligently to comply with BABA, including modifying our contracts and training, implementing current OMB implementation guidance into our ongoing procurements for projects, and creating a new Buy America certification form and a listing of materials indicating how to classify different items. However, the current and ongoing uncertainty surrounding BABA is impacting the planning and delivery of projects, causing many critical projects to be significantly delayed. These delays hinder TxDOT's ability to deliver on its safety goals and they contribute to rising project costs. TxDOT now assumes an increase in proposal prices due to delays, additional administrative requirements, and supply chain-related material costs. Utility companies are scrambling to find supply chains that meet the new compliance requirements. We have struggled to provide direction for utility companies because

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OMB has not provided sufficiently specific guidance, and the temporary guidance that has been issued continues to change upon each request for feedback from OMB.

AASHTO believes that it is in the public interest that critical infrastructure projects intended to improve mobility and access for the American public are not disrupted while transportation agencies continue to make good-faith efforts to integrate the new BABA requirements into their program and project delivery processes.

IMPACT OF INFLATION ON DELIVERY OF THE IJJA

As the nation's economy continues to recover from the effects of the COVID-19 pandemic, state DOTs and their partners continue to grapple with an unprecedented construction material supply chain crisis that has significantly driven up material and bid costs. According to a 2022 analysis of government economic data by the Associated General Contractors of America, the prices of materials and services used in new, nonresidential construction leaped nearly 17 percent from the year prior. This figure indicates the lead times for procurement and delivery of many construction materials have dramatically increased, leading to mass unpredictability in the availability and price of some of these materials. Material cost increases have ranged from 15 percent to a doubling or tripling in some markets during this time. From manufactured steel, plastic, steel piping, and paint; to glass beads, lumber, and much more, every region of the country is facing extreme difficulty in procuring any number of crucial project materials.

As a result, crucial infrastructure projects across the country run the risk of delay. State DOTs and the construction industry are unable to foresee disruptive world events, spiking energy prices, and high inflation that impacts the work they do every day. This has been especially devastating to small and disadvantaged business enterprises (DBE) that lack the resources to absorb these unexpected costs. While the transportation industry has deep experience in managing risk, the events and circumstances of the last two years have led to such unique unpredictability in the supply chain and market that contracting firms of all sizes are at greater risk of business failure now than in recent history.

While most agree that the difficulties our industry is facing with supply chain constraints and inflation appear to be leveling off to a limited degree, the transportation industry will continue to face challenges. Likewise, it is important to identify solutions to ensure the success of the IJJA and to be ready for future supply chain or inflationary disruptions.

We believe there is opportunity for USDOT to provide informational resources and greater recognition of existing flexibilities to address supply chain constraints and inflation—including such approaches as early material procurement and payment, the use of escalation clauses and the indexing of commodities and contracting provisions to assist smaller and DBE contractors. USDOT should also encourage additional opportunities to utilize innovative solutions through such avenues as Special Experimental Project Number 14 (SEP-14) related to alternative

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contracting and SEP-15 for innovative financing, allowing states to explore and expand successful practices.

The dramatic rise in inflation, particularly in infrastructure-related programs, is hampering the pace at which we can deliver projects. According to TxDOT's Highway Cost Index, the year-to-date increase for the 12-month moving average (March 2022 to March 2023) is 34.7 percent. For perspective, the additional funds provided in the IIJA represent a six percent increase in TxDOT's overall funding. Therefore, while we appreciate having five years of funding certainty at the federal level, TxDOT is delivering less with federal funds than we did prior to IIJA, due solely to inflation.

TxDOT continues to look for ways to address inflation during project development and delivery. We continuously update our material and construction prices and account for these changes in the design decisions we make. We must remain aware of the impacts that BABA requirements can have on utility relocations, and the availability of certain materials and supplies that could present costly delays for projects. And we work closely with industry to seek opportunities to minimize costs and improve pricing and competition.

While inflation has reduced the originally expected purchasing power of the IIJA, we firmly recognize that the legislation has enabled state DOTs and their partners to temper the impact of inflation and make necessary investments in transportation infrastructure.

SUPPORTING DEPLOYMENT OF ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

AASHTO and the state DOTs are doing our part to ensure that the National Electric Vehicle Infrastructure (NEVI) Formula Program in the IIJA achieves the goals and outcomes established by Congress.

All 50 states, the District of Columbia, and Puerto Rico developed and submitted their EV deployment plans by the August 2022 deadline. In addition, AASHTO signed a memorandum of understanding last year with the National Association of State Energy Officials (NASEO) and the Joint Office of Energy and Transportation (JOET) to support nationwide investment in EV charging station infrastructure. Through this partnership, AASHTO and NASEO have updated and expanded the content on the EV Clearinghouse website⁵ created for state agencies, which contains a wealth of resources such as sample requests for proposals and contracts, EV infrastructure siting and assessment tools, and other resources.

⁵ EV States Clearinghouse: <https://evstates.org/>

In addition, the AASHTO-NASEO-JOET agreement has delivered:

- Peer exchanges and regional dialogues to build capacity, lift up best practices, and ensure coordination across a national EV charging network that also reflects local needs;
- Data, technical, and programmatic assistance as identified by state DOTs to aid in the development, implementation, and refinement of state EV charging plans, and;
- Enhancement of communication between state and federal agencies to enable effective, coordinated, and timely EV charging planning and implementation.

Texas will receive \$400 million over five years to expand our EV charging infrastructure as part of the NEVI formula program. TxDOT's implementation of NEVI is ongoing, and we believe that flexibility and adaptability by FHWA to varying needs across states such as Texas is important to effectively implement this program. Texas is proposing to distribute federal NEVI funds through a competitive grant program that will leverage private investment and participation in program implementation and management. We continue to work with FHWA's Texas Division to establish a clear path forward that can adapt to state and federal procurement requirements on NEVI.

Texas shares the perspective of many rural states, such as Wyoming, Idaho, Montana, and North and South Dakota that have expressed concerns with the rigidity of some of the NEVI program's implementation parameters. Providing flexibility on where and how to install EV chargers will give TxDOT and other state DOTs the opportunity to cater the NEVI program to the unique conditions of our respective states.

With the oversight of Congress, AASHTO and the state DOTs look forward to partnering with USDOT and other key stakeholders on the deployment of EV infrastructure across our nation.

DEVELOPING THE WORKFORCE OF TODAY AND TOMORROW

Strategic workforce management—the systematic approach used to predict, prepare for, and manage workforce needs—remains an urgent and critical issue for all AASHTO members, especially in the aftermath of workforce disruptions experienced during the pandemic. State DOTs across the nation have increasingly expressed concerns about aligning the needs and priorities of the state DOTs with those of its workforce to place the agency in the best position for ongoing success. As technology and innovation advance, and public expectations and demands for more nimble service delivery rise, agencies will need to reimagine their workforce. State DOTs' constituents are increasingly demanding transparency, accountability, increased personalized communication, and on-demand service delivery.

The new technologies associated with this work require different skillsets and competencies than those of traditional state DOT employees. Additionally, as the new generation entering the workforce seeks agility and innovation, and brings a service-delivery mindset, state DOTs need to adjust to the culture of the new workforce to recruit and retain these employees. Restructuring,

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increased diversity and inclusion, greater employee buy-in and collaboration, and organizational culture change may be required for state DOTs to succeed in the future.

Workforce talent management is experiencing increased workforce movement as well as talent shortages. As a large portion of the state DOT workforce is composed of baby boomers, their impending retirements could result in significant knowledge loss. These retirements will also result in employees being promoted more quickly and, therefore, entering new positions with less experience and skills. In addition, fewer people are entering the transportation industry as a career, and the new skillsets needed increase recruitment and retention challenges. Capturing and transferring operational knowledge through knowledge management strategies and succession plans are critical to train current employees. Many state DOTs already re-examine minimum qualifications, compensation, and job descriptions; use short-term or contract employees; and implement modern work arrangements such as flexible work schedules and/or telework.

State DOTs are increasingly looking to use data science curation and analytics to support efficient decision making. We also need effective information management systems and information managers to handle the multitude of documents, reports and data produced by the state DOTs as well as the increased public expectations regarding access to information.

State DOTs are using innovative approaches to address workforce management issues. Like other states, TxDOT has had a challenging year, experiencing our highest attrition rate in at least three decades. To mitigate this issue, we are working to maintain and expand our workforce development programs, including enhancing our DBE program. We work with contractors' groups and individuals to provide a variety of workforce development efforts, including hosting the Texas Construction Career Academy, an On-The-Job Training Supportive Services program that provides talent development, training, and assistance to increase the hiring and retention of women, minorities, and disadvantaged individuals in the highway construction industry.

In 2021, TxDOT created our ConnectU2Jobs initiative as part of the FHWA's Construction Workforce Partnership to provide training and employment opportunities to justice-involved young adults. Additionally, we have expanded our internship programs for college and high school students to go beyond the summer months, averaging 724 participating interns per year. Importantly these programs lead to career paths. In the last three years, we have proudly had 330 interns return to TxDOT as full-time employees.

In addition, five state DOTs are currently partnering with the Center for Employment Opportunities (CEO) to provide employment to formerly incarcerated individuals. CEO crews support the state DOTs with litter abatement, vegetation management and landscaping, bridge and structure maintenance, and snow removal. CEO's partnership with Caltrans began in 2011 and CEO now has nearly 30 crews across the state providing reliable, high-quality litter abatement along highways in eight counties. These crews provide immediate employment to over 2,000 of California's returning citizens. CEO's partnership with the Colorado Department of

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Transportation (CDOT) began in May 2017 to help address a labor shortage that prevented CDOT from keeping up with necessary bridge maintenance. CEO and CDOT now operate four crews around the Denver and Colorado Springs metro areas.

To assist the state DOTs with workforce management challenges, AASHTO has established a new Subcommittee on Transportation Workforce Management. The Subcommittee is intended to provide proven, effective strategies to navigate workforce management issues and become a community of practice for state DOTs on strategic workforce management. The subcommittee will also address activities that enable comprehensive and intentional strategic workforce management, such as assessing workforce and workplace diversity, and assessing the capabilities and effectiveness of the current workforce and identifying competency gaps.

CONCLUSION

AASHTO and its members take seriously the responsibility to implement this historic legislation in the coming months and years to deliver public benefits to every corner of our country. Thank you for the honor and opportunity to testify today, and I am happy to answer any questions.

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