DEPARTMENT OF TRANSPORTATION DISCRETIONARY GRANTS: STAKEHOLDER PERSPECTIVES

(118–48)

HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

SECOND SESSION

MARCH 7, 2024

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Washington, DC 20515

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MARCH 1, 2024

SUMMARY OF SUBJECT MATTER

TO:	Members, Committee on Transportation and Infrastructure
FROM:	Staff, Committee on Transportation and Infrastructure
RE:	Full Committee Hearing on "*Department of Transportation Discretionary Grants: Stakeholder Perspectives*"

I. PURPOSE

The Committee on Transportation and Infrastructure will meet on Thursday, March 7, 2024, at 10:00 a.m. ET in 2167 of the Rayburn House Office Building to receive testimony at a hearing entitled, "*Department of Transportation Discretionary Grants: Stakeholder Perspectives*." At the hearing, Members will receive testimony from the National Association of Counties (NACo), the American Short Line and Regional Railroad Association, the Southeast Michigan Council of Governments, and the Florida Department of Transportation. The witnesses will discuss issues and opportunities related to applying for and securing competitive discretionary funding administered and awarded by the United States Department of Transportation (DOT or Department).

II. BACKGROUND

The Committee on Transportation and Infrastructure (T&I or Committee) authorizes programs carried out by DOT modal administrations and offices including the:

- Federal Aviation Administration (FAA);
- Federal Highway Administration (FHWA);
- Federal Motor Carrier Safety Administration (FMCSA);
- National Highway Traffic Safety Administration (NHTSA);
- Federal Transit Administration (FTA);
- Federal Railroad Administration (FRA);
- Maritime Administration (MARAD);
- Pipeline and Hazardous Materials Safety Administration (PHMSA);
- Great Lakes Saint Lawrence Seaway Development Corporation (GLS);
- Office of the Inspector General (OIG); and
- Office of the Secretary (OST).

INFRASTRUCTURE INVESTMENT AND JOBS ACT

On November 15, 2021, the President signed the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117–58) into law, representing the largest Federal investment in decades in the United States' infrastructure.[1] This legislation authorized and appropriated a combined $1.2 trillion for infrastructure programs over the five-year

[1] IIJA, Pub. L. No. 117–58, 135 Stat. 429 [hereinafter IIJA].

period from fiscal year (FY) 2022 to FY 2026, to sustain and modernize the Nation's infrastructure, including roads, bridges, transit, railroads, ports, and airports, as well as energy and broadband infrastructure.[2] Of the total authorized and appropriated in IIJA, approximately $661 billion is administered by DOT.[3] The Department is responsible for implementing 103 programs and 157 subprograms under IIJA, which includes 72 competitive programs and 93 competitive subprograms.[4] Of the $661 billion, 67 percent is distributed by formula (58 percent through existing formula programs and nine percent through new formula programs) and 30 percent is distributed through competitive programs (19 percent through existing competitive programs and 11 percent through new competitive programs).[5]

INFLATION REDUCTION ACT

On August 16, 2022, the President signed the Inflation Reduction Act (IRA) (P.L. 117–169) into law, which appropriated $5.3 billion in FY 2022 for three new competitive FHWA-administered programs: the Neighborhood Access and Equity Grant Program, the Low-Carbon Transportation Materials Grants, and Environmental Review Implementation Funds.[6] Funding for all three programs is available for obligation until September 30, 2026.[7]

III. IIJA IMPLEMENTATION

Through IIJA, Congress created several new discretionary competitive grant programs; authorized and appropriated increased funding for existing programs; and created and expanded program and recipient eligibilities, including for non-traditional applicants.[8] The majority of authorized DOT IIJA funding will flow to recipients through $446 billion in formula grants and $196 billion in competitive grants.[9] A comprehensive list of these programs across modal agencies and total funding available for each program can be found on DOT's website.[10] Since IIJA's enactment, as of February 11, 2024, DOT indicated it has announced nearly $290.9 billion in IIJA formula funding and competitive grant awards to states, local governments, transit agencies, airports, ports, and other project sponsors.[11] IIJA authorized $262.7 billion in formula and competitive grant funding for FY 2025 and FY 2026 that is not yet available to DOT.[12] Since enactment of IIJA, DOT issued at least 87 Notices of Funding Opportunity (NOFOs) totaling $64 billion in available funding for IIJA and IRA competitive grant programs.[13] Relative to the previous authorization period, an analysis by the Eno Center for Transportation (Eno) estimates that IIJA included an approximately five-fold increase in the amount of competitive grant funding that the Secretary of Transportation will award.[14] Eno also estimates that in calendar year 2023, DOT announced more than $40 billion in discretionary competitive grant awards.[15]

PROGRAMS UNDER T&I'S SUBCOMMITTEE ON HIGHWAYS AND TRANSIT'S JURISDICTION

The new DOT discretionary grant programs created in IIJA are funded by contract authority from the Highway Trust Fund (HTF), General Fund budget authority in annual appropriations acts, or General Fund budget authority from advance

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[2] FHWA, *Bipartisan Infrastructure Law, available at* https://www.fhwa.dot.gov/bipartisan-infrastructure-law/ (last updated Feb. 22, 2024).

[3] *See* DOT, *IIJA, Authorized Funding FY 2022 to FY 2026, available at* https://www.transportation.gov/sites/dot.gov/files/2022-01/DOT__Infrastructure__Investment__and__Jobs__Act__Authorization__Table__%28IIJA%29.pdf (Comm. on Transp. and Infrastructure calculation).

[4] DOT, *Bipartisan Infrastructure Law Dashboard, available at* https://www.transportation.gov/mission/budget/bipartisan-infrastructure-law-dashboard. [hereinafter *IIJA Dashboard*].

[5] *Id.*

[6] IRA, Pub. L. No. 117–169, 136 Stat. 2085 [hereinafter IRA].

[7] *Id.*

[8] IIJA, *supra* note 1.

[9] *IIJA Dashboard, supra* note 4.

[10] *Id.*

[11] DOT, *Investment in Infrastructure and Jobs Act—Financial Summary as of Feb. 11, 2024*, (Feb. 21, 2024, 1:09 p.m.), (on file with Comm.) [hereinafter *IIJA Funding Table*].

[12] *IIJA Dashboard, supra* note 4.

[13] BIL LAUNCHPAD, *Notice of Funding Opportunities*, (last visited Feb. 23, 2024) *available at* https://billaunchpad.com/nofo.

[14] Jeff Davis, *Status Check: The First Year of IIJA Competitive Grant Funding*, ENO CENTER FOR TRANSP., (Sept. 6, 2022), *available at* https://www.enotrans.org/article/status-check-the-first-year-of-iija-competitive-grant-funding/.

[15] Jeff Davis, *USDOT Announced Over $40 Billion in Discretionary Grants in 2023*, ENO CENTER FOR TRANSP., (Dec. 21, 2023), *available at* https://enotrans.org/article/usdot-announced-over-40-billion-in-discretionary-grants-in-2023/.

supplemental appropriations.[16] New competitive discretionary highway programs funded by contract authority or advance appropriations include: the Bridge Investment Program, Congestion Relief Program, Charging and Fueling Infrastructure Grants, Rural Surface Transportation Grant Program, PROTECT Grant Program, Reduction of Truck Emissions at Port Facilities Program, Wildlife Crossing Pilot Program, Prioritization Process Pilot Program, and Reconnecting Communities Pilot Program.[17] IIJA additionally authorized nine new discretionary highway programs subject to annual appropriations.[18] Over the FY 2022–2026 period, IIJA provides $19.3 billion in contract authority from the Highway Trust Fund (HTF), appropriates $14.5 billion in advance funding, and authorizes $13.3 billion in spending subject to appropriation for new and existing FHWA-administered competitive grant programs.[19]

New FTA-administered competitive grant programs include the All Stations Accessibility Program, Rail Vehicle Replacement, Rural Ferry Service, and Electric or Low-Emitting Ferry Pilot programs.[20] Over the FY 2022–2026 period, IIJA provides $4.3 billion in contract authority from the HTF, appropriates $16.3 billion in advance funding, and authorizes $16.3 billion in spending subject to appropriation for new and existing FTA-administered competitive grant programs.[21]

IIJA also created several new competitive grant programs administered by OST, which include: National Infrastructure Project Assistance (Mega); Asset Concessions; the Multi-State Freight Corridor Planning Grants; National Culvert Removal, Replacement, and Restoration Grants; National Multimodal Cooperative Freight Research; Open Research Initiative; Safe Streets and Roads for All (SS4A); and Strengthening Mobility and Revolutionizing Transportation (SMART) Grants programs. IIJA also codified the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) (previously known as TIGER and subsequently BUILD) program.[22] Over the FY 2022–2026 period, IIJA appropriates $19 billion in advance funding, authorizes $23.4 billion in spending subject to appropriation, and appropriates $100 million in mandatory funding for new and existing OST-administered competitive grant programs.[23]

Other new IIJA competitive programs include the FMCSA-administered Commercial Motor Vehicle Enforcement Training and Support Grant Program and NHTSA-administered Crash Data program.[24] Over the FY 2022–2026 period, IIJA provides $549 million in contract authority from the HTF and appropriates $222.5 million in advance funding for FMCSA-administered competitive programs.[25] Over the same period, IIJA provides $750 million in contract authority and appropriates $750 million in advance funding for NHTSA-administered competitive programs.[26]

PROGRAMS UNDER T&I'S SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS' JURISDICTION

Additionally, IIJA created a new Railroad Crossing Elimination Grant Program to address safety concerns at highway-rail or pathway-rail grade crossings nationwide.[27] IIJA also expanded eligibility for the renamed Federal-State Partnership for Intercity Passenger Rail program, including for projects on the National Network that no longer need to be on publicly-owned infrastructure and gives priority for projects on corridors in the Corridor Identification and Development Program.[28] The Act further builds on the Fixing America's Surface Transportation (FAST) Act of 2015 (P.L. 114–94) allowance for the Secretary of Transportation to identify out-year funding needs for rail projects through letters of intent by creating phased funding agreement authority.[29] This permits the Secretary of Transportation to issue letters of intent or phased funding agreements for multi-year projects, subject to advance

[16] IIJA, *supra* note 1.
[17] ROBERT S. KIRK, CONG. RSCH. SERV., R47022, FEDERAL HIGHWAY PROGRAMS: IN BRIEF, (Feb. 7, 2022) *available at* https://crsreports.congress.gov/product/pdf/R/R47022.
[18] *Id.*
[19] *IIJA Dashboard, supra* note 4.
[20] IIJA, *supra* note 1.
[21] *IIJA Dashboard, supra* note 4.
[22] IIJA, *supra* note 1.
[23] *IIJA Dashboard, supra* note 4.
[24] IIJA, *supra* note 1.
[25] *IIJA Dashboard, supra* note 4.
[26] *Id.*
[27] IIJA, *supra* note 1.
[28] *Id.*
[29] *Id.; see also* FAST Act of 2015, Pub. L. No. 114–94, Sec. 11301, 129 Stat. 1644.

or future appropriations.[30] Over the FY 2022–2026 period, IIJA appropriates $44.3 billion in advance funding and authorizes $15.3 billion in spending subject to appropriation for FRA-administered competitive programs.[31]

The FAST Act of 2015 first authorized, and IIJA subsequently reauthorized, the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant program to provide competitive grants for a wide range of projects that improve intercity passenger and freight rail transportation in terms of safety, efficiency, or reliability, including grade crossing improvement projects.[32] Eligible recipients include states, an interstate compact, public agencies, Indian Tribes, Amtrak, Class II and Class III railroads, additional rail carriers or equipment manufacturers in partnership with a public applicant, the Transportation Research Board, universities, and non-profit labor organizations.[33] Over the FY 2022–2026 period, IIJA appropriates $5 billion in advance funding and authorizes an additional $5 billion subject to appropriation for the CRISI program.

IIJA also appropriates $200 million annually in advance funding for the creation of a new Natural Gas Distribution Infrastructure Safety and Modernization Grants program.[34] This program provides funding for municipalities or community owned utilities to repair, rehabilitate, or replace natural gas distribution pipeline systems.[35]

OTHER PROGRAMS WITHIN THE COMMITTEE'S JURISDICTION

Additionally, IIJA provides advance funding for several FAA and MARAD-administered competitive programs. Over the FY 2022–2026 period, IIJA appropriates $5 billion for a new FAA Airport Terminal Program and $100 million for FAA's Contract Tower program.[36] Additionally, IIJA appropriates $450 million annually in advance funding for MARAD's existing Port Infrastructure Development Program (PIDP).[37] These are in addition to funds that are otherwise appropriated annually. For the advance appropriations, IIJA gives priority to environmental mitigation projects, such as port electrification and electric vehicle charging infrastructure. While outside the scope of this hearing, IIJA also appropriated funds for other programs within T&I's jurisdiction, including those administered by the Environmental Protection Agency (EPA) and United States Army Corps of Engineers (Corps).[38]

IV. GRANT APPLICATION PROCESS AND REQUIREMENTS

Discretionary grants are awarded by DOT to eligible applicants through a competitive selection process.[39] For competitive grant programs, DOT first issues a NOFO which sets forth eligibilities under each grant program, factors for applicant evaluation, the period of time during which interested parties can apply, and other relevant information.[40] DOT posts NOFOs and applicants generally apply through the Federal website www.grants.gov.[41] To provide assistance and information on future funding opportunities for potential applicants, DOT has posted on its website anticipated dates for future grant notices. A historical listing of previously issued and closed NOFOs is also available on DOT's website.[42] DOT has created a dashboard, which allows users to view IIJA funding by modal administration, fiscal year, and other factors such as funding source and program type.[43]

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[30] IIJA, *supra* note 1.
[31] *IIJA Dashboard, supra* note 4.
[32] FAST Act of 2015, Pub. L. No. 114–94, Sec. 11301, 129 Stat. 1644; *see also* IIJA, *supra* note 1.
[33] *Id.*
[34] IIJA, *supra* note 1.
[35] PHMSA, *Natural Gas Distribution Infrastructure Safety and Modernization Grants*, (last updated Feb. 8, 2024), *available at* https://www.phmsa.dot.gov/about-phmsa/working-phmsa/grants/pipeline/natural-gas-distribution-infrastructure-safety-and-modernization-grants.
[36] IIJA, *supra* note 1.
[37] *Id.*
[38] *Id.*
[39] DOT, *Federal Funding and Financing: Grants*, (last updated Nov. 20, 2023), *available at* https://www.transportation.gov/rural/grant-toolkit/funding-and-financing/grants-overview.
[40] DOT, *Key Notices of Funding Opportunity*, (last updated Dec. 6, 2023), *available at* https://www.transportation.gov/bipartisan-infrastructure-law/key-notices-funding-opportunity.
[41] *Grants.gov*, UNITED STATES GOVERNMENT, *available at* www.grants.gov.
[42] DOT, *2022 Key Notices of Funding Opportunity*, (last updated Dec. 5, 2023), *available at* https://www.transportation.gov/bipartisan-infrastructure-law/2022-key-notices-funding-opportunity; DOT, *2023 Key Notices of Funding Opportunity*, (last updated Dec. 5, 2023), *available at* https://www.transportation.gov/bipartisan-infrastructure-law/2023-key-notices-funding-opportunity.
[43] *IIJA Dashboard, supra* note 4.

Eligibility requirements and other criteria for competitive grant programs are generally specified in statute. Typical recipients include but are not limited to states, the District of Columbia, territories of the United States, Federally recognized Indian Tribes, units of local government, public agencies or publicly chartered authorities, special purpose districts, public authorities with a transportation function, non-profit organizations, Amtrak, transit agencies, universities, and private-sector applicants, among others.[44] Competitive grants primarily support planning or construction of transportation infrastructure projects; research and development; safety; vehicle replacement; hazard mitigation; resiliency projects; education and workforce development; technical assistance; and compliance with environmental, civil rights, or other laws, among other activities.[45] NOFOs explicitly confirm that applicants must demonstrate compliance with applicable laws, such as the Build America, Buy America Act (BABAA).[46] This Act requires that when procuring iron, steel, manufactured products, and construction materials for use in infrastructure projects that receive Federal funding assistance, preference must be given to materials produced by companies and workers in the United States.[47] These provisions apply to all infrastructure projects whether funding is allocated through IIJA or other Federal programs.[48]

A NOFO may also set forth requirements for grant applicants to demonstrate effort with respect to priorities established in executive orders or broader Administration or DOT-wide goals.[49] Project selection by the Department may also consider broader Administration goals. For example, the Justice40 Initiative (J40), created by President Biden's Executive Order 14008, establishes a goal to devote 40 percent of certain Federal benefits to funding in disadvantaged communities.[50] DOT's implementation of J40 affects the decision-making processes for at least 39 programs and approximately $204 billion in authorized IIJA funding.[51] DOT has outlined in its FY 2022–2026 Strategic Plan its goals of advancing safety, economic strength and global competitiveness, equity, climate and sustainability, transformation, and organizational excellence.[52] In order to increase the likelihood of securing a grant award, DOT encourages applicants generally, and within their NOFOs, to align applications with DOT's defined strategic goals and to detail how their respective projects would help DOT achieve these goals.[53] While applicants must comply with statutory requirements for grants, pursuant to the NOFO they will have a greater chance at securing a grant award if they meet this Administration's additional criteria related to equity, Justice40, and climate change—although some competitive grant programs also include these same factors as statutory evaluation criteria.[54]

On its website, DOT provides a preparation checklist to assist applicants seeking grant opportunities.[55] These guidelines provide clarity on requirements mandated by statute in order to receive federal funds, such as compliance with environmental planning policies and regulations outlined in the National Environmental Policy Act (NEPA). Applicants are also subject to program-specific statutory requirements, that

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[44] DOT, *Who is Eligible to Apply for Discretionary Grants?*, (last updated Nov. 17, 2023), *available at* https://www.transportation.gov/rural/grant-toolkit/eligible-applicants; *see also* IIJA, *supra* note 1.

[45] IIJA, *supra* note 1.

[46] *See e.g.* DOT, OFF. OF THE SEC'Y, *NOFO for the RAISE Grant Program, Amendment No. 1*, (last updated Feb. 23, 2024), *available at* https://www.transportation.gov/sites/dot.gov/files/2024-02/FY%202024%20RAISE%20NOFO%20Amendment%201.pdf [hereinafter RAISE NOFO].

[47] CHRISTOPHER D. WATSON, CONG. RSCH. SERV., IF119898, CONGRESS EXPANDS BUY AMERICA REQUIREMENTS IN THE INFRASTRUCTURE INVESTMENT AND JOBS ACT (P.L. 117–58), (Dec. 7, 2021) *available at* https://crsreports.congress.gov/product/pdf/IF/IF11989.

[48] IIJA, Pub. L. No. 117–58, Build America, Buy America Act, Title IX, 135 Stat. 429.

[49] DOT, *DOT's Implementation of White House Executive Actions (EAs)*, (last updated July 13, 2023), *available at* https://www.transportation.gov/priorities/dots-implementation-white-house-executive-actions-eas; *see also* DOT, *Maximizing Award Success: USDOT Grant Evaluation Criteria*, (last updated Nov. 17, 2023), *available at* https://www.transportation.gov/rural/grant-toolkit/maximizing-award-success/evaluation-criteria.

[50] DOT, *Justice 40 Initiative*, (last visited Feb. 23, 2023), *available at* https://www.transportation.gov/equity-Justice40.

[51] DOT, *Justice40 Fact Sheet, available at* https://www.transportation.gov/sites/dot.gov/files/2022-11/Justice40_Fact_Sheet_v1.2pptx.pdf.

[52] DOT, STRATEGIC PLAN FY 2022–2026, *available at* https://www.transportation.gov/sites/dot.gov/files/2022-04/US_DOT_FY2022-26_Strategic_Plan.pdf.

[53] DOT, *Maximizing Award Success: USDOT Grant Evaluation Criteria*, (last updated Nov. 17, 2023), *available at* https://www.transportation.gov/rural/grant-toolkit/maximizing-award-success/evaluation-criteria.

[54] *Id.*

[55] DOT, *Federal Transportation Funding: Discretionary Grant Preparation Checklist for Prospective Applicants*, (last updated November 27, 2023), *available at* https://www.transportation.gov/grants/dot-navigator/discretionary-grant-preparation-checklist.

can include a capital projects benefit-cost analysis (BCA) or a requirement to secure non-Federal funding to support a project.[56] DOT also provides a process timeline for considering, issuing, and disbursing awards.[57]

V. WITNESSES

- Hon. Alan Winders, Presiding Commissioner, Audrain County, Missouri, on behalf of National Association of Counties
- Mr. Chuck Baker, President, American Short Line and Regional Railroad Association
- Ms. Amy O'Leary, Executive Director, Southeast Michigan Council of Governments
- Hon. Jared W. Perdue, P.E., Secretary, Florida Department of Transportation

[56] RAISE NOFO, *supra* note 46.

[57] DOT, *USDOT Discretionary Grant Funding Process*, (last updated: Nov. 17, 2023), *available at* https://www.transportation.gov/rural/grant-toolkit/grant-application-process/grant-applicant-roadmap.

DEPARTMENT OF TRANSPORTATION DISCRETIONARY GRANTS: STAKEHOLDER PERSPECTIVES

THURSDAY, MARCH 7, 2024

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
WASHINGTON, DC.

The committee met, pursuant to call, at 10:03 a.m. in room 2167 Rayburn House Office Building, Hon. Sam Graves (Chairman of the committee) presiding.

Mr. GRAVES OF MISSOURI. The Committee on Transportation and Infrastructure will come to order, and I ask unanimous consent that the chairman be authorized to declare a recess at any time during today's hearing.

Without objection, that is so ordered.

As a reminder, if Members insert a document into the record, please also email it to DocumentsTI@mail.house.gov.

So, with that, I now recognize myself for 5 minutes for the purposes of an opening statement.

OPENING STATEMENT OF HON. SAM GRAVES OF MISSOURI, CHAIRMAN, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Mr. GRAVES OF MISSOURI. We are here today to discuss the discretionary grant programs at the Department of Transportation and to hear firsthand from stakeholders about their experiences with the Department's grant processes.

The Infrastructure Investment and Jobs Act, the IIJA, authorized $196 billion over 5 years for new and existing DOT competitive grant programs. This represents 30 percent of the total funding provided by the IIJA. The committee has a keen interest in ensuring that these taxpayer-funded grants follow the intent of the law and support projects that actually improve our Nation's infrastructure network and the supply chain.

The committee has heard concerns from stakeholders regarding the implementation of the IIJA, specifically citing the Department's delay and inconsistency with the issuance of Notices of Funding Opportunity, or NOFOs, and the length of time it takes to execute grant agreements after an award has been announced.

On the front end of the process, NOFOs have incorporated the administration's Executive orders on climate, equity, and environmental justice into their grant criteria, requiring applicants to demonstrate efforts in advancing the administration's very progressive agenda.

For example, a recipient of a 2023 Safe Streets and Roads For All grant award not only must certify compliance with 75 Federal laws and regulations, but they must also certify compliance with 12 Executive orders. These additional criteria may exclude otherwise qualified projects from receiving Federal funding for worthwhile infrastructure improvements.

On the back end, grant recipients are experiencing longer than normal wait times for the execution of grant agreements. As a result, IIJA funds are trickling out, limiting the ability of stakeholders to put these funds to good use.

As the committee prepares for the next highway bill in the next Congress, it's important that we continue to ensure the best use of the infrastructure funding and find ways to improve the grant process.

I also look forward to hearing from each of our witnesses today, including one from my district who I will introduce here in just a little bit, about their experience in applying for Federal funding and how they are using Federal dollars to improve the state of our Nation's transportation network.

[Mr. Graves of Missouri's prepared statement follows:]

Prepared Statement of Hon. Sam Graves, a Representative in Congress from the State of Missouri, and Chairman, Committee on Transportation and Infrastructure

We are here today to discuss discretionary grant programs at the Department of Transportation (DOT) and to hear firsthand from stakeholders about their experiences with the Department's grant processes.

The Infrastructure Investment and Jobs Act (IIJA) authorized $196 billion over five years for new and existing DOT competitive grant programs. This represents 30 percent of the total funding provided by IIJA.

The Committee has a keen interest in ensuring these taxpayer-funded grants follow the intent of the law and support projects that actually improve our Nation's infrastructure network and supply chain.

The Committee has heard concerns from stakeholders regarding the implementation of IIJA, specifically citing the Department's delay and inconsistency with the issuance of Notices of Funding Opportunity, or NOFOs, and the length of time it takes to execute grant agreements after an award has been announced.

On the front end of the process, NOFOs have incorporated the Administration's Executive orders on climate, equity, and environmental justice into their grant criteria, requiring applicants to demonstrate effort in advancing the Administration's progressive agenda.

For example, a recipient of a 2023 Safe Streets and Roads for All grant award not only must certify compliance with 75 federal laws and regulations, but they must also certify compliance with 12 Executive orders. These additional criteria may exclude otherwise qualified projects from receiving federal funding for worthwhile infrastructure improvements.

On the back end, grant recipients are experiencing longer than normal wait times for the execution of grant agreements. As a result, IIJA funds are trickling out, limiting the ability of stakeholders to put these funds to use.

As the Committee prepares for the next highway bill in the next Congress, it is important that we continue to ensure the best use of our infrastructure funding and find ways to improve the grant process.

I also look forward to hearing from each of our witnesses today, including one from my district who I'll introduce later, about their experience in applying for federal funding, and how they are using federal dollars to improve the state of our Nation's transportation network.

Mr. GRAVES OF MISSOURI. I now recognize Ranking Member Larsen for his opening statement.

OPENING STATEMENT OF HON. RICK LARSEN OF WASHINGTON, RANKING MEMBER, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Mr. LARSEN OF WASHINGTON. Thank you, Chair Graves, for holding this hearing to explore how competitive grant funds from the Bipartisan Infrastructure Law are providing opportunities and delivering results.

The law provides record-breaking funding for critical infrastructure projects. Over 5 years, the BIL invests $661 billion in roads, bridges, transit, buses, ferries, airports, ports, and rail. Congress provided 30 percent of this amount, about $196 billion, to be distributed through 72 competitive grant programs. Many of these grant programs were established in the BIL, and this investment level and volume of new initiatives far exceeds previous transportation bills.

DOT has risen to the occasion to get this money into the hands of communities by issuing nearly 90 Notices of Funding Opportunity, or NOFOs, in the 2 years since the enactment of the law, and this level of grantmaking is remarkable. Compared to formula funds, these grants provide new and expanded opportunities for local and Tribal governments to pursue local priorities and receive grant awards directly.

For example, the BIL's Safe Streets and Roads For All program, for which States are not eligible to apply, is widely heralded as a model for assistance to local governments to improve safety. In the first two rounds of funding, over 1,000 local safety projects received grants, a huge boost to communities with needs that may not rise to the top of State DOT priorities.

Congress also delivered an unprecedented 5 years of funding certainty for rail in the BIL, a level of commitment not seen since the creation of Amtrak over 50 years ago.

The Federal Railroad Administration has awarded over 238 rail projects under the BIL, including a $2 million grant to the city of Burlington in my district for a railroad crossing elimination. The FRA is working with communities to develop or enhance, as well, 69 intercity passenger rail corridors nationwide.

Yet much of this BIL discretionary rail funding is subject to appropriation, and therefore at the mercy of caps and cuts, because rail does not have a dedicated revenue source. And the cuts to Amtrak in the proposed THUD bill, which stalled consideration of the bill last fall, demonstrated this committee will have to remain vigilant to protect investment in rail.

Infrastructure investment means jobs. Ensuring that infrastructure benefits reach all communities requires a strong working relationship among Federal, State, regional, and local government partners.

My State of Washington has a robust process to distribute transportation dollars to all areas, including rural counties and communities in my district. WSDOT leads the process by partnering with local governments and passing through Federal transportation dollars with a lot of input from State legislators, I might add, as well.

Distribution of transportation funding through the State legislature further supports the reach into communities. As a result, we have seen success in addressing transportation needs in my district and other districts around the State. This collaboration further supports success in the competitive grant process. Local governments, including Whatcom and Skagit Counties, and the Tribes, such as the Lummi Nation in my district, have successfully applied for and been awarded grants.

So, in all, Washington and my district have received more than $120 million in competitive grants from the BIL, so, it can happen.

We are only 2 years through a 5-year bill, which means there is more to come: more projects, more jobs, more safety improvements, more pollution reduction, and more communities uplifted.

Congress directed investments in the BIL to address climate change and reduce carbon pollution, as well. We have directed these investments to improve safety and equity outcomes on our transportation network, and we put more decisionmaking power into the hands of local communities who know their needs best.

DOT's grant competitions reflect these directives from Congress. DOT's competitive grant considerations align with goals shared by those who voted for the BIL and are advancing cleaner, safer, and more equitable transportation.

Now, beyond the benefits of individual projects, BIL resources are building local government capacity to deliver projects, because in some respects, the local governments don't have that capacity to apply for these grants. So, DOT is actively helping applicants new to the Federal transportation grant process to navigate this competitive process.

The Thriving Communities Program supports disadvantaged and underresourced communities to advance transportation projects. The program's capacity builder organizations work directly with local communities to build their technical knowledge. The first year of funding, $21 million, supported 64 communities, including 27 in rural areas. This program to build the bench of project sponsors will transform communities that have not previously accessed Federal funds and will deliver jobs, mobility improvements, and economic benefits for years to come, especially in rural areas.

So, I welcome this opportunity to celebrate the benefits to each of our districts and constituents. I also welcome the opportunity to look at how we can make it better. As a former county councilmember, I can assure you I understand the frustration that counties and cities have in accessing Federal money, and sometimes they choose not to. So, I fully understand that. But we are making progress in this particular version of the transportation funding through the BIL to try to address that technical capacity deficit so that, again, we can build a longer term bench to increase the number of project sponsors for competitive grants.

I will finally say that there is one area where State legislatures, State DOTs, the local governments, city and county and Tribal governments all agree: there is never enough money from the Federal Government when it comes to transportation funding. So, if we can all agree on that as we look forward to 2026, when we have to do this all over again, we should keep that in mind, as well, as we are looking to improve the process.

[Mr. Larsen of Washington's prepared statement follows:]

Prepared Statement of Hon. Rick Larsen of Washington, Ranking Member, Committee on Transportation and Infrastructure

Thank you, Chairman Graves, for holding this hearing to explore how competitive grant funds from the Bipartisan Infrastructure Law (BIL) are providing opportunities and delivering results.

The BIL provides record-breaking funding for critical infrastructure projects.

Over five years, the BIL invests $661 billion in roads, bridges, transit, buses, ferries, airports, ports, and rail. Congress provided 30 percent of this amount—$196 billion—to be distributed through 72 competitive grant programs.

Many of these grant programs were established in the BIL. This investment level and volume of new competitive initiatives far exceeds previous transportation bills.

DOT has risen to the occasion to get this money into the hands of communities by issuing nearly 90 Notices of Funding Opportunity in the two years since enactment of the law. This level of grantmaking is remarkable.

Compared to formula funds, these grants provide new and expanded opportunities for local and Tribal governments to pursue local priorities and receive grant awards directly.

For example, the BIL Safe Streets and Roads for All program—for which states are not eligible to apply—is widely heralded as a model for assistance to local governments to improve safety.

In the first two rounds of funding, over 1,000 local safety projects received grants—a huge boost to communities with needs that may not rise to the top of state DOT priorities.

Congress also delivered an unprecedented five years of funding certainty for rail in the BIL—a level of commitment not seen since the creation of Amtrak over 50 years ago.

The Federal Railroad Administration has awarded over 238 rail projects under the BIL, including a $2 million grant to the city of Burlington in my district for railroad crossing elimination. FRA is working with communities to develop or enhance 69 intercity passenger rail corridors nationwide.

Yet much of the BIL discretionary rail funding is subject to appropriation—and therefore at the mercy of caps and cuts—because rail does not have a dedicated revenue source.

The cuts to Amtrak in the FY24 House Republicans THUD bill, which stalled consideration of the bill in the House last fall, demonstrate that this Committee will have to remain vigilant to protect investment in rail.

Infrastructure investment means jobs.

Ensuring that infrastructure benefits reach all communities requires a strong working relationship among federal, state, regional, and local government partners.

My state of Washington has a robust process to distribute transportation dollars to all areas, including rural counties and communities in my district. WSDOT leads the process of partnering with local governments and passing through federal transportation dollars with a lot of input from state legislators. Distribution of transportation funding through the state legislature further supports the reach into communities.

As a result, we have seen success in addressing transportation needs in my district and other districts across the state.

This collaboration further supports success in the competitive grant process. Local governments, including Whatcom and Skagit counties, and Tribes, such as the Lummi Nation, in my district in Washington State have successfully applied for and been awarded grants.

In all, Washington's Second Congressional District has received more than $120 million in competitive grants from the BIL. So, it *can* happen.

We are only two years through a five-year bill, which means there is more to come—more projects, more jobs, more safety improvements, more pollution reduction, and more communities uplifted.

Congress directed investments in the BIL to address climate change and reduce carbon pollution. We directed investments to improve safety and equity outcomes on our transportation networks. And we put more decision-making power into the hands of local communities, who know their needs best.

DOT's grant competitions reflect these directives from Congress. DOT's competitive grant considerations align with goals shared by those who voted for the BIL and are advancing cleaner, safer, and more equitable transportation.

Beyond the benefits of individual projects, BIL resources are building local government capacity to deliver projects. Because in some respects, local governments do not have the capacity to apply for these grants.

DOT is actively helping applicants new to federal transportation grants—which includes many local governments, Tribes, and rural communities—to navigate the competitive process.

The Thriving Communities Program supports disadvantaged and under-resourced communities to advance transportation projects. The program's "capacity builder" organizations work directly with local communities to build their technical knowledge. The first year of funding, $21 million, supported 64 communities, including 27 in rural areas.

This program to build the bench of project sponsors will transform communities that have not previously accessed federal funds and will deliver jobs, mobility improvements, and economic benefits for years to come, especially in rural areas.

I welcome this opportunity to celebrate the infrastructure benefits to each of our districts and constituents.

I also welcome the opportunity to look at how we can make it better. As a former County Councilmember, I can assure you that I understand the frustration that counties and cities have in accessing federal money, and why sometimes they choose not to.

But we are making progress in this version of funding, through the BIL, to address the potential capacity deficit, so we can build a longer-term bench to increase the number of project sponsors for competitive grants.

There is one area where state legislatures, state DOTs, local governments, city, county, and Tribal governments all agree: there is never enough money from the federal government when it comes to transportation funding. We can all agree on that as we look forward to 2026, when we have to do this all over again, and we should keep that in mind as we are trying to improve the process.

I look forward to today's discussion.

Mr. LARSEN OF WASHINGTON. With that, I yield back.

Mr. GRAVES OF MISSOURI. Thanks, Rick, and I do want to welcome all of the witnesses here today.

And just to kind of briefly explain the lights, you will each have 5 minutes to give your testimony, and then green is go, and yellow means you are running out of time, and red is try to conclude as quickly as possible.

With that, I would ask unanimous consent that witnesses' full statements be included in the record.

And without objection, that is so ordered.

I would ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

Without objection, that is so ordered.

I would also ask unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, that is so ordered.

As your written testimony has been made a part of the record, the committee asks that you, as I mentioned earlier, limit remarks to 5 minutes.

So, before we get to our witnesses, I do want to welcome some constituents in the audience today: Pike County Presiding Commissioner Bill Allen is in the office, and Audrain County Road and Bridge Engineer Brian Haeffner.

Welcome to both of you for coming in and helping out with this.

Our first witness today is also a constituent of mine, and I want to welcome Alan Winders, the presiding commissioner of Audrain County. He also serves as chairman of the Better 54 Coalition. The Better 54 Coalition has been working to make improvements to Highway 54 between Mexico, Missouri, and Louisiana, Missouri.

He is also the chairman of the Mark Twain Regional Council of Governments. And given those roles, he is very familiar with applying for DOT grants, as well as many other grants.

Thanks for making the trip out, Alan. I really appreciate you being here. And with that, you are recognized for 5 minutes.

TESTIMONY OF HON. ALAN WINDERS, PRESIDING COMMISSIONER, AUDRAIN COUNTY, MISSOURI, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES; CHUCK BAKER, PRESIDENT, AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION; AMY O'LEARY, EXECUTIVE DIRECTOR, SOUTHEAST MICHIGAN COUNCIL OF GOVERNMENTS; AND HON. JARED W. PERDUE, P.E., SECRETARY, FLORIDA DEPARTMENT OF TRANSPORTATION

TESTIMONY OF HON. ALAN WINDERS, PRESIDING COMMISSIONER, AUDRAIN COUNTY, MISSOURI, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Mr. WINDERS. Good morning, Chairman Graves, Ranking Member Larsen, and distinguished members of the committee. It's an honor to be here today. There is only one Audrain County in all of these great United States, and it's my great honor to be the presiding commissioner. It is also my honor to be here today.

Audrain County is about 700 square miles, about 25,000 people, and is a rural county in northeast Missouri. It is rural by all definitions. Today, I am here in the capacity as a member of the National Association of Counties, or NACo, which represents the interest of each of America's 3,069 counties, parishes, and boroughs. Thank you for the opportunity to provide the county perspective on U.S. Department of Transportation's discretionary grant process as it relates to programs in the IIJA.

Nationally, America's counties own 44 percent of roads and 38 percent of bridges. In Audrain County, it's a little higher than that. But annually, America's counties invest over $60 million in the construction, maintenance, and operation of the Nation's transportation systems. We are doing our part at the local level. County-owned roads and bridges do not receive any direct, guaranteed Federal support, although they serve far more than just our residents. Making matters worse, 45 States, including Missouri and Washington, cap the ability of counties to increase revenues in various ways.

In rural America, where tax bases are small, our ability to maintain infrastructure is even further strained, leading to dangerous conditions. Sadly, a driver is twice as likely to die in a crash on a rural road than an urban road. In rural areas, however, where almost 70 percent of the Nation's transportation system lies, along local roads and bridges that make up the first and last mile of America's daily commutes, America's food leaves the farm on local roads.

Foremost, America's counties are tremendously grateful for the funding opportunities in the IIJA and urge lawmakers to protect the level of investment in the next law. Competitive grant programs represent the only way counties can access Federal transportation funds to carry out the projects that we deem a priority. And for that, we are immensely grateful.

When counties are successful, countless examples demonstrate our ability to turn Federal investments into real-life projects that improve the quality of life for our residents. However, competing is not easy. Not only do counties have to compete with ourselves, we also must vie with cities, States, regional organizations, Tribal governments, and others.

Like Audrain, two-thirds of America's counties are rural and have serious capacity constraints that put the average county at a great competitive disadvantage in Federal grant programs because these programs are structured to reward applicants that have the most resources. This means that urban centers are typically successful, while smaller entities struggle to compete, even though the infrastructure serving these communities is no less important.

From interstates to gravel roads, all parts of the system are critical to its efficient operation. Small and rural counties simply do not have the resources to determine which grant program is the right fit, prepare or contract out a competitive application, complete environmental reviews, meet the local match, et cetera.

Other challenges exist that we have seen firsthand through our role in the Highway 54 Coalition. While this project is critical to our region, we lose rating points in the RAISE application based on unrelated, nonstatutory criteria. While the IIJA significantly increased the number of competitive programs counties can apply to, it did not change how the programs are fundamentally structured, applying the same reporting requirements to State departments of transportation and rural counties alike. This is true for counties of all sizes. Overly complex regulations and guidance can make implementing an award just about as challenging as competing for it.

When we are successful, counties need responsive Federal partners who produce timely and clear directives that do not prescribe how funds are spent beyond what is required in the statute.

Federal permitting requirements can also make competitive grant programs unattractive for potential applicants. Too often, simple, local projects that use Federal funding trigger NEPA, even when they are carried out in an already disturbed public right-of-way where categorical exclusion should apply. Awardees are reporting unprecedented timelines of up to 24 months for grant agreements. Delays of this nature degrade investment and slow the delivery of projects. We strongly encourage the U.S. Department of Transportation to address this issue.

In closing, the message is simple: please get grant funds out the door as quickly as possible. Counties stand ready to work with you as willing and able partners to help ensure that dollars invested in our Nation's infrastructure over the course of the IIJA continue to benefit Americans for generations to come.

Thank you, Mr. Chairman, Ranking Member, and members of the committee for the opportunity to be here today to talk, to give some feedback on how we see the program working from our perspective, and I look forward to answering any questions you may have.

[Mr. Winders' prepared statement follows:]

Prepared Statement of Hon. Alan Winders, Presiding Commissioner, Audrain County, Missouri, on behalf of the National Association of Counties

INTRODUCTION

Good morning, Chairman Graves, Ranking Member Larsen and distinguished members of the Committee. Thank you for the opportunity to provide feedback on how America's county governments are faring in the competitive grants process as it relates to U.S. Department of Transportation (USDOT) funding opportunities in the Infrastructure Investment and Jobs Act (IIJA/P.L. 117–58).

My name is Alan Winders, and I am the Presiding Commissioner in Audrain County, Missouri, where I have served since 2016. Among Missouri's 114 counties, Audrain occupies approximately 700 square miles in the east central part of the state. Home to just under 25,000 residents with a population density of 36, the county is considered rural by the 2020 U.S. Census.

With its rich, fertile land, Audrain is one of the state's leading agricultural communities with primary farm products consisting of soybeans, corn, grain, wheat, beef and pork. In value-added agriculture, a biodiesel plant and an ethanol plant located in Audrain County provide renewable fuels to the region. We are home to numerous manufacturing firms, service industries, and other small businesses ranging from retail shops to light manufacturing, distribution and food products. Our residents enjoy an economic climate marked by variety and progress.

I also serve as Chair of the U.S. Highway 54 Corridor Coalition (Coalition), comprised of Audrain and Pike Counties, Mo. and Pike County, Ill., as well as the various communities that make up the route between Mexico, Mo. and Pittsfield, Ill. The Coalition's goal is improving safety and increasing corridor capacity through the implementation of an innovative, shared four-lane facility and associated intersection improvements. The coalition has been diligent, continuing its efforts for nearly 20 years.

In addition to my county roles, I am testifying in my capacity as a member of the National Association of Counties (NACo). NACo represents the interests of all of America's 3,069 counties, parishes and boroughs. Like Audrain County, nearly two-thirds of the nation's counties are rural, located outside of an urbanized area and encompassing less than 50,000 residents. At the same time, there are over 120 urban counties where local services are provided to 130 million residents each day.

Through participation in NACo's ten policy committees, county officials work together to develop common legislative and regulatory solutions at the federal level. As a member of the NACo Transportation Policy Steering Committee, I work with my peers from around the country to advance our national transportation priorities, the number one of which is securing consistent federal funding for county-owned roads and bridges.

As we approach the midpoint of the IIJA, America's counties thank you for your attention to the law's processes and, specifically, to the ability of local governments to access the multitude of new competitive opportunities created by the IIJA within USDOT. We hope you will use this feedback to inform your policy considerations for future surface transportation legislation.

Counties offer the following considerations:

- Counties hold a large ownership share of the nation's roads (44 percent) and bridges (38 percent) yet receive no direct, guaranteed federal funding to support these assets that serve many more than just our residents.
- Counties must compete with other counties, our city and state partners, and others for direct federal funding for local transportation needs, often unsuccessfully, and we urge Congress to streamline this process.
- To ensure the IIJA meets its intended goals, federal policymakers should produce timely, clear criteria and guidance and eliminate barriers to project delivery.

Counties hold a large ownership share of the nation's roads (44 percent) and bridges (38 percent) yet receive no guaranteed federal funding to support these assets that serve many more than just our residents.

County governments collectively own, operate and maintain significantly more public road miles (44 percent) than any other level of government, including states (20 percent). We also own and operate a significant amount of the nation's bridges (38 percent) compared to cities (8 percent) and townships (5 percent). Beyond roads and bridges, counties are direct supporters of 34 percent of airports and 40 percent of public transit systems that keep Americans connected in every corner of the country and throughout the globe.

Home to the "last mile," where the majority of Americans both begin and end their days, counties are leaders in the national infrastructure network and major investors, annually spending over $130 billion on the construction of transportation and infrastructure and the maintenance and operation of public works.

In Missouri, counties own half of all bridges, well over the national average. In Audrain, the county owns and operates just over 71 percent of bridges and 65 percent of road miles. Much of the Sixth District of Missouri looks like Audrain, with its 39 counties accounting for nearly 40 percent of all bridges in the state. In Washington, counties own 40 percent of bridges, with the county-owned bridges in the 2nd District accounting for seven percent of the state's nearly 8,500 bridges.

While we own a substantial share of the nation's roads and bridges, counties receive no guaranteed federal funding for these assets that serve many more than just our residents. Compounding the problem, Missouri, Washington and 43 other states limit the ability of counties to raise revenue in various ways, making intergovernmental support vital to meeting our public sector responsibilities, especially in small and rural communities where property tax bases—the predominant revenue source of most counties—are insufficient.

Because federal surface transportation laws have historically apportioned 90 percent or more of transportation funding directly to state departments of transportation (DOT) via formulas, counties must rely on competitive funding opportunities that largely make up the remaining 10 percent to meet the needs of locally owned infrastructure outside of the National Highway System that makes up the majority of the nation's roads and bridges.

While counties greatly value our partnerships with state DOTs, the productivity of these relationships can vary by state and even county by county. Further, even when the intergovernmental relationship is effective, DOTs have their own infrastructure responsibilities that are posited above our own which they too may be struggling to meet, especially in rural states like Missouri.

Still, examples of county-state best practices exist nationwide. The Missouri DOT works closely with counties through its off-system bridge set-aside fund that combines the set-asides from both the Bridge Formula Program and the Surface Transportation Block Grant. This practice reduces the amount of the local match required from 20 percent to roughly 12 percent.

For counties in Oklahoma, where only three of its 77 counties retain a professional engineer, the state DOT has taken over the complex reporting requirements that accompany federal awards at no charge and is also supporting a portion of application costs. In Indiana, the State Community Crossings Match Grant supports local investment in infrastructure projects.

Unfortunately, these examples are not the experience for all counties, leading to inconsistencies in the system that vary by location. The divide is more easily discernible, however, within the states themselves because of the federal transportation funding gap that persists between urban and rural communities.

Nearly two-thirds of America's counties are rural. According to USDOT, these areas—while sparser in population—are where 68 percent of the nation's total lane-miles are located. In 2019, the Congressional Research Service reported that, of the over 1.6 million miles of rural county roads, just 13.7 percent are eligible for federal aid.

Due to chronic underinvestment by our state and federal partners and limited local tax bases, rural roads have serious safety concerns. Rural areas are home to just 19 percent of the U.S. population but represent where 43 percent of all roadway fatalities occur. Simply put, a driver is almost twice as likely to die on a rural road than an urban road. This reality is an example of the real-life consequences of USDOT having to select winners and losers.

While rural infrastructure is deteriorating, it continues to support the bulk of the movement of people and goods. USDOT reported that "large volumes of freight either originate in rural areas or are transported through rural areas on the nation's highways, railways, and inland waterways." This includes 46 percent of the total miles traveled by heavy trucks, which can weigh 80,000 pounds or more in states with exemptions to the federal threshold.

Due to their size and prevalence, heavy trucks have huge impacts on local infrastructure felt most acutely in rural areas where travel times can be twice as long as urban settings due to the nearly 60,000 bridges closed or posted with weight restrictions. Heavy trucks also pose serious safety risks for our residents and other travelers who drive along county roads each day.

According to a 2023 local bridge study, "local bridges represent 76.4% of all bridges, but 89.6% of poor bridges . . . Local bridges, being in worse condition overall, are more vulnerable to the potential damage caused by heavier trucks." *Counties urge lawmakers to prevent heavy truck size and weight increases not accompanied by adequate support to remediate impacts on locally owned infrastructure*.

Some county bridges may carry low traffic volumes but represent *literally* the only connection to work, school and emergency services where a failure has the potential to isolate an entire community. No traveler begins their trip on a highway and the functionality of the system depends on every cog. The connectivity of the network, ranging from interstates to local gravel roads, is vital. In summary, a route is only as good as its weakest mile (or bridge).

Because areas with higher populations receive larger shares of federal funding across the government, small and rural counties are continuously overlooked, *though the infrastructure serving these communities is just as important to its residents as urban dwellers*. Competitive programs that do not have statutory population requirements should help address this inequity, though some FY 2022 awards have called this into question.

It is evident that needs exist throughout the system, both big and small. Action is required from every level of government; however, some levels of government are not as equally equipped to access federal transportation funds.

Counties must compete with other counties, our city and state partners, and others for direct federal funding for local transportation needs, often unsuccessfully, and we urge Congress to streamline this process.

The IIJA was not only historic in the amount of investment it provided for American infrastructure but also because it increased the number of actors eligible to meet the nation's transportation needs. While process improvements can be made, *counties are tremendously grateful for the new funding opportunities created by the IIJA and urge lawmakers to protect the level of investment in the next reauthorization*.

Competitive grants represent the only method for counties to directly access federal funding to address community needs which, as local leaders, we understand best. However, while the IIJA created dozens of new opportunities within USDOT, many remain inaccessible to county governments due to several obstacles, some stemming from the competitive grants process itself.

To this end, NACo joined other stakeholders to make five recommendations to the White House Office of Management and Budget (OMB) that would simplify the federal grants process:

1. Promote simplified concepts, accessibility of key timing/thresholds based on entity size
2. Streamline common identifiers for tracking purposes
3. Utilize "plain language" instruction for the layman whenever possible
4. Lengthen timelines to accommodate local governments due process
5. Streamline application processes

Even with process improvements in place, *federal grants are structured to reward applicants with resources to compete*, and many counties face stiff barriers. As a member of the Coalition, Audrain County has experienced first-hand the challenges faced by rural applicants. We believe our experience with applying for funding through the USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program, and the Better Utilizing Infrastructure to Leverage Development (BUILD) grants under the previous administration, is an example of how the process can work against local governments.

The Coalition has yet to see success after actively seeking a RAISE grant for the past six years on behalf of a state asset. Despite submitting for the same project each year and updating its application to meet changing criteria, the county's rating has continued to drop from its highest in 2019 to its lowest in the most recent round of awards. Once considered innovative by agency evaluators, USDOT has most recently rated the application low in this category. In the Coalition's experience, ratings can vary based on the reviewer, creating immense uncertainty for applicants.

Coalition members have spent over $15,000 alone on developing and updating RAISE's required benefit-cost analysis. Lacking the means for a consultant to assist with the application, the Coalition relies on support from the local area's regional planning commission, the Mark Twain Regional Council of Governments. This funding shortfall is common in rural areas and places communities on an uneven playing field with urban and state-level applicants even when resources are pooled.

Undoubtedly, cost is a significant obstacle to competition for counties for who lack capacity, both financial and human. Counties with small populations and limited instruments to raise revenue must first evaluate whether pursuing federal funds is a good use of scarce resources by asking ourselves several questions, including:

- Can we afford a consultant?

- Can we meet the local match?
- If awarded, can we front the cost of the project as required by the reimbursable nature of USDOT programs?
- Can we administer the grant, if awarded, as grant administration costs are disallowed?

Federal notices of funding opportunities (NOFO) are long and complex. Difficulty in deciphering funding announcements forces interested applicants to hire expensive third parties to understand and respond to the criteria. This is especially true for nontraditional applicants seeking funding for the first time, which represents a significant number of real and potential IIJA applicants.

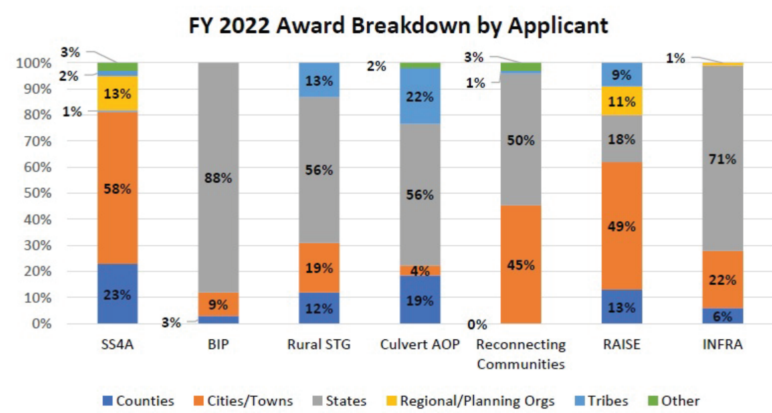
Seriously complicating matters further, non-statutory NOFO criteria has proved difficult for some counties, especially small, rural and first-time applicants. Meeting additional requirements, as worthy as they may be, only makes access more difficult for applicants who have not historically benefited from federal funds.

The Highway 54 project might serve as a prime example where the goal of the Coalition is to build capacity by expanding a two-lane highway into a shared, four-lane highway in rural Missouri, about 50 miles northwest of St. Louis. This project is critical to our region and will improve safety, congestion, economic development and the efficiency of the national network efficiency; however, our RAISE applications lose rating points in sections such as "innovation" and "environmental justice."

In our rural area and other similar communities, county officials simply do not have the resources necessary to be competitive with our urban and suburban neighbors in these types of endeavors. Ours is a road project though largely unrelated criteria continues to keep it from moving forward in the application process.

Many rural counties are still trying to bring our infrastructure to states of good repair, and it is unreasonable to expect cash-strapped communities who have never before sought and/or received federal funding to exemplify innovative practices when we are struggling to keep our local roads and bridges in safe and working order.

To competitively respond to NOFOs, counties across the country are investing tens of thousands of dollars in consultant services to produce applications that have no guarantee of success. In fact, a NACo analysis of key USDOT awards to counties in FY 2022 showed that counties are significantly less successful when up against our city and state partners in USDOT programs across the board:



Source: *NACo analysis of USDOT FY 2022 award announcements*

Notes: *Does not include amounts to Connecticut and Rhode Island where county governments do not exist or U.S. territories; "Other" includes nonprofits, institutions of higher education, public housing authorities and special districts depending on program eligibility*

Counties fared best in the Safe Streets and Roads for All Program, a competitive grant created by the IIJA with a unique eligibility that excludes state governments. This allowed local governments to perform significantly better in comparison to other discretionary grant programs, all of which allow state DOTs to apply in addition to the formula funds they annually receive. Counties performed worst in the Reconnecting Communities category where no FY 2022 awards were made to county governments despite the submission of over 40 applications deemed eligible by USDOT.

Of note, the Bridge Investment Program has three funding categories. Included in NACo's analysis are large bridge grant awards for projects over $100 million, which account for the majority of the program's award total and went mainly to states. Removing this data and looking at planning and regular bridge grants combined, counties slightly outperformed cities 53 percent to 47 percent. While this may seem more equitable, counties own 38 percent of bridges compared to cities' eight percent where 51 percent of county-owned bridges are off-system versus just seven percent of cities.

Among the seven programs examined, *counties received just eight percent of awards overall, demonstrating that counties simply cannot continue relying solely on competitive funding opportunities to repair and modernize local infrastructure*. In the next surface transportation reauthorization, *counties urge lawmakers to develop a direct, guaranteed funding source for locally owned roads and bridges*.

In addition to funding challenges, small and rural counties also face personnel shortages. In many communities, the responsibility to find a grant, apply, administer an award, and meet reporting requirements can fall to the county clerk or treasurer who are seldom proficient in this responsibility that largely falls outside of their job description.

Nevertheless, since the current funding structure demands we compete, counties appreciate the wealth of staff time and technical assistance resources USDOT has provided since the enactment of the infrastructure law. Counties specifically applaud USDOT's amendment to the FY 2024 RAISE NOFO that allows the Department to consider advance payments on a case-by-case basis for recipients who cannot complete a project on a reimbursement structure, though we recommend this information be available in the original NOFO going forward and that this practice be expanded to additional programs.

We value our partnership with the Department and their many best practices around the IIJA, including:

- Allowing for advance repayment in some cases in FY 2024 RAISE NOFO
- Facilitating local planning by providing access to key information, like opening and closing dates for NOFOs, and allowing for rolling deadlines and multi-year NOFOs
- Reducing administrative and cost burdens for counties by using templates and "common applications" that allow counties to apply to multiple opportunities using a single application
- Engaging rural communities with in-depth program webinars and other targeted resources

To ensure the IIJA meets its intended goals, federal policymakers should produce timely, clear criteria and guidance and eliminate barriers to project delivery.

As discussed, capacity issues and constrained finances are common at the local level and these factors continue to impact an applicant throughout the process. Should a small or rural county overcome the odds to receive a federal grant, the subsequent reporting requirements associated with 2 CFR Part 200 are extremely long and complex and likely too onerous to comply with.

While the IIJA significantly increased the number of competitive programs counties can apply to, it did not change how programs are fundamentally structured. This means that the same reporting requirements that previously applied to more sophisticated entities, like state DOTs, now apply to much smaller entities, like rural counties. Like consultant costs, this can prevent eligible entities from pursuing federal programs that could otherwise benefit local communities.

True for all recipients of federal infrastructure funds, confusing, complex and unnecessary regulations can make implementing an award just as challenging as competing for the opportunity. When counties are successful, we need responsive federal partners who produce timely and clear guidance that enshrines local flexibility. Federal guidance and regulations should not inhibit flexibility or prescribe to state and local governments how to spend awards.

To ensure compliance, local governments rely on direction from our federal partners, such as OMB's Build America, Buy America implementation guidance and instructions from USDOT's modal administrations, such as the Federal Highway Administration. *County officials urge our federal partners to avoid being overly prescriptive in crafting guidance and other resources, instead focusing on issuing clear directives that grant maximum flexibility*.

Federal permitting requirements can also make competitive grant programs unattractive for applicants interested in carrying out simple projects that can erroneously trigger environmental reviews even when they are categorically excluded. Streamlining the federal permitting process is a longstanding priority of local governments, who bear the costs of unnecessary delays created by the decades-old process established under the National Environmental Policy Act (NEPA/P.L. 91–190).

NEPA must be tailored to meet its actual goal of protecting the environment and not its unintended consequence of delaying and sometimes even preventing the delivery of critical infrastructure for our residents, including after natural disasters. Unintended consequences resulting from the current NEPA process continue to degrade county budgets and delay even the simplest of projects that have little to no impact on the surrounding environment, such as sidewalk repair projects in an existing right-of-way (ROW). While categorical exclusions (CEs) are intended to address projects like this, in practice they may be disregarded for fear of litigation or other reasons, forcing a county to undergo the same process it would have without the exclusion.

Confusing matters further for local recipients, interpretations of CEs vary from agency to agency. From the Stafford Act (P.L. 100–707) to the IIJA, federal legislation is interpreted and implemented differently between its own agencies and regions. *Counties encourage lawmakers to apply a more uniform and broader approach to expedite existing infrastructure repairs and improvements, to local standards, to minimize the impact of delays to the public*. Maximizing the utilization of CEs to include the exemption of road and bridge repairs and improvements made within the existing, previously disturbed, public ROW stands to provide tremendous benefits to the public.

Additionally, as strong supporters of the One Federal Decision (OFD) initiative, counties were pleased to see elements of OFD codified by the IIJA and furthered in the Fiscal Responsibility Act (FRA/P.L. 118–5), though we are concerned by the White House Council on Environmental Quality's most recent rulemaking in response to the FRA, which threatens to weaken these provisions. The IIJA also improved CEs, though counties support further increases to these thresholds.

While federal permitting problems are a familiar source of frustration for local governments, an emerging issue among IIJA awards has become more pointed: the time it takes to execute a grant agreement. Counties and other eligible entities are reporting unprecedented timelines of up to 24 months, compounding the effects of permitting delays by further degrading federal and local investments and slowing down the delivery of critical projects. Counties strongly encourage USDOT to address this issue.

The county message is simple: get grant funds out as quickly as possible to the communities where they are needed most. In the current economic environment, construction materials are extremely expensive, and delays can result in unmanageable project cost increases. Inflation, combined with the four-year expiration date on most USDOT funds, can have disastrous consequences for the IIJA's investments.

CONCLUSION

In closing, I hope it has become evident that the safety and operability of county owned roads and bridges cannot continue to rely upon competitive funding opportunities. Counties urge you to provide a guaranteed funding source in the next surface transportation reauthorization.

Chairman Graves, Ranking Member Larsen and distinguished members of the Committee, thank you again for your attention to this important matter and the opportunity to testify before you today. America's counties greatly appreciate your continued bipartisan efforts to strengthen America's infrastructure.

Mr. GRAVES OF MISSOURI. Thank you. Next up is Mr. Chuck Baker, who is the president of the American Short Line and Regional Railroad Association.

Mr. Baker, 5 minutes.

TESTIMONY OF CHUCK BAKER, PRESIDENT, AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION

Mr. BAKER. Thank you. On behalf of the Nation's 600 Class II and III small business freight railroads, commonly known as short lines, thank you for the opportunity to be here today.

The short line industry exists to preserve rail lines that would otherwise have been at risk of abandonment. These lines were expensive to maintain, didn't have much traffic, and were generally unprofitable and unloved by their previous owners. After the Staggers Act of 1980 allowed them to be sold to local entrepreneurs instead of abandoned, the new short line owners focused on customer service, business development, running a low-cost operation, and trying to scrounge up the funds to rehabilitate the infrastructure. Overall, this has worked quite well, and it's generally considered an American success story. We now support 478,000 jobs and 10,000 businesses nationwide.

To keep that infrastructure functional, we invest up to one-third of our revenues in it, which makes short line railroading one of the most capital-intensive industries in the country. I know many members of this committee have visited your local short lines and have heard from customers about how important rail service is to their business. If you haven't made it out yet, we are happy to facilitate.

Short lines partner closely with everyone in their community—shippers, economic development offices, and local and Federal officials—which brings me to the subject of Federal grants. We are proud to work closely with Congress and the U.S. DOT in strengthening the country's rail network. Federal grant funding helps our industry advance the goals we all share: improving safety, creating economic opportunities, supporting well-paying jobs, ensuring an efficient supply chain, defending America's freight network from malicious actors, and harnessing the environmental benefits of moving freight by rail.

The key Federal grant program for short lines is the FRA's CRISI program. More than $12 billion is needed to allow short lines to fully modernize our infrastructure and meet the country's freight needs. In 2015, Congress recognized this and created the CRISI program and then built upon it in the 2021 Infrastructure Law, giving it guaranteed appropriations.

The program also has a clear safety mission. Each dollar of CRISI rebuilding work helps prevent derailments, given that the leading cause of derailments on short lines is simply old, worn-out track. Because we partner with U.S. DOT on CRISI, Railroad Crossing Elimination, INFRA, RAISE, and PIDP, we have insight into ways the grant process can be improved, and I will highlight a few of those now.

One, we support robust, permanent staffing at the FRA so they can develop subject matter expertise and advance NOFOs, selections, and project execution more quickly through the pipeline.

Two, we urge Congress to protect CRISI's ability to address the needs of freight rail. There are some efforts to expand CRISI eligibility to include commuter rail. We oppose this. We do partner with commuter rail and passenger rail and call them friends, but they can already avail themselves of other sizable funding streams that are closed off to short lines. There was $66 billion dedicated to rail in the infrastructure bill; $58 billion of that was set aside for passenger rail, $3 billion for at-grade separations, and $5 billion for CRISI. Given that, we do think it would be OK for CRISI to focus a bit more heavily on freight in the future.

Three, the FRA should ensure that small freight rail projects continue to receive fair consideration, and that a few larger projects don't blot out the sun, taking finite resources away from smaller dollar but highly impactful short line projects.

Four, provide predictable, regular grant application timing and confidence in the amount of funding available. This means that Congress can encourage the FRA to stick to regular, annual timing on a given grant program, that Federal agencies should just run 1 year of funding at a time, rather than combining NOFOs and creating a lumpier program, and Congress should continue to provide advance appropriations like it did in IIJA, which has been a real game changer for predictability and planning.

And five, streamline processes such as NEPA, which can needlessly delay important projects that clearly won't have any meaningful environmental impact.

Grants can be a huge help, but I do have to note a few challenges that may underline some of those gains.

California now has a misguided environmental rule on the books that means some short lines would "be eliminated" due to the cost of proposed regulations, and that is CARB's words, not mine. It's especially galling, considering how beneficial for the environment it is to move goods by rail. EPA is now reviewing a waiver request from California to allow them to advance this rule, which we hope that they reject.

We are also braced for an imminent crew size rule from the FRA that would mandate some of our members hire personnel they don't need, forcing small railroads who already operate with tight margins to invest limited resources in the wrong places.

We hope to continue working with this committee to overcome those challenges, just as we worked so well together to advance investments into short line rail infrastructure. Thank you.

[Mr. Baker's prepared statement follows:]

Prepared Statement of Chuck Baker, President, American Short Line and Regional Railroad Association

INTRODUCTION

As president of the American Short Line and Regional Railroad Association (ASLRRA), the trade association representing the more than 600 Class II and III freight railroads (commonly known as short line railroads or short lines) and hundreds of suppliers that make up the country's short line freight rail economy, I appreciate the opportunity provide testimony for this hearing.

The short line industry is a great American success story, and members of the industry are tremendously proud of their vital role in the country's economy. I look forward to discussing that story as I answer your questions, especially how competitive federal grant opportunities have bolstered our industry's ability to serve customers in the thousands of rural and urban communities where we operate, to drive local economies forward, and to increase the fluidity and efficiency of the national freight rail network and the overall supply chain. We appreciate this committee's focus on providing successful grant programs and ensuring they are efficient and properly administered. We look forward to continuing to work with you on this topic as well as advancing smart, sensible and bipartisan goals we all share, like improving safety throughout the transportation network, creating economic opportunities and supporting well-paying jobs, ensuring an efficient supply chain, and harnessing the very real environmental benefits of moving freight by rail.

THE SHORT LINE FREIGHT RAIL INDUSTRY

Short line railroads and the national network. Short lines have been serving customers for well over a century and occupy a significant place in the country's freight supply chain network. Short lines are small businesses: the typical short line employs about 30 people, operates about 80 route miles, and earns about $8 million in revenue per year. Our significance is not our size but who and where short lines serve. For large areas of rural and small-town America, short lines are the only connection to the national rail network. As Caren Kraska, president and chairman of the Arkansas & Missouri Railroad in Arkansas and Missouri and who appeared before this committee three years ago would say, "For our grain, animal feed, frozen poultry and other shippers, *you can't get* there *from* here *without short line service*." Our industry's first-mile/last mile service touches one in five railcars on the national rail system, ensuring that businesses in small towns and rural communities have access to markets across the country and to the ports that reach global markets.

Short lines' history and investment needs. The short line industry as we know it is the product of the Staggers Act of 1980, which made the sale or long-term lease of light-density lines from Class I railroads to local entrepreneurs possible, thankfully avoiding the abandonment of those lines and the ripping up of their track for scrap. These lines were spun off from Class I networks for a reason: they faced high hurdles to continued business operations, were burdened with decades of deferred maintenance, and often had few customers. To bring these businesses back from the brink, these small railroads focused like a laser on world class customer service, relentlessly marketed the service and knocked on every door they could find, and frequently spend up to a third of their annual gross revenues on maintenance and improvements, making short line railroading one of the most capital-intensive industries in the country. Despite the challenges, the short line industry has emerged as a great American success story. Short lines have revived those marginal lines they inherited, turned them into thriving enterprises that preserve service for thousands of customers and jobs for thousands of employees, and emerged as a pivotal link in the economy. Short lines now manage one-third of the freight rail network and touch one-fifth of all carloads while still only accounting for six percent of the freight rail industry's total revenue. Short lines are prevalent in the districts represented by members of this committee, and I know many of you have visited those properties over the years and have heard from short line customers about how important rail service is to their businesses.

Short lines are economic engines for localities, particularly small-town and rural America. Together, our members are tied to an estimated 478,000 jobs nationwide, $26.1 billion in labor income and $56.2 billion in economic value-add—providing a service that 10,000 businesses nationwide rely upon to get goods and products to market.[1] Our members ship all types of commodities and serve industries essential to our country's economic health—like the manufacturing, agricultural, energy, and chemical sectors that are particularly reliant on short line service. The availability of rail service provided by short lines is often the tipping point for manufacturers and shippers in deciding where to grow and expand, driving new, well-paying jobs particularly in rural and small-town America where job creation is often the most difficult. Short lines proved their flexibility during the pandemic, responding to customers' and the nation's needs.

Short lines' personnel live and work in the communities they serve. Short lines are managed and staffed by individuals who are part of the fabric of their local communities. Because short lines run relatively short distances, employees live near their job—and their customers. This local focus makes for a strong customer orientation, greatly reinforced by the fact that the loss of one primary customer on a short line can easily make the difference between a successful operation and severe financial difficulties. Many short lines are family-run businesses—providing safe, efficient, flexible, and cost-effective service is personal to them.

Short lines are environmental stewards. The freight rail industry is inherently a sustainable, environmentally friendly mode of transportation. No other surface mode of freight transportation comes close to the efficiency of a steel wheel on a steel rail. U.S. Environmental Protection Agency (EPA) data show freight railroads account for only 0.6 percent of total U.S. greenhouse gas emissions and only 2.1 percent of transportation-related sources. On average, freight railroads move one ton of freight 480 miles on a single gallon of diesel fuel, approximately four times as far as our over-the-road competition. Short line service alone keeps 31.8 million heavy trucks off highways and public roads, saving lives, preventing costly wear and tear on the roads, and relieving congestion, in addition to improving our air quality. Short lines are committed to doing their part and then some to help the environment, by working to move more heavy freight off trucks and onto trains and continuously seeking

[1] The Section 45G Tax Credit and the Economic Contribution of the Short Line Railroad Industry, prepared by PwC for ASLRRA (2018) ("PwC report").

ways to reduce their environmental impact with the implementation of technology and operating practices that reduce emissions.[2]

SHORT LINES AND FEDERAL GRANT OPPORTUNITIES

Competitive federal grants are critical for strengthening the short line rail network. In 2015, Congress recognized the outstanding rebuilding needs of the short line industry and acted, creating the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program. Congress wisely made Class II and Class III short line railroads directly eligible recipients of competitive funds. Since the first CRISI grants were awarded in 2017, short lines have used CRISI program resources to replace track and crossties, add and extend sidings, rehabilitate bridges, improve drainage and roadbeds, replace rail and upgrade and replace motive power, among many other investments. An important achievement of many of these projects has been to enable these lines to handle the industry-standard 286,000-pound railcars, ensuring national network interoperability. With federal grant support, short lines have revitalized significant sections of the rail network, allowing for greater volume of service, elimination of bottlenecks, and reduction of congestion as well as harnessing the significant environmental benefits of moving freight by rail. Perhaps most important, every dollar invested in improving rail infrastructure is a dollar invested in rail safety.

Below are a few examples from previous rounds of CRISI awards:

- An $8 million CRISI award in FY2022 in Missouri will fund the rehabilitation of 52 miles of Missouri Eastern Railroad track in a rural area, increasing operational safety and capacity and making the infrastructure more resilient to future flooding events.
- The state of Washington received a $73 million CRISI award for an ambitious rural project to upgrade short line railroad infrastructure, improving the infrastructure of all three branches of the Palouse River & Coulee City Rail System, operated by three different short lines. This project will improve the weight capacity of the lines, increase track speeds, and enhance resiliency to weather events such as flooding. Another CRISI award in the state will enable the replacement of two older diesel switching locomotives with zero-emission battery electric models by Tacoma Rail.
- A $7 million CRISI award will fund track rehabilitation and bridge replacement on the Texas North Western Railroad in a rural area of the northern Panhandle of Texas. This project will improve safety and enable the railroad to handle industry-standard 286,000-pound railcars and larger modern locomotives, which are important benefits for the agricultural shippers served by this line.

Even with these vital investments made to date, our industry estimates more than $12 billion is still needed to allow short line railroads to fully modernize and meet the country's freight needs.[3] Of course, the ultimate beneficiaries of railroad infrastructure improvements are short line shippers, and they will tell you that the benefits are real and substantial. We have collected and will continue to collect shipper accounts in this regard and have attached to this testimony a national cross section of comments from those who benefitted from CRISI projects. (See attached addendum.) These are but a sample selection, but collectively they demonstrate the importance of these projects from the front lines of local economic activity.

It is not just CRISI. Other federal grant opportunities can also have an outsized impact on our members' ability to serve their customers. Short lines work with public entities to access these other important programs, including the Railroad Crossing Elimination program (RCE), which recently made a $2 million dollar award to fund a planning project to eliminate three busy railroad highway at-grade crossings in Kansas City. Similarly, the RCE program provided $37 million for the first phase of the West Belt Improvement Project that will create a sealed corridor along a line of the Houston Belt & Terminal Railroad, replacing seven busy at-grade crossings with vehicle underpasses. And there are other programs, like the Nationally Significant Multimodal Freight and Highway Projects program (INFRA), the National Infrastructure Project Assistance program (Mega), the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program, the Rural Surface

[2] ASLRRA is currently partnering with the FRA and short line railroads to test locomotive emissions by studying fuel injectors and additives. Products like these that increase fuel economy may also yield emissions benefits. This is a two-year project that will give ASLRRA a better understanding of how small railroads can utilize cost effective methods for reducing their impact on the environment.

[3] PWC report.

Transportation grant program, and the Port Infrastructure Development Program (PIDP). CRISI remains the Infrastructure Investment and Jobs Act (IIJA)program with the broadest eligibility for almost all types of short line projects and the one easiest for small railroads to access.

IIJA bolstered competitive grant opportunities for short line railroads. In 2021, Congress passed the IIJA, recognizing many unmet needs facing our national rail network and parts of the nation's transportation system.

- *CRISI*. IIJA dramatically expanded CRISI's scale, providing advance appropriations of $1 billion per year for five years and authorizing up to an additional $1 billion per year. An emphasis on eligibility for upgrading locomotives to achieve significant reductions in emissions was also added to the statute. We strongly urge Congress to continue working to meet this vision, appropriating the full authorized $1 billion in each fiscal year. We appreciate the leadership of everyone on this committee who has fought for strong funding levels, as those have been reflected in some recent spending bills.
    - Fiscal Year 2022's budget law brought the first full year of IIJA's implementation—and, with it, new and significant investments in short line freight rail projects. The Federal Railroad Administration (FRA) selected 47 projects that were advanced by short line railroads or short line partners. These projects improved safety, strengthened network efficiency for shippers, further minimized short line rail's environmental footprint, and built new economic opportunities, many in rural areas and small towns across the country. Of these, 13 projects included grade crossing safety and trespassing mitigation elements. 14 projects invested $300 million to upgrade track to move industry-standard railcars weighing up to 286,000-pounds. Twenty projects upgraded or repaired bridges. Six short line projects upgraded or replaced more than 30 locomotives, which will result in significant reductions in emissions. In all, short line projects in 48 states have received awards via CRISI.
    - Fiscal Year 2023's budget agreement was a continued show of strong, bipartisan support for the CRISI program and a testament to all in Congress who back this important effort. In carrying out the spending legislation and IIJA, we understand FRA plans to announce a funding opportunity in the coming weeks that would provide nearly $2.4 billion for competition. This will combine Fiscal Year 2023 discretionary funds and advance appropriations with Fiscal Year 2024 advance funds. Short lines are absolutely thrilled by the opportunity to continue putting forward smart, resourceful and competitive grant applications, and partnering with FRA and states, localities and communities nationwide to bolster the country's freight rail backbone.
    - Fiscal Year 2024's budget agreement—now swiftly on its way to becoming law—continues the important, bipartisan work of providing additional funding for CRISI beyond the guaranteed advance appropriation. The overall CRISI funding amount in the deal, while not at the level that Congress funded for the first two years of IIJA and disappointingly below the initial levels produced in either the House or the Senate, is still appreciated and reflects tough choices Congress must make. Of course, we think funding CRISI at the highest level is very compelling, and ASLRRA looks forward to working with this panel, the Appropriations Committee and your colleagues in Congress to ensure CRISI gets the resources it needs so it can keep investing in the many rural and urban communities represented by the entire panel today.
- *Other critical programs at USDOT (RCE, INFRA, Mega, RAISE, Rural Surface Transportation, and PIDP, among others)*: CRISI was not the only meaningful improvement in IIJA, so too were several other major programs that received significant new resources. While short lines are not directly eligible applicants in these programs, short lines have successfully partnered with other entities to advance key program goals. For example, in the recently announced INFRA and Mega awards, short lines and their customers stand to benefit from sizeable awards for bridge replacements and major upgrades in and around several busy ports. In advancing rail-related projects, U.S. Department of Transportation (USDOT) recognized rail's ability to reduce greenhouse gas emissions when there is a modal shift in moving freight via rail instead of truck.
    - *RCE*: IIJA took an especially important step forward for rail safety with the creation of the new Railroad Crossing Elimination (RCE) Program. This is a tremendous policy achievement, providing new resources to eliminate dangerous crossings. Moreover, the creation of this as a separate new program allowed CRISI to focus on tackling even more rail safety challenges. For example, CRISI—with the robust funding levels unleashed in IIJA—can now ad-

vance even more projects like repairing worn-out track, the leading cause of derailments on Class II and III railroads. While short line railroads are not directly eligible for RCE grants, ASLRRA has encouraged its members interested in advancing an RCE project to coordinate with eligible public applicants. In the most recent round of awards announced in June 2023, of the 63 projects funded, ten involved Class II or III railroads—or about $72 million of the $573 million in awards. We understand the funding notice for Fiscal Year 2023 funds will be released in the coming months, and we are excited about any possibilities for this program to help address crossing safety in the communities we serve. We urge Congress to keep momentum for this program going strong as it makes funding decisions for Fiscal Years 2025 and 2026 and beyond, providing as much in resources as possible beyond the guaranteed appropriations already set in IIJA.

More resources may be needed by short lines to face new challenges. Earlier this year, a new rule went on the books in California that threatens to impose drastic new financial obligations on short line railroads. Implementing the rule, the California Air Resources Board (CARB) even admits some short lines "*would be eliminated*" due to "*the costs of the Proposed Regulation*" (emphasis added).[4] Should this rule stand (and even worse proliferate nationwide) and California be granted the inappropriate waiver that it has requested from the EPA, short lines would require ever more resources to ensure they can make investments in their network while simply trying to keep their business afloat. We calculate that this rule could force California short lines to try to make nearly half a billion dollars in motive power fleet investments over only a few years. That would be a steep change by multiple orders of magnitude above historical short line locomotive capital investment levels. We expect the next round of the CRISI program will see several applications for funding for locomotive projects from California short lines as they attempt to respond to this huge and problematic unfunded mandate.

SHORT LINES' PERSPECTIVE AND SUGGESTED REFORMS: CRISI AND OTHER GRANT PROGRAMS

The administration's efforts to advance CRISI and other programs of importance have been commendable: USDOT's team has been collaborative, dedicated and consistently willing to engage and ensure short line stakeholders are informed. Likewise, Congress has been very eager to collaborate and work in a bipartisan way to strengthen CRISI and other programs important to short lines. While ASLRRA and the short line industry are ever appreciative of the commitment from Congress and the administration to CRISI and other programs that invest in the rail network, there are areas where continued diligence is especially necessary and otherwise where these programs can be further strengthened or improved.

Protect CRISI's ability to bolster the freight rail network. ASLRRA strongly discourages set-asides within CRISI for passenger rail projects or expansions of the program to include major new eligible applicants such as commuter railroads. With so many challenges facing our supply chain, short lines ought to remain viable competitors for these limited funds. While we have no opposition to passenger rail, IIJA already provides Amtrak and passenger rail applicants with a massive amount of funding, well beyond what is available through CRISI.[5] Likewise, commuter rail already has access to substantial, well-established, and dedicated funding programs administered through the Federal Transit Administration (FTA), such as formula funding and the Capital Investment Grant (CIG) program. Commuter entities are also eligible for department-wide competitive grant programs, like Mega and RAISE, and federal loan programs such as RRIF, another federal funding source utilized in the past to support Amtrak service. It would be unfair, unnecessary and against Congressional intent reflected in IIJA to divert limited funds that would otherwise be open to short lines toward passenger and commuter rail activities that have so many other federal programs that they may access.

Ensure flexibility in size of awards. ASLRRA encourages grant-making agencies to recognize that a series of smaller awards spread across a diversity of smaller railroad projects can have the same, if not more, positive impact as an award to a single

[4] State of California Air Resources Board. Proposed In-Use Locomotive Regulation Standardized Regulatory Impact Assessment. Page 143. May 26, 2022.

[5] Fiscal Year 2023 passenger rail funding includes funds for Amtrak and the Northeast Corridor ($1.1 billion authorized, $1.2 billion in advance appropriations), which could benefit commuter rail; Amtrak's national network ($2.2 billion authorized, $3.2 billion in advance appropriations), and the Federal-State Partnership for Intercity Passenger Rail Grant Program ($1.5 billion authorized and $7.2 billion in advance appropriations).

major corridor. While short lines' experience on this front is largely CRISI-related, it applies to all grants. While larger projects understandably appear an easier way to deploy CRISI funding, this needs to be balanced with the realization that small railroads by nature will often have smaller projects, however no less important to the communities they serve.

- *Upcoming FY23/24 CRISI NOFO: Avoid preference for high-dollar projects*: ASLRRA's concern is especially prominent in the CRISI space as FRA will soon unveil the combined FY23/FY24 funding opportunity. We understand that FRA plans to release a very sizeable funding opportunity for CRISI in late March 2024. Short lines are confident they will continue to put forward competitive projects nationwide. ASLRRA is, however, concerned that the massive amount of funding in the NOFO could be challenging to administer and could lead to decisionmakers choosing a handful of higher dollar projects instead of a perhaps larger number of small dollar applications. Just a few large-scale passenger rail projects could easily consume most funding available. This dilemma is exacerbated by the timeline we understand FRA has set for itself to announce awards, which would be around October. Having so little time to award such a large amount of funding could lead to difficulties in giving the expected large amounts of short line-related applications proper, equitable review. In other words, the NOFO could attract many applications for very large projects from large project sponsors, and potentially be inadvertently tilted against making smaller projects and rural awards as big of a portion of CRISI as they have been seen in past cycles. It is important for CRISI to be balanced, not only geographically but also on the size of the project. Congress could, for example, include report language in an appropriations measure encouraging FRA to continue their past (and very much appreciated) practice of supporting many small project awards, and clearly communicating that intent in the upcoming NOFO and their public engagement materials.

Ensure realistic match requirements. We understand there may appear to be rationale at times to favor grant applications that "over-match," or that pay more of their cost share than necessary, but this could come at the serious detriment of important short line projects that simply cannot provide an overmatch in funds. We appreciate efforts to ensure recognition of this, and, furthermore, to help level the playing field and provide a significant federal cost share for applicants with smaller projects, in rural areas, and with severely limited resources for any sort of match, much less the resources needed for major upgrades of expensive supply chain infrastructure.

Ensure sufficient opportunities to compete. We generally discourage efforts to limit state departments of transportation in the number of grant submissions they are allowed in a round of funding. For programs that short lines cannot directly apply for, short lines must partner with other entities to advance rail investments. Limits in the application number can force pre-application competition between smaller short line projects and other major projects, often putting the smaller project at a disadvantage. We appreciate efforts to ensure that short lines are not inadvertently restrained in project opportunities. We further appreciate efforts to ensure that in programs like CRISI, short line projects are not at any disadvantage simply because they are made by the railroad directly.

Advance transparency wherever possible. We encourage efforts to make more of the application process open and public to ensure applicants—including future potential applicants—gain clarity that can facilitate their project development and future application efforts.

Provide consistent and more detailed explanation of awarded CRISI grants. With the announcement of CRISI awarded projects, ASLRRA recommends FRA release a robust explanation of each award. This should include high level financial metrics of the project (total cost, CRISI award, amounts and sources of matching funds), scope of work, environmental readiness, and proposed grant project performance metrics. In the initial CRISI awards associated with FY22, announced in 2023, FRA made a good step forward in this by consistently posting the matching funds to the award. Continuing enrichment of this information in a reasonable way will take some of the pressure off debriefing on unsuccessful applications and provide clearer understanding of why specific projects were awarded CRISI funding.

Aim for regularity in calendar of grant application timing. We strongly support efforts to bring predictability to the timing of funding opportunities and application cycles, i.e., knowing when each year's application window generally opens and closes—like a football season. While we understand the outside forces that can lead to highly variable application windows, knowing generally when to expect a funding window is critical for short line railroads and other small businesses, who could use this certainty to ensure they are ready and able to put their best and most competitive foot forward in the application process.

Advance appropriations = predictability. IJJA's provision of advance appropriations was a significant game changer; ASLRRA strongly encourages Congress to include similar advance appropriations in future reauthorization bills so that grant-making agencies can move forward with funding opportunities regardless of year-to-year political dynamics, giving short lines and other small businesses the ability to plan for funding rounds. Government investment in long-term infrastructure is much more effective if all stakeholders can realistically plan for it—unpredictable, highly variable funding is an inefficient way to invest finite resources.

Continue to build out USDOT and FRA's monitoring and reporting of grants status. We appreciate FRA's effort to provide critical information on grant program activity, such as FRA's Fiscal Year 2022 CRISI, Fed-State Partnership, RCE, and Restoration & Enhancement Grants Reports, as required by Congress. These reports provide useful, high-level reporting of the progress of grant awards by program and fiscal year through achievement of obligation and closeout. We encourage efforts like these to include more information on individual projects and performance obligations. This data will support development of enhanced performance objectives for the CRISI program and other programs, improving the exchange of relevant data with Congress for performance monitoring and oversight.

Support FRA staffing, engagement, and outreach needs. ASLRRA appreciates USDOT's efforts to engage with stakeholders like the short line rail community. These efforts, both before and after the submission of grant applications, whether at a high level of detail or deep into the weeds of application details, greatly improve the project development process. We appreciate these efforts, and we recognize they require precious time. We support efforts to provide permanent staffing at stable funding levels and for all levels of program managers, administrators, and other experts, especially on complicated environmental matters. Permanent staffing signifies proper resourcing to establish a stable core of civil servants to handle the myriad tasks associated with grant programs management. This should be a workforce that develops significant subject matter expertise and consistent practices and procedures. Ideally this workforce should be authorized and funded reliably over time, as contrasted with approaches that might seek to use "takedowns" that can fluctuate from year to year or those that might encourage heavy use of contracted support services.

Streamline and standardize processes where possible. In reviewing applications, we encourage efforts to improve technical analysis processes at FRA and throughout USDOT. We suggest a review effort in which applicants simply provide structured inputs for technical analysis, with the review process using a standardized process to analyze these inputs. This will provide multiple benefits: remove variances on how projected project outcomes are valued in the application, provide a clear basis of expectations for project performance if an award is made, and ease processing of applications. Likewise, we encourage USDOT—whether in CRISI, RCE or other programs—to only require information mandated by the program's governing statutes; requiring applicants to put forward additional, extraneous information can be unduly burdensome on time-starved entities. After awards are announced, short line grant winners consistently express frustration with the time it takes from the announcement of an award to the execution of a grant agreement and actual project work beginning. We recognize FRA aims to move quickly, and we encourage any efforts to streamline this process through standardized agreement templates. We also encourage efforts to improve and simplify the Benefit-Cost Analysis (BCA) process for grant applicants, ensuring they are as straightforward as possible and only required when truly necessary.

Improve elements of the NEPA process. Short lines are an environmentally beneficial means to move goods and freight. We encourage efforts to ensure National Environmental Policy Act (NEPA) requirements reflect this sustainable way to move freight and do not undermine it.

Specifically, we believe there could be room within USDOT's NEPA implementing regulations to expand definitions of selected categorical exclusions (CEs) without risking significant environmental impacts. One area is for bridge rehabilitation projects and for construction of smaller railroad facilities. The definitions for these CEs have some fixed elements—such as ground coverage and watercourse definitions—that could be adjusted to grant the agency more discretion and flexibility to make its class of action determination. The definitions built into these CEs have arbitrary elements that can force certain projects into costlier and more time-consuming environmental assessments that may not be justified by the environmental impacts of the project. We encourage USDOT and FRA to explore their regulations in this area and seek to increase their flexibility.

We appreciate the efforts of USDOT, and especially FRA, to continue to standardize their NEPA review procedures and to improve the guidance and documentation they provide to grant applicants. Clarifying guidance documentation that is unclear or may cause confusion is helpful, as is the provision of clearer guidance on analyses and permitting requirements associated with different environmental impact areas. Examples of environmental impact area analyses products or awarded permits can be especially helpful to applicants and awardees that are new to NEPA. NEPA compliance is a complex topic. By providing clarity for applicants on exactly what needs to be done and when during pre- and post-award periods, there could be fewer delays in getting to grant agreement.

Build America, Buy America. As recipients of federal funds, ASLRRA's members are keenly interested in requirements regarding the production of materials used in construction. We appreciate any efforts to ensure that these mandates come with the recognition that they may be exceedingly difficult to satisfy, and thus the waiver process should be fast, fair and efficient.

CONCLUSION

ASLRRA appreciates the committee's close attention to the items we have noted in our statement, and we welcome future opportunities to work together on these matters.

ADDENDUM

Selected Shipper Quotes from Completed Short Line CRISI Projects

Lancaster & Chester Railroad (L&C)—Lancaster, South Carolina

"Over the last 11 years, Chester County has attracted over $3 billion in new industrial development creating almost 4,000 new jobs. This massive amount of opportunity is a direct result of having the short line L&C railroad as our partner."—*Alex Oliphant, City Council Member, Chester County, SC*

Panhandle Northern Railway (PNR)—Borger, Texas

"The products produced at our industrial plants are hazardous products so maintaining safe track is critical in maintaining public safety for our community"—*Garrett Spradling, City Manager, Borger, Texas*

Napoleon, Defiance & Western Railroad (NDW)—Defiance, Ohio

"The NDW provides transportation for our tomato paste from California to our facility saving us a lot of time and money versus going over the road. The rehabilitation also offers us new opportunities to move more materials by rail."—*Gavin Serrao, Cambell's Soup Logistics Manager, Napoleon, OH*

"The NDW has been a railroad that's needed a lot of investment for a long time. Every State DOT knows there are these railroads that can be so much more for the local economy than they are now and NDW brought the professionalism, the expertise, and the financial resources to make this project possible."—*Matt Dietrich, Ex. Dir., Ohio Rail Development Commission*

Iowa Interstate Railroad (IAIS)—Cedar Rapids, Iowa

"The majority of the 8,000 carloads we ship go over that bridge and if that infrastructure was out it would have a multi-million dollar impact on the efficiency and cost-competitiveness of our business."—*Nick Bowdish, CEO, Elite Octane*

Lake State Railway (LSRC)—Saginaw, Michigan

"Lake State Railway's service to our facility has allowed our operation to be cost competitive despite our remote location in relation to the majority of our customers and suppliers. The CRISI grant has allowed us to increase the rail carload capacity, reducing our cost and helping to ensure our long-term success."—*Jim Spens, Plant Manager, Panel Processing, Inc.*

Chicago South Bend & South Shore (CSS)—Michigan City, Indiana

"The CRISI project being done by CSS shows a commitment to safety and the growth of CSS customers located between Michigan City and Kingsbury. My company truly appreciates the project to help our company grow."—*David Gelwicks, President, Hickman Williams Co.*

Mr. GRAVES OF MISSOURI. Thank you. Next we will hear from Ms. Amy O'Leary, who is the executive director of the Southeast Michigan Council of Governments.

Thanks for being here.

TESTIMONY OF AMY O'LEARY, EXECUTIVE DIRECTOR, SOUTHEAST MICHIGAN COUNCIL OF GOVERNMENTS

Ms. O'LEARY. Thank you, Chairman Graves, Ranking Member Larsen, and members of the committee for the opportunity to testify today.

SEMCOG is a regional planning agency serving almost 5 million people in the 7-county area of Metro Detroit. We are a local government association with over 180 members that are cities, villages, townships, and counties. As a metropolitan planning organization, SEMCOG is responsible for ensuring data-driven, efficient use of the transportation funds. This includes development of a long-range transportation plan for our complex system of roads, bridges, transit, nonmotorized transportation, and freight. We also develop and manage the current list of federally funded road projects, which, for 2023 through 2026, totals $5.8 billion in Federal funds.

Discretionary funds have made a significant difference in our region, which can be described in three buckets.

Bucket 1 involves emerging issues and current challenges. Our best example is Safe Streets For All grants. While we were making progress on road safety prior to the pandemic, we experienced a spike in fatalities during and post-pandemic. Safety is one of several issues best understood and addressed at the local level, which is why we have advocated for the direct funding to MPOs, cities, and counties.

SEMCOG proactively adopted a data-driven safety plan, and the award of over $10 million will help us put this plan into action via safety audits on our high-injury roads and quick-build safety pilot projects.

In addition to SEMCOG's grant, communities in our region received over $80 million, including construction funds awarded to the cities of Detroit and Dearborn.

Due to the immense need to improve transportation safety nationwide, we would encourage considering a formula program in the future.

The second bucket of discretionary funds is focused on innovation, and the PROTECT Grant Program focuses on innovation and resiliency. Like many parts of the country, we have experienced an increase in extreme weather and flooding. SEMCOG works to find solutions, including developing a nationally recognized flood risk tool and coming up with updated current and future precipitation estimates with our experts. This work sets us apart and makes us ready to develop an actionable transportation resiliency improvement plan under PROTECT. This funding will accelerate the implementation of projects to manage these flooding events by identifying the best locations and the best techniques that we should be using.

Another innovative program is the Reconnecting Communities Grant, which provides funding to address the physical barriers due to dividing communities and neighborhoods from important services due to highways. In partnership with the State of Michigan, our region received $21 million in the city of Oak Park, which is divided in half by I–696. With significant disadvantaged populations, the project will provide access to local businesses and schools by foot and improve connectivity.

The third bucket of discretionary funds is for large projects which exceed the scope of formula funding, including INFRA and RAISE. Innovate Mound in Macomb County received $98 million through this program to reconstruct 9 miles of road to support economic development in the State's defense corridor. A $104 million INFRA grant will help to reconnect one of Detroit's once predominantly Black and economically strong neighborhoods that was divided by highway construction. The reconstruction of I–375 will convert a sunken freeway to a lower speed surface-level boulevard. The third project is a $24 million investment through the Railroad Crossing Elimination Grant Program for a grade separation in the city of Monroe. This critical project will improve response time for emergency vehicles and increase safety.

Finally, I would like to mention the critical roles regions play in pursuing these discretionary funds. One way we assist is by applying for the funds on behalf of our local communities, and then passing those dollars through to our communities. We also assist by convening meetings with community leaders and developing partnerships to determine the most strategic way to pursue the grants and which grants to pursue.

Regions play a key role for frustrated communities who don't have the capacity or resources to apply. In response to these frustrations, we partnered with the State of Michigan's Infrastructure Office, who developed a program to write grants and provide match through a vetted process.

I would like to conclude by thanking members of the committee and acknowledging the important role that regions do play in providing much of the needed fund that helps us do our job and improve the lives of our residents. Thank you.

[Ms. O'Leary's prepared statement follows:]

Prepared Statement of Amy O'Leary, Executive Director, Southeast Michigan Council of Governments

INTRODUCTION—SEMCOG—SOUTHEAST MICHIGAN COUNCIL OF GOVERNMENTS

Thank you Chairman Graves, Ranking Member Larsen, and members of the Committee for the opportunity to testify today.

My name is Amy O'Leary, and I serve as the Executive Director of SEMCOG, the Southeast Michigan Council of Governments. SEMCOG is a regional planning agency serving almost 5 million people in the seven-county region of Southeast Michigan. Our region is home to 58% of Michigan's economic activity and nearly half the population. We are both an association of local governments and a Metropolitan Planning Organization.

As a local government association or council of governments, SEMCOG has over 180 members, including counties, cities, villages, townships, intermediate school districts, and community colleges. We help facilitate coordinated planning and decision-making to address regional challenges and opportunities. This includes transportation planning, environmental stewardship, economic development, and quality-of-life improvements. By bringing together local governments and agencies, SEMCOG encourages sustainable growth, transportation infrastructure development, and preservation of natural resources, ultimately enhancing the region's overall well-being.

SEMCOG also has numerous federal designations, including Metropolitan Planning Organization (MPO), water and air quality planning agency, and Economic Development District for the metropolitan Detroit region. As the region's MPO, SEMCOG has the responsibility for ensuring that existing and future expenditures of government funds for transportation projects and programs are based on a continuing, cooperative, and comprehensive planning process. This is conducted through the development and implementation of a long-range transportation plan. In this capacity, we support coordinated, local planning with technical data, and intergovernmental resources for the region's complex transportation system of more than 25,000 miles of road, 2,900 bridges, 8 fixed-route transit providers, 4,000 miles of all-season truck routes, 7 commercial marine ports, 34 airports, and 8 international border crossings that account for 36% of the U.S. trade with Canada. Our current 2023–2026 Transportation Improvement Program includes $5.8 billion in federally funded road projects, which represents the success of the federal formula funding program in our region.

Through our work as the regional planning organization, we support a regional vision of:

> *All people in Southeast Michigan benefit from a connected, thriving region of small towns, dynamic urban centers, active waterfronts, diverse neighborhoods, premier educational institutions, and abundant agricultural, recreational, and natural areas.*

SUCCESSES AND CHALLENGES OF DISCRETIONARY PROGRAMS

Discretionary funds from the Bipartisan Infrastructure Law (BIL), and other federal programs, have been positive for the region, enhancing our capacity to undertake larger and more diverse transportation projects and leading to substantial improvements in local and regional transportation networks. From our experience, the positive aspects of these funds and programs can be placed into three broad buckets that allow for new and needed resources for the region and our communities.

Bucket 1. Discretionary funds that focus on new or emerging issues and challenges

The best example for our region is the Safe Streets and Roads for All (SS4A) Grant Program. For metropolitan Detroit, like the rest of the country, the safety on our roadways for all users is one of our most pressing issues. While we were making progress in the years leading up to the COVID–19 pandemic, we experienced a spike in both fatalities and serious injuries due to crashes on our roadways. This increase continues post-pandemic, and it highlights needed investments in enhanced infrastructure, education, policies, and enforcement.

SEMCOG has long advocated for funding to be directly allocated to MPOs, cities, and counties on transportation issues that are best understood and addressed at the local levels, and safety is one of these issues. The goals and priorities of the Safe Streets and Roads for All Grant Program provide specific and dedicated funding that previously was unavailable at regional and local levels.

SEMCOG was proactive by adopting a data-driven regional transportation safety plan, developed through input from all levels of government, along with stakeholders, advocates, and community organizations. At the same time, many of our communities have also developed, or need to develop comprehensive safety plans that direct limited dollars to the most in-need and impactful locations or programs.

SEMCOG is thankful to have received over $10 million in SS4A funding in both rounds of the program. This funding will be utilized to conduct needed transportation safety audits on our high-injury road networks, establish quick-build safety infrastructure pilots with an emphasis on locations in Justice40 Communities, and enhance our regional public education campaigns. In total, communities in Southeast Michigan received over $80 million through the first two rounds of this program, including much-needed implementation and construction funds for the cities of Detroit and Dearborn. These awards will enhance safety infrastructure along major corridors for the most vulnerable road users. Having proactive plans in place in the region benefited our readiness for these discretionary funds.

While this program and additional funding to address our safety needs have been successful for the region and our local communities, we recommend that this funding move from Discretionary to Formula. Transportation safety is a pressing issue nationwide, and to address it we need a more reliable and consistent funding source. This is especially the case in ensuring that the most in need and challenging roadways can receive and benefit from these funds.

Bucket 2. Discretionary funds that focus on innovation and pilots

Southeast Michigan has experienced several extreme weather events and flooding disasters—seven FEMA Major Disaster declarations since 2012—which have caused significant and repeated impacts to regional transportation infrastructure. To begin to address these risks, SEMCOG has invested in several efforts over the last seven years, including a Flood Risk Tool, current and future precipitation estimates for the seven counties in the region, a special interest group to address stormwater management in the transportation planning process, and a Regional Resilience Framework as a resource for communities. SEMCOG is applying for the PROTECT Discretionary Grant Program to build on this foundation of work and *accelerate implementation of equitable, nature-based resilience strategies* across the SEMCOG region, and develop a *Southeast Michigan Regional Resilience Improvement Plan*.

The Reconnecting Communities and Neighborhoods Program is also impactful to Southeast Michigan. The challenge of transportation facilities, especially our freeways, is that they often divide communities and become physical barriers between neighborhoods and access to core services. While this occurs across the country, it is especially the case in older cities and metropolitan areas, like Detroit. One major barrier to accessibility and economic development in our communities and neighborhoods is I–696. In partnership with the Michigan Department of Transportation, we were the recipient of a $21 million Reconnecting Communities award for the City of Oak Park, which is divided in half by I–696. With a significant Orthodox Jewish community, along with several disadvantaged communities and populations in the city, the need to access local businesses, schools, places of worship, and other daily destinations by foot is a necessity. This award will support a $43 million investment to reconstruct the deck and plaza over I–696 to ensure residents can safely be connected to vital destinations.

Bucket 3. Discretionary funds that focus on large projects

The truth is that not every community has an issue or challenge that these discretionary funds are designed to address, nor are all communities ready to apply when the funding is made available. Additionally, there are simply many large, high-expense needs that traditional and formula funding cannot address. A benefit of some of the new discretionary programs is that they direct funding to those communities that are ready or have a specific challenge or need. This can be seen as a benefit for strategically aligned opportunities, versus formula funds that go to everyone and in quantities not large enough for some of the most regionally significant projects and needs.

Three examples of this are the INFRA, RAISE, and Railroad Crossing Elimination funding programs, which fund large projects that would unlikely be funded through formula funds or which would only be funded by several years of pooling funds. In our region, four major projects have benefited from access to these larger funding amounts.

The first is the Innovate Mound project in the cities of Warren and Sterling Heights in Macomb County. This project received $98 million through the INFRA Program, the largest grant ever awarded to a non-state agency, and is expected to be completed later this year. This investment, along with funds from Macomb County, both cities, and other funding sources contributed to the $217 million project. The Mound Road Corridor is home to more than 47,000 jobs, over $2 billion in earnings, and national economic drivers such as General Motors, Detroit Arsenal, the Army's Tank Automotive and Armaments Command (TACOM), General Dynamics, and BAE Systems. This project will reconstruct 9 miles of roadway to support current and future economic development and Intelligent Transportation Systems, along with improved transit and nonmotorized facilities.

The reconstruction of I–375 in Detroit from a sunken freeway to a lower-speed surface level boulevard and grid creates a mobility vision prioritizing pedestrians and walkable connections. This is another project that has long been needed, but funding was never available. The Michigan Department of Transportation received an INFRA grant for $104 million, supporting the $300 million project, to reconnect once-predominantly Black neighborhoods divided by the highway when it was built in the 1960s, bulldozing the Black Bottom and Paradise Valley residential and commercial districts.

Through the RAISE program, the City of Pontiac received a $16 million award to complete and connect one of the region's most popular trails—the Clinton River Trail—through the city. This project will increase transportation choices and eliminate gaps through ADA and universal design improvements in a Justice40 and long disinvestment neighborhood and community. This is an excellent example of a project that would have been unlikely to have had the formula funds available through programs like the Surface Transportation Block Grant or TAP.

The final project is the $24 million federal investment through the FRA Railroad Elimination Grant Program for the grade separation for the CSX railroad in the City of Monroe. This critical project will improve response times for emergency vehicles and increase safety for pedestrians and motorists.

Transition to Collaboration

While we support the funding made available through these new discretionary funds, we recognize and represent communities who are challenged to both understand the funding available and lack the resources to develop and submit a competitive application. This is a concern that we've been hearing and echoing over the last two years.

This is where regions come in. We are the connection to our local communities and one of our main functions is to help line up the projects with data, information, and funding availability.

1. One way we do this is by *applying for grants on behalf of the region* and then passing the funds through to our communities. This is how our Safe Streets for All project will be administered. This is also how we've established the region's application for Climate Pollution Reduction Grant (CPRG) funding through EPA.
2. *Regions also convene and partner* to ensure we are strategic in determining the most appropriate entity or entities to apply. This includes both the alignment of the application to the specific funding source and the most appropriate entity within the region to apply. For example, the City of Detroit is applying on behalf of the region for a CPRG grant, going outside of its geography to apply for hydrogen buses and hydrogen fueling infrastructure. Pulling the appropriate players together and convening is the role of regions.
3. *Regions are a voice for local community concerns and help get them addressed*. We have been a voice for communities that these applications are expensive and if a goal is to ensure funds make their way to our most in-need communities, support must be given. The fact of the matter is that the communities that these programs are prioritizing, such as Justice40 identified communities, are the same ones without the resources and capacity to apply. To address this challenge, SEMCOG partnered with the Michigan Infrastructure Office, which formed a streamlined program to write grant applications for communities through a vetted process and has also set aside matching funds for communities receiving dollars. An example of how this has thus far been successful, at least in the application phase, is a joint application submitted for the Thriving Communities Program. Through the region, we brought together and facilitated an application for three in-need and underinvested communities—Hamtramck, Warren, and Ypsilanti. While we are still awaiting notice about this award, the process of identifying available funding, coordinating with the most appropriate communities, aligning and funding a grant writing team, and submitting a competitive application has been a success. This is a sign of both the strength of regions and the need for additional resources for our most in-need communities to submit competitive applications.

I would be remiss to not mention the importance and reliance of formula funding for regions like Southeast Michigan. Regions use the same data and locally driven approach to successfully implement local formula programs as well. Three formula programs that our communities rely on most heavily to make much-needed investments in our infrastructure are the Surface Transportation Block Grant, Transportation Alternatives Program (TAP), and the newer Carbon Reduction Program. While these are formula funds that the region receives, we've established a competitive process to distribute funds in which we work directly with communities, provide technical assistance, and align the eligibility of the programs with the needs of the community and region. For each program, we've had successful implementation through strong partnerships at the local, regional, and state levels. Through the TAP program, we are investing $10 million annually to build out our regional trail network while also enhancing our critical safety needs by enhancing crosswalks, closing gaps in our sidewalk systems, and connecting people to core services and transit lines.

RECOMMENDATIONS

The array of grant programs under BIL is highly valued by SEMCOG and our peer regions to address specific local needs, particularly those that do not align with traditional formula funding parameters. However, there is a need to balance discretionary and formula funding, with a particular emphasis on increasing formula funds to ensure consistent support for foundational planning activities. Discretionary funding has been pivotal for advancing projects with a strong focus on equity, environmental sustainability, safety enhancements, and technological innovation, filling critical gaps left by formula funding.

We urge simplification of the grant application process, provision of clearer guidelines, and more flexible match requirements to make these funds more accessible to all regions and communities, especially the smaller and less-resourced ones. Additionally, streamlining processes to reduce delays in procurement and grant agreement finalization, coupled with efforts to simplify compliance and reporting protocols, will facilitate smoother project execution. Adopting direct recipient funding structures, akin to the SS4A program, for other discretionary grant programs could significantly expedite funding distribution and reduce administrative delays, enabling streamlined project implementation.

I would like to conclude by thanking the members of the Committee for acknowledging the important role of regions and providing much-needed funding that helps us do our job and improve the lives of our residents.

Mr. GRAVES OF MISSOURI. I will now turn it over to the gentleman from Florida, Mr. Webster, to introduce our next witness.

Mr. WEBSTER OF FLORIDA. Thank you, Chairman, I appreciate that. Today, I am honored to introduce the secretary of the Florida Department of Transportation, the Honorable Jared Perdue. And I just want to tell you, he is a hard worker. As a matter of fact, he began his career with the Florida Department of Transportation, and he is still there, and he has worked his way through just about every position there is, and learned much about what we need in Florida, and is a valued asset to this panel. So, I am appreciative of that.

His leadership roles are known, and he also knows Florida's transportation better than anybody. And he also knows the struggles our State has had in facing the implementation of Federal discretionary grants and how difficult that is.

In addition to graduating from The Citadel with a civil engineering degree, he also is a family man. He has five daughters, and we are proud of that. And he is a hard worker, and he is a motivated public servant, sticking it out with the Florida Department of Transportation, and we appreciate that.

I am encouraged that Florida is well represented here today, because it is a large department, and it's one that needs to be heard from on this very, very important issue.

And with that, Mr. Chairman, I yield back.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Webster.

Thanks for being here, Secretary Perdue. Sorry I missed our meeting yesterday; I was on the floor. But with that, you are recognized for 5 minutes.

TESTIMONY OF HON. JARED W. PERDUE, P.E., SECRETARY, FLORIDA DEPARTMENT OF TRANSPORTATION

Mr. PERDUE. Thank you. Thank you, Congressman Webster, for the introduction. Thank you, Chairman Graves, Ranking Member Larsen, members of the committee. Thank you for the opportunity to be a part of today's hearing. It truly is an honor, and I appreciate your commitment to protecting and advocating for our country's infrastructure.

My name is Jared Perdue. I currently serve as the secretary for the Florida Department of Transportation. I am a Florida native, a professional engineer, and have been a public servant with FDOT my entire 20-year career.

Florida has one of the most diverse transportation portfolios in the country. FDOT's dedicated team oversees 12,000 miles of roadway, maintains over 7,000 bridges, and has nearly 7,500 miles of bicycle facilities. Florida is the only State with four large-hub airports amongst its 19 commercial airports. Our 15 deepwater seaports are major contributors to America's supply chain, totaling 4.3 million TEUs in 2023, which is roughly 10 percent of the Nation's total. Almost 3,000 miles of rail and our 48 transit systems keep our goods and people moving throughout Florida daily. Finally, Florida leads the Nation as the fastest growing, most forward-facing State for space development. In 2023 alone, our Space Coast launched over 70 rockets.

With our dynamic transportation system, expectations from our 22 million residents and 137 million annual visitors are higher than ever before. To help meet those expectations, FDOT has strong support from Governor DeSantis and our Florida Legislature, with 76 percent of our budget coming from State funding, which means 24 percent of our budget is supported by Federal funding.

Federal dollars come from a combination of measures through IIJA, including discretionary grants. IIJA serves as a great example of increasing investment for infrastructure needs across our country. However, pieces of IIJA are hampering State flexibility and slowing the delivery of infrastructure to our communities, specifically through its emphasis on competitive discretionary grant funding over formula funding.

Under traditional formula funding, States rely on their calculated apportionment to plan, program, and deliver projects for their communities. Historically, States have received 90 percent of total surface transportation apportionments in formula funds. Under IIJA, however, approximately 15 percent of funding is now being directed to discretionary grant programs, adversely impacting States who should be receiving more funding based on population, lane-miles, land mass, or vehicle-miles traveled. Florida's $500 million in discretionary grant awards equate to only 1.04 percent of the funding available for discretionary grants.

Of the formula funding, Florida receives nearly 5 percent of the apportionment total under IIJA. As a growing State facing dynamic population and economic growth, Florida would be better positioned to meet emerging transportation needs through long-established formula programs. If IIJA funding made 90 percent available in formula funds instead of discretionary grant funding, Florida would receive an additional $2 billion over the 5 years of the act.

Since the inception of IIJA, FDOT has set aside resources totaling over $430 million in the pursuit of discretionary grant funding at one time or another. While waiting for an award announcement, this money was not building infrastructure. Instead, it was waiting to learn if we would be selected.

It's also worth noting that a single quality application cost approximately $150,000 in fees and staff-hours to develop. To date, FDOT's total approximate expenditure and application preparation is more than $5.5 million. I cannot imagine how difficult it is for smaller State agencies, local governments, and especially fiscally constrained rural municipalities to apply for these grants. For these communities, the status quo seems untenable.

In summary, the current discretionary grant process creates burdens for transportation providers, arbitrarily picks winners and losers, and prioritizes political ideologies over physical infrastructure. Formula allocation of funds is more efficient and allows States to actually deliver infrastructure that is specific to their needs and supported by their communities.

FDOT encourages Congress to lay the groundwork for a transportation authorization that revives stronger formula funding; encourages U.S. DOT to operate efficiently, not bureaucratically; rejects the politization of our Nation's highways; and continues to appropriately increase overall funding for robust transportation infrastructure across the country. Our industry is the literal foundation for America's continued growth and success.

Thank you again for the tremendous opportunity to be here today, and I look forward to answering any questions you may have.

[Mr. Perdue's prepared statement follows:]

Prepared Statement of Hon. Jared W. Perdue, P.E., Secretary, Florida Department of Transportation

INTRODUCTION

Chairman Graves, Ranking Member Larsen, and members of the committee, thank you for the opportunity to be a part of today's hearing. My name is Jared Perdue and I serve as Secretary for the Florida Department of Transportation. I am a Florida Native, a professional engineer, and since graduating from the Citadel in 2003, have been serving my state as an employee of FDOT where we work to deliver the projects that are funded through the Surface Transportation Act.

Prior to being appointed by Governor DeSantis as Secretary, I held various roles throughout the state, most notably as the District Secretary for Central Florida, where I was responsible for executing the I–4 Ultimate project—the largest transportation project in Florida history. However, my perspective is not limited to the high growth areas of central Florida, Orlando, and the Space Coast, as I began my career working near my hometown of Panama City, Florida as an engineer in FDOT's rural panhandle area. I have also served in a wide range of technical expertise areas including as a geotechnical engineer, Traffic Operations Engineer, Design Engineer, and Director of Transportation Development.

My team and I don't just build roads and bridges, we construct and maintain transportation infrastructure that Florida's 22 million residents and 135 million visitors can rely on. In Florida, we support every mode of transportation you can think of—from traditional roads and bridges, rural roadways, tolled facilities, massive interstate thoroughfares, freight and passenger rail, deepwater seaports, international airports, and multi-use trails and bike paths throughout our world-renowned outdoors. We are even engaged in space commerce and notably in the emerging advanced air mobility industry, just to name a few.

Today, I look forward to sharing Florida's perspective on the current flaws in the development, application, and award of discretionary grants included within the IIJA. I hope my comments provide a better pathway for how Congress can work to both fund and deliver transportation infrastructure throughout our country that saves time and tax dollars.

FLORIDA: A NATIONAL LEADER IN TRANSPORTATION INFRASTRUCTURE

It should come as no surprise that Florida is a leader throughout the transportation landscape. While some states rely heavily on federal support for maintaining their transportation infrastructure, Florida does not. In fact, thanks to the leadership of Governor DeSantis, FDOT is currently managing a $65 billion Five-Year

Work Program, 76% of which is funded solely by the state and less than a quarter by the federal government.

Aside from our geography and position in the worldwide supply chain, and a growing population that constantly allows for innovation, the Sunshine State has one of the most robust transportation portfolios in the country:

- FDOT is responsible for more than 12,000 miles of roadway and maintains over 7,000 bridges and has nearly 7,500 miles of bicycle facilities;
- Among the 19 commercial airports in the state, Florida is the only state with four large hub airports—Fort Lauderdale, Miami, Orlando, and Tampa;
- With 15 deepwater seaports in Florida, we are a significant contributor to America's supply chain as evidenced by the 4.3 million total TEUs moved in 2023 equating to 10% of the nation's total;
- Almost 3,000 miles of rail keeps our goods and passengers on the go, along with the 48 transit systems across the state; and
- Florida leads the nation as the fastest growing, most comprehensive, and forward-facing state for space-related development, manufacturing, and flight. In 2023, Florida's Space Coast launched over 70 rockets.

IIJA's Deviation in Structure

Federal Fiscal Years 2022 through 2026 provide an infusion of $550 billion nationwide towards new infrastructure investment whether by competitive grants or formula apportionment to improve roads, bridges, water infrastructure, resilience, and broadband. Under IIJA, there are essentially three types of funding: (1) traditional formula-based funding; (2) new, required formula-based programs; and (3) a-much-expanded discretionary grants program.

Previous federal transportation authorizations placed an emphasis on formula-based funding, which provided flexibility by the state Departments of Transportation to advance their state-specific infrastructure goals. Now, with IIJA, the number of competitive grant programs has skyrocketed from 13 to 45, placing less emphasis on states' needs with more decisions being made top-down. While the "competitive" label attached to these grants may be a good talking point, it is actually a mask to cover the disservice currently being done to the delivery of infrastructure nationwide.

Rather than focusing on a state's knowledge and experience to get the work done, U.S. DOT is administering discretionary grant programs with ideological considerations that are not focused on reducing congestion, supporting our supply chain, or maintaining the nation's aging infrastructure.

Picking Winners and Losers

Now, *halfway* into the IIJA authorization, U.S. DOT has only awarded $47.9 billion (out of the $158 billion available) in surface transportation discretionary grants across the country. Two of the most populous states in the nation, Florida and Texas, have received some of the lowest funding amounts per capita from these discretionary programs, while Maryland has taken home the largest amount. Currently, Florida has the 2nd lowest per capita award rate in the country. To date, Florida has been awarded $500.5 million of grants which equates to $22.52 per capita. The national state average is awards totaling $740.1 million at $144.02 per capita. Maryland's awards have totaled $7.2 billion at $1,173 per capita.

- Out of the 36 discretionary grant applications that FDOT has submitted, only eight of those grants have been awarded to us totaling $246.6 million—$180 million of which come from a single grant award for Truck Parking expansion in Central Florida.
- As of February 29, 2024, out of Florida's 412 cities, 67 counties, and 27 MPOs only 87 applications have been selected by U.S. DOT, totaling $317.4 million.

Under traditional formula funding, states rely on their calculated apportionment, to best plan for programming and delivering projects for their communities. Historically, states have received 90 percent of total surface transportation apportionments in formula program. Under IIJA, approximately 15 percent of funding is now being directed to discretionary grant programs, leaving behind states who should be receiving more money based on population, lane miles, land mass and vehicle miles traveled.

Florida's $500.5 million in discretionary grant awards equate to only 1.04% of the funding available for discretionary grants. Of the formula funding, Florida receives 4.78% of the apportionment total under IIJA. As a growing state facing dynamic population and economic growth, Florida would be better positioned to meet emerging transportation needs through long established formula programs. If the IIJA funding made 90 percent available in federal authorization, Florida would receive an additional $2 billion over the five years of the Act.

WASTED TIME IS WASTED MONEY

With the increase in discretionary programs, FDOT and local entities are required to compete for federal funding, which is timely, costly and an overall burden to states and our local partners who want to deliver infrastructure not wade through federal bureaucracy.

Two years after being awarded the 2021 RAISE grant for the Tampa Heights Mobility Project, FDOT's grant agreement has still not been executed by U.S. DOT. On average, the grant funds for FDOT projects have taken up to 18 to 24 months to be authorized. Currently, FDOT has received authorization for 13.68% of our awarded grants—leaving 86.32% waiting for a grant agreement and funds to be obligated by U.S. DOT.

The additional time required to enter into a grant agreement with U.S. DOT makes many of Florida's top projects untenable for grants, as delays could jeopardize critical investments into our communities. Aside from the waiting period, a quality grant application can cost nearly $150,000 in resource and staff hours to develop. FDOT has submitted 36 discretionary grant applications under IIJA making FDOT's total approximate expenditure more than $5.5 million. Florida has 29 Fiscally Constrained Counties (mostly rural)—how are they supposed to prioritize projects when the resources and expertise for complex applications are limited?

As an added business consideration, to meet the federal match requirements for application submissions, a 20% match of state funds must be committed. While applicants wait months for paperwork to be reviewed, a considerable amount of resources in FDOT's Work Program are essentially sidelined in anticipation of a potential grant award. Since the inception of IIJA, FDOT has had to set aside resources totaling over $430 million in the pursuit of discretionary grant funding at one time or another. While waiting for an award announcement, this money was *not building infrastructure*, instead it was waiting to learn if we would be selected. In Florida, we are aware that some industry partners are opting to not apply for federal discretionary grants to ensure their funding cycles can remain active and reliable.

By the time a grant award is realized for a community, the effects of federally-induced inflation, compounded by a 18–24 month delay in award, have immediately driven project finances into the red. DOTs, cities, counties, MPOs, and local agencies bear the responsibility of cost overruns due to the combination of inflation and slow agreements and authorizations. If FDOT struggles with this scenario, I must imagine rural and small communities heavily weigh whether they even apply for grants in the first place—making these discretionary funds even further out of reach for some who need them most.

It should not be taken lightly that U.S. DOT is under a tremendous burden, albeit self-inflicted. The magnitude and scope of a discretionary grant program of this size is formidable, and the sheer staffing needs required to evaluate and process this program is overwhelming—and would be for any agency. That is why we must return to primarily traditional formula-based funding. Transportation infrastructure is planned 15–20 years in advance to begin with, we should be doing everything possible for our citizens to bring it to reality efficiently not prolong it further.

EQUITY IN ACTION VS. EQUITY INACTION

IIJA deviated from a time-tested authorization structure for funding the country's infrastructure. As one of those deviations, U.S. DOT has made it clear that non-pecuniary factors like DEI and ESG considerations, may take priority when selecting which transportation projects are most important for our communities. These "priorities" are clearly seen in the goals of discretionary grant programs.

U.S. DOT has declared that there must be equity in transportation, but Florida, the nation's 3rd largest state, only stands to receive 1% of competitive grants; rural and Justice 40 communities are actually disadvantaged and penalized the most by burdensome red tape; and NOFO requirements force one-sided ideologies to act as a carrot and a stick simultaneously.

The mentions above are only within the discretionary grant space, not even venturing into IIJA's new formula-based programs which are now *required*. NEVI is part of a vision to force individuals into only driving one type of vehicle. The Carbon Reduction Program is a program forcing states to acknowledge there's a carbon emissions 'problem' while in Florida the U.S. EPA admitted we have the cleanest air quality on record. Some programs are even being promulgated outside of legal authority. These programs similarly don't prioritize infrastructure, they prioritize ideologies.

FDOT is very proud of the INFRA Grant we received for trucking parking last month. With this funding we will be able to add over 900 truck parking spaces to the network of truck parking FDOT has been building for years. It truly is a great win for our state. It is unfortunately overshadowed by the realization that our selection was most likely embedded in the Administration's belief that reducing carbon emissions was a priority consideration for our application, not the fact that the backbone of our supply chain, our truck drivers, need a place to rest and that Florida was the most financially- and technically-qualified to deliver this complex project. These "priorities" are not to relieve congestion, increase safety, or promote innovation; they're not about infrastructure at all.

CONCLUSION & WHERE WE HOPE TO HEAD NEXT

In summary, the current discretionary grant process creates burdens for state DOTs and all applicants, unfairly picks winners and losers, and prioritizes non-transportation factors. Formula allocation of funds is more efficient and allows states to actually deliver infrastructure that is specific to their state and supported by their communities. FDOT encourages Congress to lay the groundwork for the next transportation authorization that revives stronger formula funding, encourages U.S. DOT to operate efficiently not bureaucratically, rejects the politization of our nation's highways, and continues to appropriately increase overall funding for robust transportation infrastructure across the country. Our industry is the literal foundation for America's continued growth and success.

Thank you again for the tremendous opportunity to be part of this process.

Mr. GRAVES OF MISSOURI. Thank you again to all of our witnesses, and I will now open it up for questions, and I recognize myself for 5 minutes for the first questions. So, it goes to Commissioner Winders.

I know you recently applied for a RAISE grant, a $25 million RAISE grant for Highway 54 in Missouri. I am curious, can you talk a little bit about the challenges that you had, and obviously, the benefits of that particular project?

Mr. WINDERS. Certainly, Mr. Chairman, thank you.

The project itself is taking a two-lane highway, Highway 54, and creating a shared four-lane, which, if you are not familiar with that, it's effectively passing lanes every so often.

Doing this project would also complete a shortcut between the Avenue of the Saints and Interstate 70. The shortcut is half done, but we need to do—this project would be the rest of it. We have been unsuccessful in 6 years in applying for RAISE grants. Our grant application has dropped over the years. Actually, every year. The first time we applied, we were "highly recommended," and then we went to "recommended." And now I believe the latest iteration was "acceptable," and this is with, effectively, the same application. What has changed are the raters and rating criteria. Effectively, it has been, for us—our experience has been it has been a moving target.

The first—when we were—I believe when we were highly rated, we needed to do a benefit-cost analysis, which was a $15,000 bill. And for a small coalition, that was a little bit difficult for us. But after our application was rated highly, one of the things we needed to change was have that benefit-cost analysis. So, we put together the money and did that, and then the next year, we were not highly rated, we were recommended. So, it has been items that—in areas that have to do with the reviewer or the rating criteria that has changed that has made our application less favorably looked upon.

The other thing that happens is, as additional rating criteria have come into being, a county with a road project with clean air—and it just being a road project—environmental issues, clean air issues, and innovation, we just don't get a lot of points for that, in spite of the fact—and now I will talk a little bit about the benefits of the highway. That particular road shares traffic with everything from horse and buggy Amish traffic at 3 or 4 miles an hour to 60-mile-an-hour heavy-truck traffic, 20-mile-an-hour combines that are 16 or thereabouts wide, and every vehicle in between. Passing lanes would be a great safety improvement for that part of the—and a very much-needed safety improvement. We just have been unable to make that case in the RAISE grant application.

In addition to that, it's an unfinished project. I mentioned that this four-lane is halfway done between 70 and the Avenue of the Saints. Completing this section would allow, effectively, a shortcut or a bypass on the northeast part of St. Louis, which should help congestion, and the I–70, the Wentzville, where the Avenue of the Saints crosses Interstate 70. So, we think it would be a really good improvement for the State and national system, as well.

Finally, it's an unfinished project. A couple of decades ago, we—the Federal Government, in conjunction with the State—did the four-lane halfway through the project to Mexico, Missouri, and then it stops. So, completing this section is actually, I believe, the completion of some vision from decades ago that was positive in terms of how transportation could work to move people and goods in our area and nationally.

It's not the only unfinished project. So, I assume there might be others like us that will also have trouble getting through the rating criteria. One example might be a bypass in Hannibal in Marion County. The Avenue of the Saints goes mostly—you can go from Waterloo, Iowa, almost to St. Paul, all the way to New Orleans, and there are seven stop signs on that route. The rest of it is four lanes, and those seven stop signs are in Hannibal. That bypass would really—is really a—we are talking about a completion of the project.

If we have these problems, I assume that other places do, as well; other counties do, as well. We simply don't have the capacity, in spite of the fact that we have the best transportation planner at our Council of Governments—her name is Anna Gill, and she is with us here today. We have the best transportation planner in the State, we just don't have the financial and human capacity to compete with the larger projects.

So, I apologize, Mr. Chairman, if that was long-winded, but that's kind of the story of the 54 Coalition.

Mr. GRAVES OF MISSOURI. Mr. Larsen.

Mr. LARSEN OF WASHINGTON. Thank you, Mr. Chair.

That is a great intro for a question for Ms. O'Leary, because I wanted to ask you, from a regional planner perspective, one, if we had more direct allocation of formula funding to local governments or targeted competitive grants open to counties, cities, or MPOs, would that be an improvement?

If so, how would it be an improvement?

And then the second—well, answer that one first.

Ms. O'LEARY. Thank you, Mr. Larsen. Yes, I think that would be an improvement in certain areas, where we have the expertise at the MPO level or at the local government level. And I think the Safe Streets For All is a really good example of that.

We at the MPO level across the country have safety plans that can identify exactly the types of projects that need to happen. And then we work with our counties and our local governments, and some of them have even more in-depth safety plans done and ready to go. So, in that case, where the projects are really on the ground and local, I think it makes sense to be able to pass the funds through at that level.

Mr. LARSEN OF WASHINGTON. Yes. So, on that point, so, in my district, I have the Puget Sound Regional Council, which is kind of the urban planning bit. Then I have Skagit Council of Governments and Whatcom Council of Governments up near the border, much more rural areas. I have got Island County, which is its own thing, as well, very much its own thing. And there is—I would suggest there is a variety of technical capacity in each of those, as well, although probably better than, say, any one of the smaller cities that currently exists.

So, do you have some thoughts about the technical capacity support that has come through the U.S. DOT?

Ms. O'LEARY. Right. So, I think that MPOs provide and regions provide a lot of opportunity to provide capacity to local communities, especially smaller ones that don't necessarily have that knowledge or technical ability to do so. And that's one of the things that we have been able to do at SEMCOG. But you're right, we are a staff at SEMCOG of 70 staff being able to do that, whereas some of the smaller regions and MPO in the State may have two or three staff.

So, the ability to provide regions some of that technical support and dollars to be able to gear up to provide that assistance to local communities, I think, would be very helpful. I think the Federal programs to provide technical support are so important, but sometimes they don't necessarily know the issues like we do at the local level in being able to work directly with the local community.

Mr. LARSEN OF WASHINGTON. Right. Mr. Baker, in the next authorization, we will need to tackle how to get predictable funding for rail. Do you have an answer about how to do that?

Mr. BAKER. Well, I guess cutting to the end of the answer, I don't know if you will consider this an answer to how, but the advance appropriations from IIJA were just a real game changer for rail, which I think you referenced in your opening statement. That's been just a massive deal.

Rail has never had that before for short lines, applying for CRISI. Knowing that CRISI will be well funded every year in advance is a huge deal and makes it something, frankly, you can count on and think about long-term business and growth for, as opposed to something that's subject to the vagaries of the process. Congress just sort of magically did that last time in the infrastructure bill.

Mr. LARSEN OF WASHINGTON. We are that good.

Mr. BAKER. And so, if that's how it happens again, that would be OK with us.

Mr. LARSEN OF WASHINGTON. OK, all right. So, thinking through the discretionary versus the formula, I appreciate, Secretary Perdue, your comment about having more formula. Roger Millar from my State wants that, too. I never ran into a State DOT director who didn't want more formula money.

But the flip side is that either there is more money overall or, with the money that we authorize, then there is going to be some split. And we did a lot more competitive grant programs in this version because there was a need to do that. I can think of one in particular, one particular need in our State, with culvert removal as a for-instance. So, there is just going to be this continual tradeoff.

But then we also have a process in our State—and by the way, we are better than Florida—21 percent of our transportation budget was federally funded, so in that regard. But there is always this tradeoff. And we have a process between our legislature and our county governments and city governments using things like the County Road Administration Board to get dollars from formula allocated into these distribution mechanisms. And so, that is what we do. It can be done.

That's kind of my point I made earlier on the testimony. Does Florida have something like that, or does it all go through the State legislature?

And nothing wrong with yours or my State legislature, but sometimes it's the vagaries of the State legislature, as well, that dictates where the money goes.

Mr. PERDUE. Thank you, Ranking Member Larsen, for that question, and yes, actually, there is a time-tested model in place.

Actually, with traditional formula allocations of Federal funds, we do have local programs. Florida is a very diverse State, geographically. We have very rural communities, we have very urban communities. And we have, actually—like through the Bridge Formula Program, we have replaced a lot of off-system local bridges. In cases where local municipalities have the technical expertise and the staffing and manpower to manage Federal programs, we are more like a pass-through, and we administer the funds to the locals. Then, for rural communities that may not have the staffing or expertise, we actually go in and deliver those projects for those rural communities. So, there is a time-tested model in place.

I think there is a very good way for formula distributed allocations to be utilized to help local communities.

Mr. LARSEN OF WASHINGTON. All right. Well, just before I yield back, when I came on the committee in 2001, we argued about donor and donee States and tried to get a formula change. And this is just—your testimony and testimony from Roger Millar, and he's great, it is just a version of that donor versus donee thing that someday will be perfect.

Yes, thanks. I yield back.

Mr. GRAVES OF MISSOURI. Mr. Crawford.

Mr. CRAWFORD. Thank you, Mr. Chairman. While we are here today to discuss the Department's administration of grant programs, I would be remiss if I didn't raise my continued concern with the Federal Highway Administration's final rule to require a greenhouse gas performance measure forcing State DOTs and

MPOs to set declining targets for carbon dioxide emissions stemming from transportation on the National Highway System. As I previously discussed in this committee, this rule exceeds the administration's statutory authority. This policy was considered and rejected as part of Senate negotiations of IIJA.

So, Secretary Perdue, does Florida DOT agree that the rule goes beyond the administration's statutory authority?

Mr. PERDUE. Thank you, Congressman. And yes, absolutely. We do agree that it does go beyond the authority granted to FHWA, which is one of the reasons we joined 20 other States in a lawsuit challenging that rule.

And our mission at FDOT is to deliver transportation infrastructure that moves people and goods safely and efficiently. I think the last thing that Floridians want FDOT to be doing is tracking and monitoring tailpipe emissions when they choose to drive a car.

Mr. CRAWFORD. So, how will this rule impact the ability of State DOTs to make their own project selections?

Mr. PERDUE. This rule could have a significant impact. We actually have 27 MPOs in the State of Florida. So, the rule not only requires DOT to set targets and track, but also those local MPOs. And so, it is a tremendous effort to ramp that up and figure out, like, where are the different targets going to be, how are they going to be set up, what is it going to look like? There is just a lot of unknowns, and it is just very burdensome.

Mr. CRAWFORD. Let me shift gears just a little bit. As you know, Secretary Perdue, I just significantly expanded discretionary grant opportunities. And there is a process conducted before the end of each fiscal year known as August Redistribution, in which outstanding obligation limitation for nonformula programs is redistributed to State DOTs.

The total amount considered as part of this process has escalated over the past several years, and more specifically, grown significantly since enactment of IIJA. Federal Highways has projected the balance could reach $8½ billion this year. The American Association of State Highway and Transportation Officials, or AASHTO, recently wrote to congressional leaders to raise this issue and encourage action.

I appreciate the concerns of the State DOTs, which are left scrambling to absorb this funding on a short timeline to ensure it does not lapse. Is this something you at Florida DOT are concerned about?

Mr. PERDUE. Yes. Thank you, Congressman. It is actually a major concern and a huge challenge. So, yes, redistribution happens in August every year. And basically, what happens is at the Federal level, the discretionary funds and the TIFIA funds that have not been utilized or obligated are then redistributed to the States. And we are asked to take additional funds at the eleventh hour of building our programs in the form of formula distributions.

So, the discretionary funds that are not moving are then being redistributed to us as formula, but over the life of the authorization, that reduces our actual formula allocation balance. The allocation for the discretionary grant program still stays at what it is.

And I would highlight that we are over halfway through the IIJA authorization, and only around 30 percent of grants have been awarded at this time. A lot less than that has actually been authorized and obligated. So, that redistribution amount continues to grow. We, as a State, are being asked to take more and more and more, and all that does is draw down on the formula funds that we can actually spend in the future.

Mr. CRAWFORD. Any thoughts on how we might fix this problem?

Mr. PERDUE. There are a few opportunities and a few ways to fix the problem. But one thing that I would definitely highlight here is that, obviously, if the authorization could direct more resources to formula programs, as opposed to discretionary grants, that would be great.

Another potential solution is, when redistribution happens, if those redistributed funds could add to our overall allocation of formula funds and at the same time reduce the overall authorization for the discretionary grant programs, I think it would be a more predictable and manageable and consistent way going into the future.

Mr. CRAWFORD. Thank you. I appreciate you being here.

I yield back.

Mr. GRAVES OF MISSOURI. Ms. Norton.

Ms. NORTON. Ms. O'Leary, while most highway formula funds go to States, metropolitan regions receive dedicated formula funds through the Surface Transportation Program, the Transportation Alternatives Program, and the Carbon Reduction Program through a process known as suballocation. Can you speak to the benefits for the communities you serve in having dedicated, predictable funding streams for your region?

Ms. O'LEARY. Thank you for that question. Yes. SEMCOG and a lot of the larger MPOs across the country do have suballocation of the Transportation Alternatives Program and the new Carbon Reduction Program.

One of the reasons that I think that works really well—so, in our region for TAP, as we call it, we receive about $10 million a year. What's nice about it being formula funds is that there is consistency that we know we will be receiving $10 million every year from this program, so, we can look forward at projects that might not quite be ready this year, but they can get in the pipeline.

We have a group of elected officials at our organization that actually makes all the funding decisions that we have. So, we, as staff, take all the applications for the TAP funds and for carbon reduction. We vet them ourselves from the technical standpoint, but then we take them to our regional review committee of elected officials that represent fairly our entire region to make the final decisions about which funds happen for TAP and for carbon reduction. Both have been highly successful in our region for that way and very equitably contributed.

Ms. NORTON. Ms. O'Leary, another question for you. This committee often talks about the role that highway infrastructure can play in promoting economic development, but that's not always the case. Your testimony cites Interstate 696 as—and here I am quoting you—a "major barrier to accessibility and economic development," and discusses how predominantly Black neighborhoods were razed in the 1960s to make room for Interstate 375 in Detroit.

I helped create two programs, Reconnecting Communities and Neighborhood Access and Equity, to begin redressing some of these harms. Can you discuss how reimagining and rebuilding highway infrastructure can improve economic development?

Ms. O'LEARY. Thank you for that question, yes, and thank you for starting those programs for us. I talked for a bit about the Reconnecting Communities Project, and in the instance of the 696 cutting one of our communities in half, and the ability of our citizens to be able to get across the freeway to be able to go to their schools or go to their places of worship, has been a challenge for them. And so, being able to receive that spurs economic development, and it's a citizen's right to be able to go to their community centers and things that were across the freeway. So, it has been a very exciting program.

In the case of I–375, that is a very large program, so that is a $300 million reconstruction program. And while we would have loved to use Reconnecting Communities, that pot of money was a little bit smaller. So, they went with the larger pot of money under INFRA to be able to fund over $100 million to look at raising the grade because, yes, 375 in the 1960s cut very prominent Black neighborhoods in half and destroyed commercial areas back in the 1960s. So, this will raise it back to grade, and slow it down, and make it more pedestrian friendly.

And at SEMCOG, one of the things we do is the travel modeling to make sure that the system can handle that, that the freeways we work with our State DOT very closely and make sure that all of that can work, so that when we bring things up to grade, it will end up having an economic boom in our downtown, but also, more importantly, connect our citizens across that freeway.

Ms. NORTON. Thank you.

I yield back.

Mr. BEAN OF FLORIDA [presiding]. Thank you very much, and good morning, Transportation and Infrastructure Committee. Let's continue. Let's go to the great State of Florida, where Dan Webster is recognized.

Representative Webster, you are recognized.

Mr. WEBSTER OF FLORIDA. Thank you, Chairman.

Secretary Perdue, the drawn-out timeline for MARAD and DOT during the grant obligation process, like the Port Infrastructure Development Program, so forth, forces recipients to adjust their scopes due to inflation. I think other pressures, too, would cause readjustment.

Considering the Port Infrastructure Development Program as an example, what is the average time it takes DOT to complete a grant contract?

Mr. PERDUE. Thank you, Congressman, for that question. And yes, I would say in the transportation industry specifically, we have seen, year over year, close to 20-percent increases in the cost of delivering projects.

Currently, what we are seeing with discretionary grants under U.S. DOT is that it's actually taking from 18 to 24 months to get from award announcement to actual execution of a grant agreement, which is when you can actually access the money.

For an entity like a seaport, who is typically delivering infrastructure and financing it through a myriad of sources—one would be they utilize State funds from FDOT, they utilize their own funds, they utilize bonding, and they also rely on these Federal grants—having to wait 18 to 24 months to actually access the money puts them in a real bind with their capital plan, and they find themselves with the cost of the project having gone up and then having to readjust their programs and plans and potentially find different ways to finance the project.

Mr. WEBSTER OF FLORIDA. Can you give an example of how we might be able to avoid those delays?

Mr. PERDUE. There are a few different opportunities.

One suggestion that I could bring is especially for entities and agencies that have been managing Federal programs for many, many years. I mean, like FDOT, we deliver billions of dollars' worth of infrastructure with Federal funds on it. Instead of going through this lengthy kind of bureaucratic process of having to enter into a separate grant agreement for every single award, the funds could actually be distributed to those entities that are time tested and proven and know how to manage Federal funds, and directly administered to those agencies to deliver the projects. That would speed things up significantly.

The other suggestion would be just speed up the time it takes to execute a grant agreement. I mean, there is no reason it should take 18 to 24 months.

Mr. WEBSTER OF FLORIDA. So, as you know, the House—we didn't have much say in what went into the IIJA. Most of us were on the side that didn't even vote for the bill because of various reasons. But if we had a say in the final bill, we probably wouldn't have had so many discretionary grant programs.

So, the multiyear planning program is difficult, and we have to rely on discretionary grants, but we don't have to as much. And as we rewrite, in the coming years, the IIJA, do you have any recommendations on why we might use more formula-driven programs?

Mr. PERDUE. I do, Congressman, and thank you. And I am happy to be on this panel with a colleague from the MPOs, because they are very important.

And just to give a little context, transportation infrastructure is not dreamt up overnight. It takes years to plan infrastructure projects out. And we work very closely with MPOs and local communities to develop those plans using data and science and growth models to plan what projects are going to be needed 20 years in the future. And once the project is conceived, we immediately begin working on the development process.

And even NEPA alone—to administer Federal funds, you have to go through the NEPA process. That process alone takes 3 or 4 years a lot of times. And so, the fact that we have discretionary grants available is great, but there are a lot of additional requirements in those grants that may not have been part of the considerations for that planning. And you can't just dream up a project overnight and change the direction you are going.

And so, for instance, in the State of Florida, we have billions of dollars of infrastructure in the pipeline right now that was conceived by local communities that they are waiting for us to deliver. And the faster we can get our hands on that funding, the better it is going to be for that infrastructure. And so, like, looking into the future, formula distribution, formula allocation is much more effective, and there are a lot of opportunities in that. And if local communities are the focus, I think that there is a way to use those formula distribution, those formula allocations to help those local communities, as well.

And in a lot of cases in Florida, like for our fiscally constrained local communities and those that are rural, they actually need State DOT's help to administer projects with Federal funds. And so, it is actually a—it is beneficial for our communities if those formula allocations, even the ones that are going directly to communities, come through State DOTs. For those local communities that have the staffing and expertise to manage Federal funds, we can be a pass-through and administer the funds to the locals. And for those that can't, we can step in and actually help them deliver those projects.

Mr. WEBSTER OF FLORIDA. Thank you very much for your answer.

I yield back.

Mr. BEAN OF FLORIDA. Thank you very much, Representative. Let's go to the great State of California, where Representative Garamendi is recognized.

You are recognized, 5 minutes.

Mr. GARAMENDI. Good heavens, Mr. Chairman, such enthusiasm for an introduction. Thank you.

I am sitting here listening to this. You guys have never had it so good. The State of California has never had it so good. Cry me a river. There is a river of money flowing from the Federal Government to the States, both in formula as well as in grants. And what I hear is a lot of crying about, well, it isn't this, we should do that, we have to sign, we have to have a little bit more information, and they are not approving it quite as fast as they ought to.

And by the way, Mr. Perdue, you are complaining that with the allocations you are getting more money upfront and then later, down the years in the future, you may not have as much because you are getting it now rather than later. Cry me a river, folks.

The IIJA has provided more money for infrastructure of all kinds, including transportation, than ever, ever before in the history of this Government. So, cry me a river. Yes, there are restrictions, there are formulas. Mr. Winders, you complain about not getting your thing because the criteria has changed. You didn't say one word about what was wrong with the criteria. That would be useful to us. If you don't like the criteria that has been written in the current law and implemented by the Department of Transportation, then tell us what is wrong with the criteria.

And I suspect some of it is, well, the criteria has changed, we are going to worry about communities that have been divided and destroyed by previous infrastructure, and we want to address that. You guys got a problem with that? Yes or no, Mr. Winders, a problem with that policy?

Mr. WINDERS. No.

Mr. GARAMENDI. Good. Mr. Baker, problems with that policy?

Mr. BAKER. No.
Mr. GARAMENDI. How about Ms. O'Leary?
Ms. O'LEARY. No.
Mr. GARAMENDI. Mr. Perdue?
Mr. PERDUE. Thank you, Congressman. You know, the——
Mr. GARAMENDI [interrupting]. Yes or no.
Mr. PERDUE [continuing]. The increased funding is——
Mr. GARAMENDI [interrupting]. No, the policy question is, should we be allocating money by grants to communities that have been destroyed by previous infrastructure projects?
Mr. PERDUE. I would say it's much more efficient and effective to allocate money by formula distribution.
Mr. GARAMENDI. All right, then you want to do away with all the grants, including the $15 million that Florida received for high-speed rail. Got it. We will just eliminate the high-speed rail grant program for Florida. And by the way, your ports receive mostly grant programs. You want to do away with that also? We could do away with that.
The bottom line is we have a situation here where this Congress—excuse me, the previous Congress, not this one—the previous Congress authorized and appropriated more money than ever for formula, as well as for discretionary grants. I understand none of us get everything we want. Certainly, we don't get everything I want for my district. But I do know that the opportunity to get it exists today. So, just a couple of questions.
Mr. Perdue, Florida reduced its gas tax to 0, gasoline tax to 0 in 2022. Is that correct?
Mr. PERDUE. No, that is not correct.
Mr. GARAMENDI. So, was there a reduction in the gasoline tax in Florida in 2022?
Mr. PERDUE. Not to my knowledge.
Mr. GARAMENDI. I believe your Governor signed a bill that did that. But you know better than I, I suppose.
I just found that the utility of this hearing would be: What are the specific questions that you have about the discretionary funding mechanisms and formulas? The criteria? What is wrong with the criteria that is out there? I gave one example. Are there other examples of criteria that you think are incorrect? I think you can provide that to us in writing.
I will also note that this little—we are sitting here with the IIJA providing more money than ever before for all kinds of infrastructure, including transportation. And there were 13 of my Republican colleagues that voted for it. Only four of them still are in Congress, but they are happy to vote no and take the dough. So, the question for us as we go forward is: If you don't like the formula, if you don't like the discretionary allocation, what is wrong with it?
The fact of the matter is that the Department of Transportation has pushed out a vast amount of money through both formula, as well as discretionary funding. So, please deliver to us in the days ahead what of those criteria in the discretionary funding that you find inappropriate.
I yield back.
Mr. BEAN OF FLORIDA. Thank you very much.

Let's go to the Lone Star State, the great State of Texas, where Dr. Babin, Representative Babin, you are recognized.

Dr. BABIN. Thank you, Mr. Chairman, I appreciate it. Thank you, witnesses, for being here, as well.

I represent the 36th Congressional District of Texas, home to some of our most critical ports in the Nation and waterways and, really, more refineries and petrochemical plants than anywhere else in the country, rail, highway infrastructure, manufacturing, industrial sector facilities. And I am very pleased we are having this hearing to discuss these issues and opportunities related to competitive discretionary funding from DOT.

My first question is for all of the panelists. If you would give a very brief answer, I would appreciate it. In conversations with the Texas Department of Transportation, or TxDOT, I have heard that the U.S. Department of Transportation conducts debriefs with grant applications that were not selected. And I have also heard that these debriefs are not transparent whatsoever. Applicants aren't allowed to seek additional information or even see the scoring sheets or speak to those who scored the applications. What is your experience with these debriefs?

And what do you think could be changed to make them more beneficial and transparent, please?

Go ahead, Mr. Baker.

Mr. BAKER. For short line railroads, anyone who doesn't win a CRISI grant typically does request a debrief, and they get them. We do appreciate the opportunity.

I would agree with the premise of the question, though. The whole process could be more transparent.

Dr. BABIN. Yes.

Mr. BAKER. Frankly, we would love to see much more public information about who applies, who doesn't win, and for the ones that do win, exactly what was in the application, where it stands, how it's progressing. I think sunshine would be a tremendous——

Dr. BABIN [interposing]. Amen.

Mr. BAKER [continuing]. Benefit for the whole process.

Dr. BABIN. It's amazing how sunlight can help things.

Anybody else?

Mr. WINDERS. We would agree. I believe that the debrief process is helpful and can be helpful. In our particular circumstance, it affected what we did. We went and got the benefit-cost analysis, but it didn't help us. So, not knowing necessarily everything about the criteria and especially how it would be rated the next year was—it would have been helpful to know that.

Dr. BABIN. Thank you.

Nobody else? OK. Another question for all of you, and anyone feel free to chime in briefly.

Many local governments receiving grant funds do not realize that the money is provided on a reimbursable basis, which can be very critical to a small city. I was a small city mayor, myself. Is the DOT doing a good job of letting locals know that?

What should DOT do to ensure that this is understood, so that locals can consider this in their decisionmaking process?

Who would like to answer that one?

Mr. PERDUE. Thank you.

Dr. BABIN. Yes, sir.

Mr. PERDUE. Yes, thank you Congressman. Absolutely, I can provide a little insight on that.

Some of them—I would say some of your more progressed that have staffing and expertise are aware of that. Others, a lot of rural communities, underserved communities may not be aware of that. And it can be a real challenge. And I mentioned in my testimony the demand on resources just simply to pursue grants and also even provide the matching requirements. This is one of the challenges with discretionary grants programs.

At Florida DOT, we actually had to set up an entire team to support our local governments and local communities, especially as they are staring in the face the potential opportunity to directly receive Federal grant moneys. It is very cumbersome, very difficult, very challenging to manage projects with Federal dollars on them, and there is a lot of requirements and rules you have to meet, and it takes a lot of expertise to do that.

And so, it is taking a lot of assistance from FDOT in support of those local communities, and it can really be a challenge.

Dr. BABIN. OK, thank you very much. The last question is for you, Secretary Perdue. As you know, it is important that State DOTs maintain awareness of projects on their own system to ensure coordination with local partners and the appropriate project planning that must go forth. Are you finding that the U.S. Department of Transportation is awarding funds to transportation partners in your State on projects that are on the State system without notifying you?

Are there any examples you would like to share?

Mr. PERDUE. Thank you, Congressman. I don't have any specific examples. We did identify this as a major risk early on, which is one of the reasons we established our team. The risk is there. The opportunity for that to happen is there. And so, we have kind of set up a process internal to FDOT to have consistent, frequent communications with those local communities that are pursuing grants. And we have even offered our support in terms of the grants they are pursuing, just so that we will have that awareness, because that is a potential risk.

Dr. BABIN. OK, thank you.

And I am going to yield back the balance of my time.

Mr. BEAN OF FLORIDA. Thank you, Dr. Babin. Let's go to the great State of Nevada.

Representative Titus, you are recognized. Good morning.

Ms. TITUS. Good morning, and thank you very much. I just wanted to point out that the grant moneys that have come from the Bipartisan Infrastructure Law have really helped southern Nevada recover, and they have been coming pretty rapidly, and we appreciate that.

You may have heard about the $3 billion that we got as part of building a super-speed train from Las Vegas to Los Angeles, which will certainly help with our tourism economy. And another program that we have gotten considerable funding, $13.3 million, is for Safe Streets and Roads For All.

And Ms. O'Leary, you mentioned in your testimony that your area has a similar program, and you suggested that it transition from discretionary to formula funding. Would you elaborate on that, and tell us why that would make such a difference, and what a problem it might be if this whole program went away?

Ms. O'LEARY. Right. Well, thank you for noticing that in the testimony.

When I mentioned the buckets of discretionary funds, one of the buckets was for kind of new challenges. And safety isn't a new challenge, but post-pandemic and during the pandemic, it became a challenge again with fatalities. We were seeing a trend of it going down, and suddenly, during the pandemic, it started going up, and post-pandemic, it continues to go up.

Ms. TITUS. The same in Nevada.

Ms. O'LEARY. So, I think noticing that, and then saying, OK, that is a challenge, and having discretionary funds to be able to address it is vital, but it's not going away. We wondered if it was a blip during COVID that then we would see it start going back down again, and we haven't. So, that's what makes me think this is a problem that is across the country, not in just Michigan, right, and not just in Nevada. We have got it everywhere.

And that's where it does seem to make sense to me that in the next round that we talk about it being more formula because it does impact everyone across the country. And again, locally derived solutions are really making a game changer.

Ms. TITUS. Well, thank you. When you provide safety for all the different users of the road, it's not only good for those users, but it gets more people perhaps out of cars and on bicycles, or mass transit, or just walking to the store, or whatever it might be. But we have got to be sure those streets are safe for all those users. So, thank you. I would like to consider making that change next time.

Ms. O'LEARY. Thank you.

Ms. TITUS. Yes. And then I would just ask all of you this question. Mr. Yakym and I introduced a bill called INVEST in Our Communities Act, and it was about promoting economic development.

One of the things we looked at is capacity building. Small towns, rural areas don't have the same resources to apply for certain grants, and we wanted to see about building that in. I wonder if some of you would comment on how that might make a difference. Is it needed? Should we look at that in the next transportation authorization bill as we consider different grant programs?

Mr. WINDERS. I believe we would appreciate and support anything that would provide technical assistance to rural communities and counties as it relates to navigating through the grant processes, the notices of Federal funding, and compliance with the rules. So, I believe that we would support that.

Mr. BAKER. There are some small short line railroads that would make some of those small towns and counties look like major metropolises by comparison. So, I am not sure if the bill applies to small businesses, but in general, we would welcome any sort of help. Applying these programs can be very challenging, and it just looks like a Mount Everest of bureaucracy if you are a small business trying to conquer this.

Ms. TITUS. And sometimes in small governments or rural areas, it's, well, "here, you're not busy, write us up a grant proposal," and that's just not going to be competitive today. We need that expertise and those resources. Anybody else want to comment?

Ms. O'LEARY. I would just add, I think it's a great idea. One of the things we've noted is that, with the grant opportunities, it would be—we talked just about that. It would be nice if there was some capacity building built right into it. So, I think that's a really great idea.

I would say it is rural areas, but it's also our small urban cities. So, while some of our large urban cities have more staff and more capacity, some of our small urban cities, they are very limited in staff and the ability to write these grants, as well. We formed a committee at SEMCOG of just those mayors to come together, and we actually have a meeting tomorrow to talk about what their issues are. And then one of the number-one things they say is their ability to write these grants and the capacity building that they need. And they are very urban communities, they are just very small.

Ms. TITUS. OK, thank you.

Well, thank you, and I yield back.

Mr. BEAN OF FLORIDA. Thank you very much. Let's go to the great State of North Carolina, where Representative Rouzer is recognized.

Representative Rouzer, good morning.

Mr. ROUZER. Thank you, Mr. Chairman.

Secretary Perdue, in your testimony, you state that your department was awarded a RAISE grant in 2021, but the U.S. Department of Transportation has not yet finalized that grant agreement. In fact, you mentioned how grant delivery can often take 18 to 24 months to be disbursed. Consequently, by the time funding for these projects is delivered, they are already in the red.

So, that has been the experience in North Carolina, as well. In October of 2022, the North Carolina Department of Transportation was awarded an INFRA grant to widen 10 miles of the I–85 FUTURES Corridor. This grant has been pending for more than 18 months. At the time of the application submittal, the estimated cost was $640 million. In June 2023, the project was set to cost $720 million. By November of 2023, the project was at $839 million, meaning a total increase of at least $200 million—$200 million. In August 2022, the department was awarded a RAISE grant to reconstruct 28 bridges in several counties across North Carolina, and this grant agreement with the Federal Highway Administration has still not been finalized. And while it may be somewhat of a complex project, that's inexcusable.

So, one aspect of this grant debate that we have not really dived into are the cost overruns. Can you talk about your experience in Florida with regard to that?

Mr. PERDUE. Thank you, Congressman, and what you are describing that North Carolina DOT is dealing with is the same that every public transportation provider is dealing with. Especially over the last 3 years, nationwide, the economy has been volatile. The cost of doing business has continued to increase. We have seen in some regions increases as much of 20 to 30 percent year over year.

If you look at the discretionary grant process as a whole, from the time you decide to pursue a grant to the time that you actually are able to access the funds to build the project, you are looking at potentially 3 years. This is not an efficient, effective way to deliver infrastructure.

And I will just go back again to my statements about formula allocation. When we receive the formula allocation in those funds, regardless of what programs they are for, they can go directly on projects and be put to work immediately.

So, this is a tremendous challenge. I have already heard from several transportation entities in Florida that are considering not pursuing Federal grants because of the financial liability and financial risk with having to wait so long to actually access the money.

Mr. ROUZER. Yes, and the bottom line is, you can fund something all you want to fund it, but if you don't have a good, quick pathway to get the money there and get it delivered, what does that mean, you know? It's just a lot of extra cost, a lot of extra burden. And the last time I checked, money is a scarce resource, it's not infinite.

The North Carolina Department of Transportation has found that the new, multistep application process for the Bridge Investment Program to be somewhat helpful. Specifically, this program now gives applicants a period of time for dialogue to address initial feedback from the U.S. Department of Transportation before a final decision is made.

The North Carolina Department of Transportation recently applied, in fact, for a Bridge Investment Program grant for the Cape Fear Memorial Bridge replacement project in Wilmington, North Carolina. It is going through this process. Has your department benefited from this program at all, this process?

Mr. PERDUE. Thank you, Congressman. Actually, no, we have not benefited from it. We have applied for three projects in the Bridge Investment Program. One of them is known as DuPont Bridge in Bay County, Florida. It serves, actually, a major Air Force base that is going through a tremendously huge rebuild after Hurricane Michael. It is also in need of capacity improvements and is also deficient, and it's time to be replaced.

We were not successful in getting that award. The feedback we received was really not transparent, was inconsistent, incoherent. We are not really sure why it was not a good candidate, but we had to go ahead and fund the project anyway, because we have to deliver this major bridge project for the Air Force base.

And secondly, we submitted one in the Florida Keys along Key bridge, and we were not successful for that one, either, which, as you know, there is only one way in and out of the Keys, so, that bridge project is extremely important for hurricane evacuation.

Mr. ROUZER. Yes, absolutely.

With that, Mr. Chairman, I yield back.

Mr. BEAN OF FLORIDA. Thank you very much. Up next is the great State of California.

Representative Carbajal, you are recognized. Good morning.

Mr. CARBAJAL. Good morning. Thank you, Mr. Chair.

The Bipartisan Infrastructure Law, also referred to as BIL, one of a few names that people give it, provided an extraordinary amount of competitive grant funding through the 72 programs. The Department of Transportation has issued nearly 90 Notices of Funding Opportunity to distribute this funding.

However, in recent meetings with MPOs, counties, and cities in my district, I know there are challenges for local governments to compete for grant funding.

A two-part question, Mr. Winders. From your perspective, do you agree that Congress should continue to provide infrastructure funding directly to local governments?

And two, if the multitude of competitive grants under the BIL poses challenges, what are your recommendations to build local capacity and make it easier for local governments to succeed as we begin to turn our attention to our next surface reauthorization bill?

Mr. WINDERS. Thank you, Representative, for that question.

I believe that the position of the National Association of Counties is clear that we would like to see this level of investment in our Nation's infrastructure continue. So, hopefully, that is the answer to your first part.

Your second question is a little more difficult. We do need to find ways and would support ways that our Federal partners could help us gain capacity to be able to go through Notices of Funding Opportunity, and to navigate the things that have to be done, the laws and regulations when a grant is awarded. But even before you—so, we would appreciate that and support that.

But in addition to that, we would support the concepts of making things more simple and making the objectives clear, exactly what is it that we are trying to do, and how the applications will be rated. We are absolutely in support of local flexibility, which could mean direct funding for counties in terms of infrastructure.

We also support the removal of barriers into the project. And you identified one that we have also identified, which is critical, and that is capacity, financial and technical capacity.

So, I just want to touch a little bit more about objectives. If the objective is to build a road—and that is, of course, what I am talking about, we want to build a road. I don't know how we are going to affect air quality. I don't know how we will meet some of the other rating criteria, which is not to say that they are not important, which is not to say that we don't value clean air, which is to say we can't write an application—or I don't know how we can write an application—that will compete with places that have that issue and issues like those.

So, clear, single-minded grants to do specific things with specific goals in mind, we would support.

Mr. CARBAJAL. Thank you.

Mr. WINDERS. That was kind of a long answer.

Mr. CARBAJAL. Thank you. Having served in local government as a county supervisor, and working with the National Association of Counties, while we appreciate our State partners, it is always nice when funding could be directed to local governments. And I think that has always been advocacy for many of local governments throughout our country, and certainly in the State of California in my region.

Mr. Baker, in 2015, Congress created the Consolidated Rail Infrastructure and Safety Improvements, CRISI, program. The Bipartisan Infrastructure Law provided $5 billion in Federal funds for the CRISI grant program to help support short line and passenger rail projects. How has this program been beneficial to your industry and the public?

Mr. BAKER. Thank you. CRISI—essentially, my entire testimony focused on CRISI. It's a huge, huge deal for short lines. It's allowing us to rehabilitate and preserve lines that otherwise would be at risk of abandonment.

And short lines, without boring people with the origin story of short lines, but they essentially exist to preserve lines that otherwise would go away, typically serving small towns, rural areas, disadvantaged areas, some small ports. And it's very expensive infrastructure. But frankly, the reason it's a short line in the first place is because it doesn't have enough traffic to be a Class I. It's just not busy enough.

And so, we do our very best to run lean and scrounge every penny we can. But if we are going to maintain expensive infrastructure, and rebuild bridges, and do it all safely, sometimes we need some Government help. And the Government, luckily, has been supportive of short lines for a long time. And this new level of CRISI has taken it even to a higher level, so, we are extremely appreciative.

Mr. CARBAJAL. Thank you very much.

I am out of time, Mr. Chair, I yield back.

Mr. BEAN OF FLORIDA. Thank you, Representative.

Let's head north to the great State of Minnesota where, Representative Stauber, you are recognized. Good morning.

Mr. STAUBER. Thank you very much. And to my colleague, Representative Carbajal, being a former county commissioner, we are speaking the same language. I appreciate you.

Smaller governments often face difficulties when applying for Federal grant dollars due to the complex, time consuming, and expensive process. Larger cities with bigger budgets can hire grant writers and lobbyists to apply for Federal grants, giving them an advantage in the overall process.

Mr. Winders, I looked at your history, read your testimony. You have been a great public servant for a long time. We need more of you. That's all I can say. But I do have some questions. What has been your experience in applying for DOT competitive grants from a cost and resource standpoint?

Mr. WINDERS. It has been difficult. Thank you for the compliment, Representative. I appreciate that very much.

It has been difficult for us to keep the resources together to put together an application. Obviously, we have not been successful in putting the right resources into our application or answering the questions correctly. Or—and this is what I think is the case—the rating criteria just don't match up with rural Missouri or rural America, so, the competitive field is tilted, is tilted away from rural America.

We are very fortunate in that we have a great regional planning commission, a very dedicated staff——

Mr. STAUBER [interposing]. Which you led several years back.

Mr. WINDERS. That may be true. But they are still limited. We have 8 counties, something under about 100,000 people and 5 staff members.

So, our experience, I think, is not unique in rural America. Those folks do a great job with the limited resources they have. But when it comes to writing a grant application that's competitive, it's difficult.

Mr. STAUBER. A couple of things here. So, would you agree that the process is not easily understood and not simple to use?

Mr. WINDERS. I would 100 percent agree with that, Representative.

Mr. STAUBER. Yes. So, rural communities are at a disadvantage, I agree, in applying for these grants.

And one of my great frustrations with the IIJA was that it was drafted without the input of a single Republican Member of Congress. My constituents were not given a seat at the table, and it is evident in the legislation. For example, the Rural Surface Transportation Grant, this grant was created through IIJA as a carveout for rural communities. I want to emphasize rural communities.

Unfortunately, there was an oversight in drafting, as the definition in statute for "rural" is, as you know, 200,000 people or less. That is the definition of "rural" that was in the IIJA. There are 855 cities in Minnesota; 796 cities have populations of under 20,000.

So, under this current definition in the IIJA, those that would qualify for rural roads would be everybody in the State of Minnesota, with the exception of Minneapolis and Saint Paul. So, that means our northern communities with 3,000 people are fighting the suburbs of Minneapolis and Saint Paul. And so, had it gone through regular order, we would have caught that and changed that definition. Now we are trying to backtrack it with legislation to change it, and it's very frustrating.

At the end of the day, I am looking at ways to make the grant process more accessible to not only my district, which is rural Minnesota, but across America in your district, as well. I have helped introduce the Rebuilding Rural Roads Act, which Congressman Finstad from southern Minnesota and I lead. It strikes the 200,000 people in the Rural Surface Transportation Grant and inserts 20,000 in its place.

And I also have cosponsored the Simplifying Grants Act, which would require Government agencies to simplify the difficult process for all current and future Federal grant opportunities. Not 150 pages, 20 pages.

I just want to thank you all for being here.

And just real quick in my 30 seconds, Mr. Baker, the short lines are so important, as you know, in northeastern Minnesota, with the mining. We have an awesome opportunity. And you know, I think that, as we look at the opportunities for economic development, and particularly in northeastern Minnesota and our mining industry, we have to really ensure that the railroads are properly maintained. And I can tell you that the safety is as important to the constituents as it is to you. And we have a good working relationship in northeastern Minnesota, and we appreciate that. Safety is the number one, number two, and number three priority.

Mr. Winders, again, thank you for your service. And county government is so precious. Thank you.

Mr. BEAN OF FLORIDA. Thank you very much, Representative. Let's go to the land of Lincoln, the great State of Illinois, where Representative García is ready to go.

Good morning. You are recognized, Representative García.

Mr. GARCÍA OF ILLINOIS. Thank you, Mr. Chair and Ranking Member, for this hearing, and to all the witnesses who have joined us.

I would like to begin by offering a statement for the record from the Cook County Department of Transportation and Highways. I ask unanimous consent to include the statement in the record.

Mr. BEAN OF FLORIDA. Without objection.

[The information follows:]

Statement of Jennifer Killen, Superintendent, Cook County Department of Transportation and Highways, Submitted for the Record by Hon. Jesús G. "Chuy" García

INTRODUCTION

I am pleased to submit this statement on behalf of the Cook County Department of Highways and Transportation (DoTH). Cook County's transportation system is one of its greatest assets—key to the national and international movement of people and goods and to the economic vitality of the region. DoTH prioritizes investment in its existing transportation assets, recognizing it as an investment in the County's future and the lives of its residents. DoTH is equally committed to identifying and responding to changes in demands on the transportation network by building a multimodal system that supports the economy, improves mobility, reduces transportation costs, and creates livable communities.

Cook County is at the center of the nation's third largest metropolitan area with nearly two million households and more than five million residents. We also are at the center of our nation's transportation infrastructure, with access points to national and global markets via two major airports, ten interstate expressways, six of the seven Class I railroads, 16 intermodal facilities, and the Port of Chicago. Cook County accounts for 40% of the State's residents and 43% of all state jobs. Transportation matters because it provides access to jobs, and also access to schools, health care, fresh food and much more. This makes transportation an asset worth investing in.

DoTH has jurisdiction over 561 center-line miles of roadway and maintenance responsibility for 1,620 lane miles of pavement, 365 traffic signals, 7 pumping stations, and 4 maintenance facilities. It also has jurisdiction over 93 structures (bridges and large drainage culverts) and shares responsibility with other agencies for another 42 structures. In addition to these assets, Cook County leverages investments in transportation projects throughout the county and manages relationships with other transportation agencies to support regional transit, freight, and alternative modes of transportation.

Cook County's role as an umbrella unit of government, covering a geographic area comprised of 134 municipalities and 29 townships, crisscrossed railroads, with roadways under local, state, and federal jurisdiction, means DoTH often supports or leads multi-jurisdictional projects with unique community and environmental concerns. Cook County is uniquely positioned to provide the transportation leadership, expertise, and resources required to advance regionally significant projects which cross multiple agency and municipal boundaries. Through coordination with its partners, the County also develops an annual program that will preserve existing infrastructure, improve connectivity and accessibility, build safer communities, generate economic investment, and advance the regional transportation network.

We would like to thank the Members of this Committee who supported the Infrastructure, Investment, and Jobs Act (IIJA), which provided the largest one-time infusion of federal funds into our nation's infrastructure and transportation network. This legislation has allowed the County to expedite several critical transportation projects. Furthermore, we are pleased the Committee is holding this important hearing to examine U.S. Department of Transportation (USDOT) discretionary grants through the lens of transportation stakeholders. We would like to share from a county perspective how we utilize discretionary funds and ensure that taxpayer dollars are well spent. To do so, we'd like to highlight our Invest in Cook program and some examples of local partnerships that have been widely successful and have allowed us to assist communities that may not have the tools to apply for or be highly competitive for discretionary grants.

INVEST IN COOK

Launched in 2017, the Invest in Cook program makes available up to $8.5 million annually to support planning, engineering, land acquisition or construction for transportation improvements that support the five policy priorities of Connecting Cook County, the County's long range transportation plan. Invest in Cook helps communities tap into new fund sources and accelerate the completion of projects that may otherwise languish. In its first seven years, Invest in Cook awarded $56.4 million to fund 243 projects throughout the County.

The Invest in Cook program provides assistance to projects that have tremendous merit or potential but might otherwise stall because of a lack of local match or lack of local staff resources. As such, the program invests mostly in projects located off the County highway network and emphasizes multimodal projects that expand the traditional purview of the Department. The County has sought to fund early phases of projects—planning and preliminary engineering—to help develop a pipeline of strategic transportation improvements. Also, the program often provides a critical final piece of construction funding for larger projects or helps supply the match required for State and Federal grants.

Invest in Cook additionally positions projects for future federal funding opportunities that are competitive through the State, such as the Surface Transportation Block Grant program or the Transportation Alternatives Program. Most of these programs require projects to complete preliminary engineering before projects become eligible to apply. These provisions make it difficult for lower capacity communities, such as those in south Cook County, to access the largest sources of competitive transportation funding in the region. To illustrate, Cook County's seed investment of $820,000 of preliminary engineering on three freight projects in 2017 has already yielded federal and state commitments of almost $38 million to advance these projects through design and construction. In 2023, seven projects in Chicago Metropolitan Agency for Planning (CMAP)'s recommended FY24–28 CMAQ and TAP–L programs which were previously funded by Invest in Cook were approved for $40.8 million of follow-on funding.

To date, Invest in Cook has helped complete 26 transit, 70 roadway, 32 freight, and 115 bicycle/pedestrian projects. Every dollar from Invest in Cook leverages $3.50 from federal, state, and local sources.

RAIL AND TRANSIT PARTNERSHIPS

The IIJA and Inflation Reduction Act (IRA) provide unprecedented funding opportunities for transportation infrastructure. Through Invest in Cook, Cook County can provide matching funds for grants that transit operators and other local agencies apply for that help bring needed funding to the Chicago area. For example, the landmark All Stations Accessibility Program (ASAP) brings new resources to metro areas, such as Chicago, with legacy transit systems lacking adequate Americans with Disabilities Act (ADA) accessibility. Cook County partnered with Metra on a successful ASAP application in 2022 for the 95th Street/Chicago State University Metra station, helping better connect a major educational institution to transit and support revitalization along the 95th Street corridor. The station modernization is also a major part of the campus master plan developed by Chicago State. The City of Chicago and Chicago Transit Authority also received a planning grant for this same corridor.

The West Cook Rail Safety Improvement Project is another example of how the county partners with other entities to successfully carry out discretionary federal grants to complete vital projects. Between 2017 and 2021, Cook County had the second highest number of trespass fatalities of all U.S. counties, with 43 fatalities. The West Cook Rail Safety Improvement Project will reduce pedestrian safety incidents along the BNSF line, which is the busiest line for the Metra commuter rail system as well as a major freight corridor. This corridor is a key safety hot spot in the county, with a total of 25 pedestrian-involved injuries or fatalities between 2012 and 2021. The project limits are along the Metra BNSF line in west suburban Cook County, including the municipalities of Berwyn, Brookfield, La Grange, and Riverside. Cook County is implementing the project using a $2.9 million Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant from 2022.

CONCLUSION

The IIJA and IRA provide a once-in-a-generation opportunity to fund our country's transportation network. While there will always be challenges tied to administering new grant programs, we believe that Cook County is a responsible steward of taxpayer dollars, and we are proudly leveraging our own resources to help our communities and partners secure these discretionary grants for important projects that may not be funded by any other means. Our Invest in Cook program is an example of how larger units of government can help smaller communities be successful in applying for and administering grant funding.

Mr. GARCÍA OF ILLINOIS. Thank you, Chairman.

In my district, Cook County Department of Transportation and Highways has done an excellent job at leveraging discretionary grants from the IIJA at the local level. The Invest in Cook program makes up to $8.5 million available annually to support planning, engineering, land acquisition, and construction of transportation projects. The Invest in Cook program provides assistance to projects that might otherwise stall because of a lack of a local match or local resources. In its first 7 years, the program has awarded $56 million to fund 243 projects.

A question to Ms. O'Leary: Invest in Cook is a great example of how regional governments can play an important role in assisting local communities with grant applications, project data, and funding. This model has been effective for winning IIJA discretionary grants throughout my district. Your council seems to have found a similarly effective approach. Can we encourage standards and best practices to be more widely adopted so that more counties can leverage this funding, in your opinion?

Ms. O'LEARY. Yes, thank you so much.

I would like to say that building local capacity is really right up the alley of the MPOs and the regional governments that you mentioned, as well, and the great program that you just described. That is exactly what we try to do at SEMCOG, and many of us across the country that are the MPOs or the council of governments do for our membership, is to be able to provide that capacity building, get people together, make sure they know about the grant opportunities, and help them figure out what is the right grant to apply for, what is the criteria, what is their chance of success. Because it is expensive to apply, and we want to make sure that we are connecting all of the data and information that we have.

And it sounds like your group is doing exactly the same thing. So, I do think there is quite an opportunity there for other MPOs across the country to be able to do that, as well.

Mr. GARCÍA OF ILLINOIS. Great. Thank you, Ms. O'Leary. Your testimony also mentions the Safe Streets For All grant program, and the need for this to become formula funding rather than discretionary. I know a couple of my colleagues have raised this issue. How would transitioning to formula funding for this program impact the amount of funds available for Justice40 communities that need investments the most?

Ms. O'LEARY. The reason we thought that it could evolve into a formula program is one that we mentioned. It really is an issue across the whole country. We are all struggling with this issue post-pandemic, and so, formula funds would be helpful to be able to do that.

But also one of the benefits of formula funds is really understanding what you are going to receive, for the most part, every year, and be able to line those projects up and work with our partners and our local governments over the years. And that is what we have successfully been able to do with our TAP program and our CMAQ and our carbon reduction programs, so that we are all working together and we know what to expect every year. And I think that's what we thought would be the benefit of moving it to a formula program.

Mr. GARCÍA OF ILLINOIS. So, the certainty and the predictability would be——

Ms. O'LEARY [interposing]. Absolutely.

Mr. GARCÍA OF ILLINOIS [continuing]. A big asset to you all. Well, thank you so much.

I yield back, Mr. Chair.

Mr. BEAN OF FLORIDA. Thank you very much. I now will take us to the free State of Florida, where I recognize myself for just a brief series of questions.

Guys, you're doing great.

Mr. Secretary, what an honor it is to have you also from the free State of Florida. Would you agree that Florida is on fire right now? Florida's population has just skyrocketed and continues to skyrocket every day. Would you agree with that?

Mr. PERDUE. Yes, Mr. Chairman. Not only is our population skyrocketing, but also the number of people that visit Florida has skyrocketed.

Mr. BEAN OF FLORIDA. Very good. And not only are they building houses and condos and residential units, we need roads, and we need those roads that have already been there repaired. Is that a fair statement?

Mr. PERDUE. That is a fair statement.

Mr. BEAN OF FLORIDA. And it is a challenge. You do have to do it smarter, faster than everybody else to keep up.

Would you also say that—some would argue—Florida doesn't get its fair share of transportation dollars? Is that a fair statement? Could you argue that?

Mr. PERDUE. That is definitely a fair statement in terms of discretionary grant distribution.

Mr. BEAN OF FLORIDA. Very good. Speaking of discretionary, some would say that we should do away with them because transportation departments don't work with local governments. Is that true? And how do we do it in Florida?

Mr. PERDUE. That is 100 percent inaccurate. And thank you for bringing that up.

Actually, local governments and local communities are really the heart and soul of every single transportation project, regardless if it is a road project, a transit project, seaport, airport. Transportation infrastructure goes through an extensive process of grassroots planning at the local community level.

As a matter of fact, every transportation project that we deliver as a State DOT is conceived of and prioritized by the local community before we ever spend $1 on it.

Mr. BEAN OF FLORIDA. That is the type of—that is what we want to see. Members of Congress—I was, as you know, in the Florida

Senate for 10 years. We put our money where our mouth is because we didn't get, we think, our share, but it demands it. Those roads have to be built, have to be maintained. But the only way to do it is, as you said, is the coordination with local governments. We are all in it together.

So, Florida is just—everybody is coming to Florida. Maybe there is a State law that in the Northeast, if you turn 70, you have to move to Florida.

[Laughter.]

Mr. BEAN OF FLORIDA. That's a joke. That's not really what happens, but it seems like it does.

So, how do you do it? I know there is an initiative, Moving Florida Forward. Would you talk about that—maybe other States are listening—of how to get it done?

Mr. PERDUE. Yes, thank you, Mr. Chairman. And having been in the State legislature, you know we have a very solid history in Florida of our legislature continuously investing in transportation infrastructure.

Governor DeSantis has been a tremendous leader in that. As a matter of fact, we have had record numbers of general revenue surplus. And it was through his initiative called Moving Florida Forward that the legislature invested another $4 billion in general revenue surplus into our already record work program, which was about $65 billion over 4 years. And so, that is tremendous. And it has enabled us to move many major complex projects forward, like I–4 in central Florida, that a lot of people know. Even if they don't live there, they know it. We have been able to move those projects forward in a time when it is very difficult to get our hands on Federal funding through the discretionary process.

Mr. BEAN OF FLORIDA. Is there a secret sauce to getting projects done on time and under budget?

Mr. PERDUE. It takes extensive work with local communities generating that grassroots support, which is something that we have really learned to value at Florida DOT.

Every single community is different. Every single community has its own character, its own vision. Making sure that the projects we deliver are aligned with their goals and their values and their vision for the future will speed it up like you have never seen.

Mr. BEAN OF FLORIDA. Fantastic. Thank you so much, Mr. Secretary.

I now take us back to North Carolina, where Representative Foushee, you are recognized. Good morning.

Mrs. FOUSHEE. Good morning, and thank you. And thank you to the witnesses for being here with us today.

We know that discretionary grants are a vital part of our funding infrastructure that make our infrastructure projects like roads and bridges and our transportation projects like rail lines and new buses possible. I am thankful for the Biden administration's work on expanding discretionary funding opportunities, and glad to say that my district, NC04, has received over $130 million in discretionary funding in recent fiscal years.

The Bipartisan Infrastructure Law appropriated billions of dollars for infrastructure programs, many of those dollars being available through competitive grant programs. Now that these funds are available, we must make sure that DOT has the resources necessary to administer them in a way that is accessible for our stakeholders. I look forward to hearing from you on the ways that you would like to see the discretionary grant process improved, and how we can work together to ensure the process realizes its full potential.

My first question is for anyone who would like to weigh in. I would like to ask about Notices of Funding Opportunity, or NOFOs, and the information provided to stakeholders when applying for these grants. What additional information or resources can DOT provide to improve the clarity of NOFOs or answer any questions stakeholders may have when applying?

[No response.]

Mrs. FOUSHEE. Not all at once.

Mr. BAKER. Well, I think we have discussed that I think everyone here would welcome help building capacity, especially of smaller applicants who struggle to deal with the bureaucracy.

But I do also think there is an opportunity for DOT to simplify the NOFOs. I don't know that making them ever more complex, and then offering ever more resources to help people deal with ever more complexity is a productive way to view it as much as it is they could be much simpler, there could be standardized templates, they could be shorter. There is, I think, a big opportunity for DOT to get to the point quicker.

It doesn't need to be a 40-page NOFO for a small applicant to access a small grant program.

Mrs. FOUSHEE. Others?

Mr. WINDERS. Representative——

Mrs. FOUSHEE [interrupting]. Well, my second question is for Ms. O'Leary.

As the executive director of the Southeast Michigan Council of Governments, I am sure you have helped many local governments through the grant process. You alluded to some of those in your testimony. What are some of the top issues you see local governments experience when applying for discretionary funding?

And what recommendations do you have for streamlining the application process through DOT?

Ms. O'LEARY. I would say the top issues that we see are a lot of what has been spoken about, one is connecting with the right grant. There are a lot of opportunities, so, which grant fits with my project. And so, we try to talk to them about what are you really trying to achieve, what is your project, or what is the issue that you are having? And then some of us who have the knowledge of the grant programs could help connect them to the right grant to apply for.

The second is really, as was spoken of, the cost to apply for the grants can be an impediment to some to be able to apply, especially if they don't have a grant writer on staff. The amount of money really varies, depending on—if it is a more small planning grant, it could be $10,000 to $20,000. I am seeing $40,000 with our Safe Streets For All application, but that was planning more related. And then, as you get into the RAISE—[to Mr. Perdue] you have much more experience over here with what those costs would be.

And then I think the match. That is a concern for people, as well. Especially as the projects get larger, the ability to match, especially in our underserved areas, is very difficult for them to be able to take it on and be able to do the match.

Mrs. FOUSHEE. Thank you. I see my time is approaching.

I yield back.

Mr. D'ESPOSITO [presiding]. I now recognize Mr. Graves.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman.

Thank you all for being here. I appreciate your testimony.

Secretary Perdue, I know a lot of folks who were excited about the infrastructure bill and the suggestion that it was going to provide increased funds for things like roads and bridges. In my home State of Louisiana, we have seen where the assumption of an increase in funding has been more than consumed by the bureaucracy, by inflation, by supply chain, by labor. Are you seeing similar outcomes in Florida?

Mr. PERDUE. Yes. Thank you, Congressman. And absolutely, we are. As a matter of fact, if you look at the increase in the cost of doing business over the last 3 years, the actual increase of the formula distribution in IIJA was not even enough to fully cover the cost of inflation. It basically came just in the nick of time.

Mr. GRAVES OF LOUISIANA. Thank you, and that is what we are seeing at home, as well.

Another question for you. Your testimony was fascinating in that you indicated $150,000 in terms of the cost of applying for some of these discretionary grant programs.

I want to make note, Mr. Chairman, you can buy a home for $150,000 in a lot of the communities that I represent in south Louisiana. So, it is an extraordinary cost.

And you indicated that millions of dollars that cumulatively you have spent applying for discretionary grants, yet not seeing the outcomes or performance that you think is fair to the State of Florida. What do you attribute, one, the higher cost—and I know you talked about this a little bit, but, one, the higher cost; and secondly, just the lack of performance of your grant applications compared to what you have seen historically?

Mr. PERDUE. Well, to start with, the lack of performance, I am not really sure why we are not being awarded grants. I mean, we have world-class infrastructure in Florida, just like many other States. Quite honestly, it doesn't make sense. I mean, right now we are at 1 percent of grant awards. We have the third largest population in the Nation, so, it just doesn't make sense.

Now, with discretionary grants, inherently, there is an assumption that it is competitive. And so, every entity pursuing grants wants to produce and submit the best possible application they can submit. This takes time. This takes resources. We are seeing the cost of preparing an application continue to increase. And I would say the more awards we don't receive, the more we try to figure out what more do we need to do to receive a grant because we are just not real sure anymore. And it's becoming a real struggle, and we don't get a lot of feedback on why we are not being awarded grants.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Secretary. And in that regard, I used to run a multibillion-dollar infrastructure program. And I know that certainty and predictability and clear criteria was always something that was very helpful to us. And in this case, this administration has brought new criteria to the table, including under the auspices of Justice40, which implicates over $200 billion in funds, effectively setting aside 40 percent of it for this criteria that I believe really distorts or provides a lack of clarity for criteria related to transportation.

For example, some of the criteria that was brought to the table to determine where grants for transportation projects will be issued are things like climate change, racial equity, enhancing union opportunities, things that don't really have criteria that are traditionally applied to transportation projects.

Have those criteria that—I will say it again, it's not time saved in traffic, reduced emissions, safety improvements, things that are historically criteria that apply to transportation projects—has that complicated your ability to figure out how to apply or how to compete for some of these discretionary grants?

Mr. PERDUE. Yes, it has. And you are exactly right, they've brought a lot of requirements to the table that are not directly connected to infrastructure that we are supposed to be building and delivering for the residents of Florida.

And I will go back to this statement: The infrastructure that is in the pipeline has been planned for the last 15 to 20 years by our local communities. They built models, they used data, they used science to determine what was going to be needed 15 to 20 years in the future. What transportation providers find themselves doing are trying to figure out ways to take the infrastructure in the pipeline and shoehorn it back into these random requirements that are being included in NOFOs.

Mr. GRAVES OF LOUISIANA. That is very helpful, thank you.

Mr. Winders, you noted that the complexity of complying with Federal regulatory requirements is incredibly costly in terms of trying to advance projects that are priority for you. Can you talk a little bit more about maybe the comparison of projects that you have built without Federal funds using State and local that don't trigger Federal regulatory requirements, as compared to those that do trigger Federal regulatory requirements?

Mr. WINDERS. Yes, thank you for the question.

The projects that we do with local county money, the requirements are much less onerous. There are State requirements, of course, but we can budget, we can budget and execute the projects. We build several bridges every year, and it's much quicker.

Mr. GRAVES OF LOUISIANA. Last quick question. Do you trash the environment when you build projects without complying with Federal requirements?

Mr. WINDERS. No sir, we do not.

Mr. GRAVES OF LOUISIANA. I didn't think so. Thank you.

I yield back, Mr. Chairman.

Mr. D'ESPOSITO. The gentleman yields. The Chair recognizes Ms. Scholten for 5 minutes.

Ms. SCHOLTEN. Thank you, Mr. Chair, and thank you so much to our witnesses for being here today. It is especially great to see a representative from my home State, the great State of Michigan.

Ms. O'Leary, you spoke in your testimony about how the simplification of the grant application process would help make funds from key pieces of legislation, such as the Bipartisan Infrastructure Law, more accessible to smaller and less resourced communities.

As a member of both this committee and the Small Business Committee, I understand how many hurdles there are in these grant application processes. We actually hired a specific grants and outreach coordinator in our office just to help address a lot of these issues. What specific hurdles come to mind for you, and what would that process for simplifying the grant application look like to you?

Ms. O'LEARY. Thank you. It's great to see you.

Well, our local governments have a lot of issues relating to applying for the grants. And I think one of the big problems is just really connecting what grants need to be applied for for what projects. And having that guidance can be a challenge. And that is where regions are trying to play that role to really understand—we play that role on a lot of things, whether we try to understand a grant program or understand a regulation. Our local governments are really busy running their government, and so, we need to be able to play that role and say, OK, we as regional entities can talk to you about here are the grant applications, here are the ones that would fit with what you want to get done.

So, that is one of the number-one things I talk to them about is what are the issues you are hearing? We brought together 35 to 40 mayors. They are meeting again tomorrow to talk about what are their issues in their community. And infrastructure was still the number-one thing they said, both transportation and water infrastructure, and lack of capacity to be able to apply for the grants.

Ms. SCHOLTEN. Yes, yes, thank you. You also cite the importance of helping communities prepare for extreme weather events that are becoming more frequent with climate change. To that end, what could the PROTECT discretionary grant program do for communities like those in southeast Michigan experiencing extreme weather events like the August 2023 floods?

Ms. O'LEARY. Thank you. Well, we are pretty excited about the PROTECT grant, both on the planning side—we are a regional planning agency, of course—but also on the implementation side. Being able to develop a transportation resiliency plan will actually lower the match for those that then apply for PROTECT implementation dollars, which is—one reason to do it, right, is to be able to address the match issue for our communities.

But what we have also seen is, with the amount of rain and flooding and flooding disasters that we are having in our region, the infrastructure isn't going to handle that amount of rain, and we can't build ourselves out of it. We can't pull all the infrastructure out and put larger pipes everywhere.

So, what we are trying to do, which we think is pretty innovative, is looking at the PROTECT funds to figure out where in the region does it make sense to store large amounts of floodwater above ground using large-scale green infrastructure or other techniques because our region and many urban areas are very complicated. You can't just put the water in one spot and think it is going to work. You have to understand how the sewer system and the stormwater system work together. And so, we are excited about that opportunity to be able to identify actual locations that then can lead to implementation dollars.

Ms. SCHOLTEN. Yes, that is fantastic. We look forward to continuing to work with you on that, as well. Using my last minute here to stay on the theme of water, in my district over in west Michigan, water is critically important. It is a way of life for all of us in Michigan. But the Bipartisan Infrastructure Law's unprecedented investment in communities is already being felt. Earlier this year, the EPA announced $177 million for Michigan drinking water, wastewater, and stormwater infrastructure upgrades. Essential. I can think of places to put that just within Michigan 3.

Everyone deserves access to clean water, but we know well in Michigan that aging infrastructure has not been replaced at the rate that it needs to, and can lead to really detrimental results. So, if you can stay on that theme a little bit and speak to specifically for clean water, drinking water, how will this impact these funds, the State, going forward?

Ms. O'LEARY. Sure. Well, we have done an analysis in our region where we need $3 billion a year for the next 20 years just to keep our infrastructure at a level of good service. So, that is not even managing the amount of new rainfall that we are seeing in the region and the improvements that you need to see at a wastewater treatment plant. That is $3 billion a year just in southeast Michigan. So, it is a huge investment that is needed.

And in our State, the lack of being able to do stormwater utilities is a real challenge. And so, we are trying to address that at the State level. The program dollars through the Bipartisan Infrastructure Law are unprecedented, but we need to remember a lot of those are loans, right? They go into the SRF program and they need to be paid back. And local governments sometimes don't have the ability to pay them back.

Ms. SCHOLTEN. Yes.

Ms. O'LEARY. So, principal forgiveness is a big part of that.

Ms. SCHOLTEN. Thank you. That is very helpful.

I yield back.

Mr. D'ESPOSITO. The gentlewoman's time has expired. The Chair now recognizes Mr. Burchett.

Mr. BURCHETT. Thank you, Mr. Chairman. This is for Mr. Baker.

The Department of Transportation seems to be increasingly requiring applicants to focus on merit criteria, and this is like our President's climate equity and justice goals. And some of these are very woke. Would you say that these criteria are useful for evaluating funding for short line rail and regional rail applicants?

And do you think the Department of Transportation's grant application process is intuitive for applicants?

Mr. BAKER. Well, answering the second question first, it's not intuitive. It's a big hurdle. I think we have talked a lot about that this morning already.

For small applicants, particularly short lines who might be applying for one grant in the history of their company, it's a big hurdle to clear. And I think there is a lot of room for the process to be simplified. And I think that would be a ripe area for Congress to require in the next reauthorization.

To answer your first question on the merit criteria, I would say a lot of that is not a real natural fit for a short line railroad application kind of one way or the other. And you do have to bend yourself into pretzels a little bit trying to apply.

I will say, to be fair, it hasn't been a huge hassle at the end of the day for short lines. And there are some aspects of short lines where we serve rural and disadvantaged areas, and there are small companies that are good for the environment that are a reasonable fit. So, we've learned to live with it, but it's not a natural fit.

Mr. BURCHETT. Well, what would you recommend to the Department of Transportation, just point blank?

Mr. BAKER. Thank you. I think there is a lot of room for improvement. I have hit on a few of them.

I think for CRISI in particular, there is an opportunity to focus that program more on freight rail, with passenger rail having a dedicated access to the other $58 billion of the $66 billion in rail from IIJA.

I also think that predictable timing on the grant programs, where you would know in advance it is going to come out at the same time every year; doing one NOFO at a time, as opposed to the combining. The combining really creates kind of a lumpy program that is hard to predict and hard to plan on. And then I do think, from Congress' point of view, the advance appropriations really do help make the program function and make it predictable. Trying to count on a program that is at the vagaries of an annual appropriations process is going to be—it is just hard to make any long-term planning based on that.

Mr. BURCHETT. It was stated in other earlier testimony that the expense of doing this seemed to be kind of exorbitant. How do you absorb that, or how do you prepare for that type of thing? Is that something you know in advance what it's going to cost you, the time it takes? Or is it just—it seems like a moving target.

Mr. BAKER. For me still?

Mr. BURCHETT. Yes, either one of you. I know Mr. Winders—it looks like he is itching to answer.

So, go ahead, brother.

Mr. WINDERS. Thank you, Representative. Itching to answer may be a slight overstatement, but——

Mr. BURCHETT [interrupting]. Well, you were reaching towards the buzzer, so, I will——

Mr. WINDERS [interposing]. Yes, sir, I was.

Mr. BURCHETT. I will let you go, brother.

Mr. WINDERS. Yes, sir, I was. The question was what can be done with the program, or how do we prepare for the costs. And the way we prepare for the cost is, we have to keep our costs down very low. We don't have the ability to throw a lot of resources for a grant program that, in our experience, the playing field is slanted against us, and we are probably not going to get anyway. So, it keeps us from being able to do that.

When we do need to do that, our coalition—as when we did the benefit-cost analysis—was able to pool some resources and pay for that.

Mr. BURCHETT. Do you have any way to share that information with, maybe not your competitors, but people in an area where you are not, and maybe figure something out?

Because it just seems to me this is—these things are always—I guess they start out maybe in a good spot, but they always end up helping the big boys or somebody who is connected with somebody. And to me, that just stinks.

Mr. WINDERS. Yes, yes, we would like to—we would definitely like the playing field to be competitive. We think our project and many others in rural America will compete as a road, but they won't necessarily compete on all the other criteria that you mentioned, Representative.

Mr. BURCHETT. I always say we need to put the best players in, Coach. And if the NFL was Congress, Peyton Manning would probably still be waiting to get in. So, thank you all so much.

I have 5 seconds, and I will yield that back to the committee because I am very generous like that, Mr. Chairman.

Mr. D'ESPOSITO. Thank you, sir. The Chair now recognizes Mr. Payne for 5 minutes.

Mr. PAYNE. Thank you, Mr. Chairman, and I want to thank our witnesses for offering their testimony today.

Ms. O'Leary, in your testimony, you mentioned how the Southeast Michigan Council of Governments strategically works with the local partners to determine the best entity to apply for grant opportunities. Through this process, what have your local partners learned about the grant application process?

And has this spurred them to pursue additional funding from the Federal Government?

[Pause.]

Mr. PAYNE. For competitive grants. I am sorry.

Ms. O'LEARY. OK, thank you. I have a couple of examples.

One is under our Safe Streets For All application. We brought together local communities to talk about what their projects might be in our region. And in that first round, we consolidated about 30 local governments to submit their ideas, and we vetted them through, and we also included safety audits from SEMCOG. And actually, that time we weren't successful in getting it. We received the money to do the safety audits, but not to be able to do those individual community projects.

So, we had a conversation with the Federal Government about what was needed to improve our application the next time, which we did. And we were happy that we received $10 million that now we are able to pass through to our communities directly. So, that's one way we have brought them all together.

The other is right now we are meeting with counties and cities together to apply for the Climate Pollution Reduction Grants, which I know is under the IRA. But we are bringing all of them together to look at what are the topics that are the most strategic to apply for, and we will be applying for a set of money as a region representing all of those entities again, and passing through to them.

Mr. PAYNE. Thank you.

Mr. Baker, I appreciated that your testimony refers to the need for funding predictability for rail. Thanks to the Bipartisan Infrastructure Law, we now are operating with 5 years of guaranteed funding for freight and passenger rail.

Unfortunately, we are still dealing with the unpredictability of the annual appropriations process. Thank goodness we were able to reject the 65-percent cuts to Amtrak funding, including a 93-percent cut to funding for the Northeast Corridor, along with elimination of certain grant programs that some Republicans initially proposed.

What does that funding certainty mean for rail?

Mr. BAKER. Thank you for the question. The advance appropriations, I have said earlier, is a game changer for rail. We have never had that before for—obviously, I represent the freight rail side and the short line freight rail side, and I don't get to speak for my Amtrak friends, but I feel confident in saying everyone in the rail industry recognizes the total shift in reality that the advance appropriations allowed.

And it's a long-term business. We are on year 197 of railroading in the United States. It's the kind of thing you—we have rail in place from 1895, and we have locomotives that last 50 years long. It's big, heavy investments. They need to last a long time. They take long planning horizons. And waking up each year and seeing what the appropriations process provided is just not a realistic way to do it if you are serious about the program trying to be effective. So, the advance appropriations is a huge deal.

Mr. PAYNE. Thank you, yes, and these are the types of efforts that on this side of the aisle, we have tried to make in order to move everyone forward in a positive manner. And predictability is the key to saving money and having great success.

So, with that, sir, I yield back.

Mr. D'ESPOSITO. The gentleman yields. The Chair now recognizes himself for 5 minutes.

I want to thank you all for being here this morning—I guess now this afternoon.

Mr. Baker, short line railroads are important to this Nation. And Long Island, where I am from, is not excluded. The New York and Atlantic Railway provides freight services on lines owned by the Long Island Rail Road, transporting food products, building materials, waste and recyclables, among other products to and from local, critical, important industry.

This railroad is vitally important to my district and the rest of Long Island, Brooklyn, Queens, and the outer boroughs, as it forms a critical link connecting industries to the entire North American freight railroad network. The railcars that travel also remove over 120,000 heavy-truck trips from the roads and highways of New York City and reduce transportation emissions by 75 percent. It is important that short line railroads such as the NYA are supported and have access to expedient Federal funding.

As you mentioned, short lines became eligible for the Consolidated Rail Infrastructure and Safety Improvements program administered by the Federal Railroad Administration to replace, upgrade, rehabilitate, and provide funding for countless other investments. Can you just explain why these grants are so critically important, and why we need to continue funding them?

Mr. BAKER. Thank you very much. The NYA is a unique short line, but at the end of the day, there are 600 short lines and they all have their own unique story. One of the things they have in common is they tend to be small businesses with a limited amount of customers, limited amount of revenue, but very, very expensive infrastructure to maintain.

Blessedly, from the very beginning of the short line world, Congress—both sides of the aisle—has really seen the public policy benefit in helping support short lines and allow them to preserve and maintain that infrastructure, and CRISI has really taken that to a new level. We are very, very appreciative. I tried to start and end my testimony with that. We do have plenty of constructive suggestions for how it can work better, but CRISI is crucial to short lines, and the New York and Atlantic is a great success story, and you probably did my job better than I could do it with all those trucks off the road in such a busy area. It's a big success.

Mr. D'ESPOSITO. So, I think one of the criticisms that we have heard, and it is not just to this specific grant program, but I think grant funding programs, it is just—it is a problem—is the idea of when the grants are actually announced and when they are obligated or implemented. So, what can the DOT do better to make sure that that funding—like, so, when it is announced, the money is actually delivered much more expediently so it could be invested in infrastructure?

Mr. BAKER. Yes, the premise of your question is right on. It is an amazing delay. I mean, we have $6 or $7 million grants for basic track rehab, you know, replace ties and rail. And it can be 3 years later by the time you are done with getting a categorical exclusion from the NEPA process and getting a historic preservation review.

And so, there are big opportunities for streamlining, and I think that would be a fantastic place for Congress to be pretty specific in the next reauthorization about mandating that streamlining.

And I also think, as we spoke earlier, I think public accountability and transparency, putting these projects on some sort of dashboard, which I recognize would take a fair amount of work at FRA, and the staff would have to be paid for. But being public about where all these projects stand and what stage they are in, I think, would help. And people would say, why have some of them advanced and the rest are sitting around not moving?

Mr. D'ESPOSITO. Thank you, Mr. Baker.

And again, thank you all for being here. I now recognize Mr. Stanton for 5 minutes.

Mr. STANTON. Thank you very much, Mr. Chairman. Thank you to the witnesses for being here today.

Successful implementation of the Bipartisan Infrastructure Law is our shared priority. And you, as key stakeholders, help us evaluate that effectiveness. So, it is appreciated.

Arizona, my home State, has received millions and millions in discretionary competitive grants. We benefited from a $25 million RAISE grant that is funding the construction of a Rio Salado bike and pedestrian bridge, allowing the community to cross the riverbed, an alignment with 3rd Street connecting our community, promoting sustainability, advancing our shared vision for Rio Reimagined.

Recently, we had an even bigger win. In January, Arizona received nearly $100 million in a competitive INFRA grant from the U.S. Department of Transportation for major improvements to widen Interstate 10, a major corridor important not just to Arizona but to the entire country. The grant was awarded to improve the safety conditions on the 26-mile stretch of I–10, located entirely within the boundaries of the Gila River Indian Community.

That is what I want to raise today: the experience of our Tribes and Tribal governments, our Nation and nation partners in the discretionary grant programs authorized by the Bipartisan Infrastructure Law. Overall, the Department of Transportation has made improvements. There are over 155 grant programs that specifically make Tribal governments eligible for funding. These programs range from broadband, highway safety, clean power, and resilience.

However, the discretionary grant system is set up in a way that does not always work well for our Tribal partners. Many grants, especially larger dollar grants like INFRA and Mega programs, are only successful when States make the application. Tribes can't make the application directly with the Federal Government. Tribal governments are our sovereign Federal partners. And despite the nation-to-nation relationship with our Tribes, Tribal governments often have to work underneath local and State governments to apply for these discretionary grants, even when they are technically eligible for the grant, they have the technical capability to apply for and implement the grant. Many matching grants create barriers. Sometimes there is a 20-, 25-percent match requirement with a minimum of $1 million or more. Tribal partners are deterred from applying, and even when they do have capacity and work with State and other partners, it is not always clear that the grant applications are made on behalf of the Tribe.

In my State, the Gila River Indian Community applied for a different discretionary grant funding for the I–10 widening for years. Last year, when they were denied the Mega grant, it was in part because they scored low on the equity portion, despite being a Tribal government applying for these resources. Eventually, the Arizona Department of Transportation, working with many partners in the State, was able to secure an INFRA grant. But there is still much work to do to ensure our Tribes and Tribal governments, our Nation and nation partners, are front and center as we evaluate a discretionary competitive grant.

So, the bottom line is the system does not work as well as it could for Tribes. I know that the self-governance of Tribes works. I see it in my State over and over and over again, as we have more than 20 outstanding Tribes that do great work, professional work, and they deserve that support. We don't have a witness here speaking on behalf of Tribes today, but some stakeholders like the National Association of Counties, I want to give them a shout out. They work hard to bring Tribal partners on their boards, on their working committees, et cetera.

But ultimately, we need to do more, and I hope I can work with my colleagues here and stakeholders in front of us today to improve the system, make sure we evaluate the needs and sovereignty of our Tribal partners, and make sure the grant program works better for them.

With that I yield back. Thank you, Mr. Chairman.

Mr. EZELL [presiding]. The gentleman yields. The Chair recognizes Sheriff Nehls.

Sheriff.

Mr. NEHLS. Thank you, Mr. Chairman. Thank you all for being here.

Mr. Baker, Mr. Perdue—Mr. D'Esposito just talked about grants, how we can—you mentioned streamlining grants, transparency, efficiency. Mr. Perdue, we talked a little bit about that with some of the other—this is Congress. This is Washington, DC. Those words really don't exist in Washington, DC, talking about streamlining and transparency, and it certainly doesn't exist with this administration.

Mr. Winders, you oversee National Association of Counties, right? How many counties in this great country of ours? I have an idea, but why don't you share with us?

Mr. WINDERS. About 3,000——

Mr. NEHLS [interrupting]. 3,000? That's exactly right, 3,000 counties across the entire country.

Did you know that in 2020, Joe Biden won 509 of them, 16-point-something percent, 16 percent of counties? I think it would be good food, good thought here to—would you get back with me and let me know about these grants and how many of those grants, these grants that people are applying for, are going to the 509 counties? The lowest number ever, ever, ever a President wins the election. He won it with just 509 counties, 16 percent. I am kind of curious what it would look like to see where these grants, these discretionary grants are going. Maybe you can help me out with that a little later on.

I will tell you, Mr. Baker, I thank you for being here. I chair the railroads, right, the Subcommittee on Railroads, Pipelines, and Hazardous Materials. And I love it. I love CRISI grants. I think they are good. I believe it helps the Class II's, the Class III's, and I like that robust funding. I have spoken to Administrator Bose on this, and I support that because I think that it's all about safety.

But we don't talk too much about the grade crossing elimination act. You know, the grade crossing. Now, how much money is in there for the grade crossings?

Mr. BAKER. The grade separation program has $600 million a year, guaranteed.

Mr. NEHLS. $600 million. Is that enough?

Mr. BAKER. That would do about 20 or 30 a year.

Mr. NEHLS. Yes, yes, yes.

Mr. BAKER. And there are thousands that——

Mr. NEHLS [interrupting]. Listen, I had a hearing on this about a month or so ago. We were talking about—and I hear from all the individuals involved, and they said that is where the real danger lies, in cars, people going through the gates, some of them don't have gates, individuals being run over by trains, all sorts of issues at these grade crossings. So, I like the idea, and I am assuming you would support that.

Maybe even you, Ms. O'Leary, that we need to do something about actually addressing an issue, and the issue is I think there are 220,000 grade crossings across the entire country, so, we should be addressing those. We should be really, really passionate about that. Would you all agree with that?

Mr. BAKER. I would certainly agree with that. About 95 percent—and I know you know this—about 95 percent of the fatalities on the rail industry are grade crossings and trespassing. And it is unfortunately expensive. So, it is a real challenge for the country. But separating the crossing—the safest crossing is one that doesn't exist.

Mr. NEHLS. I am with you.

Ms. O'Leary, what do you think?

Ms. O'LEARY. I agree with you.

Mr. NEHLS. Oh, thank you so much.

Ms. O'LEARY. You are welcome.

Mr. NEHLS. Mr. Perdue, I am from the great State of Texas, buddy. Did you say you are getting 1 percent? Is it a little over 1?

Mr. PERDUE. That is correct. Just over 1 percent of the distribution.

Mr. NEHLS. Yes. You know where we are, the great State of Texas? A lot of people come to us too, buddy. A lot of people——

Mr. PERDUE [interrupting]. It is not much higher than that.

Mr. NEHLS. Ah, a little less than 2, a little less than 2. We gained two seats in the House because everybody is leaving these other States, coming to your great State, coming to my great State. They are fleeing the oppression.

And our formula is around 10 percent, and we are getting less than 2. How do you feel about that? Do you think that DOT is distributing these grants fairly? Would you say they are distributing them fairly?

Mr. PERDUE. I would say thus far it's certainly not commensurate with population, lane-miles, vehicle-miles traveled. Definitely not. Our formula allocation is around 5 percent, and we have only seen 1 percent of grant awards.

Mr. NEHLS. Yes. Well, I appreciate all the panel for being here. And it would just be a treat for the American people to see Congress working for them.

We talked about cost overruns. I think Mr. Rouzer was talking North Carolina, about—let's just say a $1 million project. Now, after 3 years, all the redtape, NEPA, all this other stuff, environmental impact, it is $1.2 million. Who covers the other $200 million? In your testimony I think it is the State DOTs and the local stakeholders. Is that right?

Mr. PERDUE. Yes, Congressman. That is exactly right.

Mr. NEHLS. Yes.

Mr. PERDUE. I mean, State DOT, we have to cover the cost increases and balance our finances.

I would say for local governments, local communities, other entities that are much smaller, it is very difficult to manage——

Mr. NEHLS [interrupting]. I would make an assumption, because of the inefficiency, some of the projects they say we can't do it anymore. We can't afford to come up with the over cost overrun. Can't do it.

Mr. PERDUE. That has happened.

Mr. NEHLS. Just eliminate it. Shameful. We can do better.

I yield back.

Mr. EZELL. The gentleman yields. The Chair recognizes Mr. Menendez for 5 minutes.

Mr. MENENDEZ. Thank you, Chair, and I appreciate all the witnesses for appearing here today, and their thoughtful testimony.

I am proud to say that my district has received over $11 billion in discretionary grants from the Infrastructure Investment and Jobs Act. And after the prior testimony, I would just remind everyone that there is a project in every single congressional district, red and blue States, rural and urban, that is funded by the Infrastructure Investment and Jobs Act. So, we are putting this money to work across the entire country, regardless of whether those Members voted for the bill in the 117th Congress.

These funds are being used for several exciting projects in my district, including improving and updating the Bayonne Drydock, electrifying ferries in Elizabeth, improving road safety in Jersey City, and for the Gateway Program. The Gateway Program is the most urgent infrastructure project in the entire country. The Northeast Corridor is the most heavily used passenger rail line in the United States. The section that goes through my district, New Jersey's Eighth Congressional District, handles 450 trains per day and over 200,000 daily Amtrak and New Jersey transit passenger trips. This project is important not just for my district, but for the New Jersey-New York metropolitan region and for anyone traveling on the Northeast Corridor.

Ms. O'Leary, your testimony touches on the importance of INFRA and RAISE grants. As I just mentioned, our district has benefited from these programs, and the funds will go towards critical infrastructure projects. Can you talk more about the importance of consistency in funding these programs?

Specifically, how does consistency impact regions and States' ability to plan for large projects such as the Gateway Program?

Ms. O'LEARY. Thank you. Yes, consistency is very important with these programs.

And I would say in Michigan, or at least in southeast Michigan, prior to BIL, our ability to receive a lot of the RAISE funding and the predecessor names of that funding was more limited. The increased funding that has been available now through INFRA and RAISE has led to more projects in our region, one being the largest project on Mound Road, which I spoke to in my testimony, is the largest nonstate-funded project in the country, at $100 million, to upgrade the transportation along the economic development corridor of the defense industry.

Mr. MENENDEZ. I appreciate that. How would making these programs mandatory or formula-based impact planning for large projects?

Ms. O'LEARY. I am sorry, could you repeat——

Mr. MENENDEZ. Sure. How would making these programs mandatory or formula-based impact planning for large-scale projects?

Ms. O'LEARY. Well, what we see is, with the formula funds, there is not enough of them to be able to do these large projects in our region. So, I don't know if there is ever going to be enough formula funds to be able to do the kinds of projects that INFRA and RAISE are able to do.

And so, knowing that there is—even though they are discretionary, they are consistently coming out at a certain amount of money every year gives us the consistency that we need and the reliability to be able to get ahead of applying for them a couple of years down the road, so that we are properly prepared with our applications.

Mr. MENENDEZ. Sure, I appreciate that. And how does operating under a continuing resolution impact these projects, specifically as it relates to planning and cost?

Ms. O'LEARY. Operating under the continuing resolution has been a challenge more for the communities that have combined these ideas with congressionally directed spending projects, and not being able to move on those, and trying to figure out if those projects are really going to go or not go, and if they should apply for grant funds instead.

So, the continuing resolution has been difficult in the planning for all infrastructure projects, especially—you are playing the waiting game for projects that are in the congressionally directed spending right now.

Mr. MENENDEZ. Right, and it is an allocation of time and resources, and thinking through what the different funding opportunities are, and not having that confidence makes you sort of question which path you should go. And that makes—I imagine it makes it more difficult to plan, especially on these large-scale projects.

Ms. O'LEARY. Yes, agreed.

Mr. MENENDEZ. All right. I appreciate it.

I yield back.

Mr. EZELL. The gentleman yields. The Chair recognizes Mr. Yakym.

Mr. YAKYM. Thank you, Mr. Chairman, and thanks to our witnesses for being here today.

It is an important hearing that we are having today on the Infrastructure Investment and Jobs Act, or IIJA, which represented over $1 trillion in infrastructure spending, with a dramatic increase in discretionary spending.

But each hearing examining IIJA, I only grow more concerned that the American people aren't getting enough bang for their buck. I can tell you that in my home State of Indiana, we certainly aren't. We rank dead last on a per capita basis in securing IIJA discretionary grants. And that's not just behind all States. It's behind all Territories, too, including Guam and American Samoa. Apparently, the Hoosier State just needs a few more friends at the Department of Transportation.

I have been working with State and local officials to get a better understanding of why that is, but I am also getting an earful on the grants that they do manage to win. For example, let's talk about a lack of clarity. In an attempt to be helpful, the DOT created a calendar of Notices of Funding Opportunity, or NOFOs. Despite these good intentions, however, agencies have missed their own deadlines, which has left at least one project in my district in a funding lurch.

Let's talk about complex applications. Local stakeholders are trying their best to keep things "in house," with limited resources. But the lack of success caused some of them to weigh the expanded expense of consultants who hopefully know the secret sauce or buzzwords to get their projects noticed. Others just aren't bothering to try applying for these funds.

Let's talk about maddening feedback. I appreciate that the DOT will sit down with those who aren't yet awarded a grant, or who don't get a grant application. But the feedback can be exasperating. One local stakeholder whose application was denied for a planning grant to study a potential grade separation had a debrief with DOT in which they told them that they "might have scored higher if they had included a plan to add EV charging," because what better place to charge an electric vehicle than under a railroad crossing?

Let's talk about grant agreement delays. For the lucky who win a grant, the splashy press release goes out but then they wait 6 to 8 months to finalize the grant agreement. In the meantime, no work can be done. Then again, it sounds like maybe they are getting off easy. But the average wait time for a 2021 RAISE grant was nearly 16 months to get an agreement.

And finally, let's talk about inflation. As we all know, time is money. These delays come at a time of very high inflation. And let's be clear. The DOT's inflation index for highway construction is still hitting new highs, meaning project costs are still ballooning. One locality told me that it recently won a grant. They are actually giving the money back to the DOT. Because in all the time that it took to go through the bureaucracy, the cost of the project tripled.

I know communities and States across the country, including our witnesses here, are facing the same issues. I hope that we can look forward to the successor to IIJA as we heed the experiences and place a renewed emphasis on formula dollars over discretionary grants. Let's get money to the States who know which projects need funding, and then get the money out the door as quickly and efficiently as possible.

I want to return briefly to the topic of discretionary grants. According to DOT figures, only 93 of 418 grant agreements have been secured for RAISE grants awarded between fiscal years 2021 and 2023. And this question is for any witness. Can you just describe what are the bottlenecks? And what would you do to speed up the process?

It's like third grade school. So, you can either answer, or I will start calling on you. So, go ahead, Mr. Baker.

Mr. BAKER. That ratio sounds similar to the program I am most familiar with, which is CRISI. It's slow. It has always been slow, and it's probably slower now than it used to be, as the program has gotten bigger as far as getting from announcement to actual agreement.

How exactly to speed it up inside is a little bit opaque to grantees on the outside and myself. But I think, frankly, Congress could essentially just tell them to do it in a future bill, just mandate that it go quicker. And I think, again, public transparency, putting it on a dashboard, explaining what's happening and why. And if it's not done on a certain timeline, let's say why. And sometimes it's the applicant's fault, and that's OK. But I think sunshine would fix that, too.

Mr. YAKYM. Thank you, Mr. Baker.

And finally, I do just want to say that in order to get these grants, we have to certify compliance with 75 Federal laws and regulations plus 12 Executive orders before being awarded a grant. That seems maddening and dizzying to me. I think we can do better.

Mr. Chairman, I yield back.

Mr. EZELL. The gentleman yields. The Chair recognizes Mr. DeSaulnier for 5 minutes.

Mr. DESAULNIER. Thank you, Mr. Chairman. I request unanimous consent to enter into today's hearing record four documents supporting my colleague, Congressman Garamendi's, questioning today.

Mr. EZELL. Without objection.

[The information follows:]

News release entitled, "Governor Ron DeSantis Signs Largest Tax Relief Package in Florida's History," by News Releases by Staff, flgov.com, May 6, 2022, Submitted for the Record by Hon. Mark DeSaulnier

GOVERNOR RON DESANTIS SIGNS LARGEST TAX RELIEF PACKAGE IN FLORIDA'S HISTORY

by News Releases by Staff

May 6, 2022

https://www.flgov.com/2022/05/06/governor-ron-desantis-signs-largest-tax-relief-package-in-floridas-history/

OCALA, FLA.—Today, Governor Ron DeSantis signed House Bill 7071 which provides more than $1.2 billion of tax relief for Floridians. The bill provides for ten sales tax holidays for a variety of items commonly purchased by Florida families, including fuel, diapers, disaster supplies and, tools. A one-pager on the bill can be found here [https://www.flgov.com/wp-content/uploads/2022/05/5.6-Sales-Tax-List.pdf].

"Florida's economy has consistently outpaced the nation, but we are still fighting against inflationary policies imposed on us by the Biden administration," said Governor Ron DeSantis. "In Florida, we are going to support our residents and help them afford the goods that they need. Florida has been fiscally responsible, so we are in a good position to provide meaningful relief for families, right now."

"The Florida House's tax package—the largest middle-class tax relief package in the history of the state—is now the law of the land," said Speaker Chris Sprowls. "A bill like this has never been more needed than it is right now. Reckless federal spending sent inflation rates spiraling higher than we've seen in generations, and Floridians are feeling the impacts. From tools to diapers to books for summer reading, this billion-dollar tax package includes something for every Floridian, and that's what I'm most proud of. Thank you to Chair Bobby Payne, the Ways and Means Committee, and to Senate President Simpson and our Senate counterparts for your leadership and commitment to keeping money in the pockets of hard-working Floridians."

"Florida cannot independently fix or outrun all of the problems leading to the cost increases that are wreaking havoc on families, especially our most vulnerable," said Senate President Wilton Simpson. "However, we are working to ease the pain with broad-based sales tax relief and a month-long gas tax holiday. This bill supports growing families, Floridians looking to prepare their homes for severe weather, and the blue collar working men and women of our state who are trying their best to get by amid record-high gas prices and inflation that many of us have not seen in our lifetime. We are increasing the length of sales tax holidays for hurricane season and back-to-school, and also creating new short-term and long-term sales tax relief on key items needed by families."

"This year's tax package was truly an effort to benefit every Floridian in some way," said Representative Bobby Payne. "Giving people more control over their hard-earned money is the kind of work that makes me proud to serve in the Florida House. I want to thank Speaker Sprowls for his support and the opportunity to create the largest tax exemption package in Florida's history. Additionally, I want to thank our Senate colleagues and the Governor for his leadership and for signing this bill today."

The 10 tax holidays are:

- A one-month Fuel Tax Holiday from October 1, through October 31, 2022, saving Floridians $200 million by lowering the price of gas by 25.3 cents per gallon.
- A 3-month sales tax holiday for children's books from May 14 through August 14, 2022, providing $3.3 million in tax relief.
- A one-year sales tax holiday from July 1, 2022, through June 30, 2023, for baby and toddler clothes and shoes, providing $81.5 million in tax relief.
- A one-year sales tax holiday from July 1, 2022, through June 30, 2023, for children's diapers, providing $38.9 million in tax relief.
- A 14-day Back-to-School sales tax holiday from July 25 through August 7, 2022, for clothing, shoes, backpacks, and school supplies, providing $100 million in tax relief.
- A 14-day Disaster Preparedness sales tax holiday from May 28 through June 10, 2022, for supplies such as flashlights, radios, tarps, batteries, and fire extinguishers, providing $25.6 million in tax relief.
- A 7-day Tool-Time sales tax holiday from September 3 through September 9, 2022, for tools and other home improvement items, providing $12.4 million in tax relief.
- A two-year sales tax holiday from July 1, 2022, through June 30, 2024, for impact resistant windows, doors, and garage doors, providing $442.8 million in tax relief.
- A 7-day Freedom Week from July 1 to July 7, 2022, providing a sales tax exemption for specified admissions and items related to recreational activities, providing $70.6 million in tax relief.
- A one-year Energy Star Appliances sales tax holiday from July 1, 2022, through June 30, 2023, for washing machines, clothes dryers, water heaters, and refrigerators, providing $78.5 million in tax relief.

Additionally, permanent tax relief provided in the legislation consists of various sales tax exemptions, corporate income tax credit expansions, and ad valorem tax and exemption provisions that will generate an additional $190 million in tax savings over two years and $140 million annually after that.

You can find additional information about the tax holidays at floridarevenue.com/SalesTaxHolidays.

Motor Fuel Tax Relief 2022, Florida Department of Revenue, floridarevenue.com, Submitted for the Record by Hon. Mark DeSaulnier

MOTOR FUEL TAX RELIEF 2022

October 1–31, 2022

For more information, visit https://floridarevenue.com/MotorFuel/Pages/default.aspx

The Florida Motor Fuel Tax Relief Act of 2022 reduces the tax rate on motor fuel by 25.3 cents per gallon. Passed by the Florida Legislature and signed into law by Governor Ron DeSantis, the tax rate reduction begins Saturday, October 1, and extends through Monday, October 31. The tax rate reduction applies to all gasoline products, any product blended with gasoline and any fuel placed in the storage supply tank of a gasoline-powered motor vehicle.

Unlike sales tax, which is assessed on the taxable price of goods and services, fuel taxes are assessed on gallons when product is removed from a terminal or imported into Florida. These taxes are remitted to the state by licensed terminal suppliers and importers who then pass the fuel taxes down through the supply chain to the ultimate consumer at the pump. Under Florida law, all segments of the petroleum industry must pass along the reduced tax rate, so the consumer receives the full benefit of the tax suspension.

Download a printable chart to see all modified tax, collection allowance, and refund rates.

Consumers

During the 2022 Motor Fuel Tax Relief period, all grades of motor fuel/gasoline are exempt from fuel tax.

Have questions? The 2022 Motor Fuel Tax Relief Act FAQs for Consumers might help.

Local Tax Governments and Mass Transit System Operators

During the 2022 Motor Fuel Tax relief period, all grades of motor fuel/gasoline are exempt from fuel tax.

For more information on implementing the tax exemption, please see the Department of Revenue's Taxpayer Information Publication on the 2022 Motor Fuel Tax Relief Act for Local Governments and Mass Transit System Operators or the 2022 Motor Fuel Tax Relief Act FAQs for Local Governments and Mass Transit System Operators.

Retail Dealers

During the 2022 Motor Fuel Tax relief period, all grades of motor fuel/gasoline are exempt from fuel tax.

For more information on implementing the tax exemption, please see the Department of Revenue's Taxpayer Information Publication on the 2022 Motor Fuel Tax Relief Act for Retail Dealers or the 2022 Motor Fuel Tax Relief Act FAQs for Retail Dealers.

Terminal Suppliers

During the 2022 Motor Fuel Tax relief period, all grades of motor fuel/gasoline are exempt from fuel tax.

For more information on implementing the tax exemption, please see the Department of Revenue's Taxpayer Information Publication on the 2022 Motor Fuel Tax Relief Act for Terminal Suppliers or the 2022 Motor Fuel Tax Relief Act FAQs for Terminal Suppliers.

Wholesalers and Importers

During the 2022 Motor Fuel Tax relief period, all grades of motor fuel/gasoline are exempt from fuel tax.

For more information on implementing the tax exemption, please see the Department of Revenue's Taxpayer Information Publication on the 2022 Motor Fuel Tax Relief Act for Wholesalers and Importers or the 2022 Motor Fuel Tax Relief Act FAQs for Wholesalers and Importers.

Promotional Materials

[Editor's note: See https://floridarevenue.com/MotorFuel/Pages/default.aspx for more information.]

Gas Tax Holiday, Office of the Attorney General, State of Florida, myfloridalegal.com, Submitted for the Record by Hon. Mark DeSaulnier

GAS TAX HOLIDAY

https://www.myfloridalegal.com/node/9372

Please Note:

Interruptions to gas availability and supplies due to Hurricane Ian may impact pricing during the Gas Tax Holiday. If you believe that you witnessed motor fuel pricing that constitutes price gouging under the Hurricane Ian State of Emergency, please click here for more information on filing a price gouging complaint.

What is the Gas Tax Holiday?

Pursuant to Florida law, the state gas tax will be reduced by 25.3 cents per gallon on all sales of motor fuel during the month of October 2022. Under this new law, it is unlawful for a terminal supplier, wholesaler, importer, reseller, or retail dealer of motor fuel to retain any part of the 25.3 cents per gallon tax reduction or to interfere with providing the full benefit of the tax reduction to the consumer.

What is the total amount of the tax reduction during the Gas Tax Holiday?

25.3 cents per gallon.

Does the Gas Tax Holiday apply to all fuel types?

No. The Gas Tax Holiday does not affect the taxes imposed on diesel fuel, aviation fuel, or kerosene.

Will we see a 25.3-cent-per-gallon reduction of gas prices at all gas stations starting on October 1, 2022?

Not necessarily. Florida's tax on gasoline is only one of many factors that affect the price you pay for gas. Factors aside from the tax rate may cause the price of gas to fluctuate during the Gas Tax Holiday.

Further, a gas station is only required to pass on the 25.3-cent-per-gallon tax reduction to its customers if it purchased gas from its supplier at the tax-reduced amount. If a gas station does not purchase gas from its supplier for the tax-reduced amount, then it would not be required to apply a tax reduction to the price charged at the pump.

Is it possible that some gas stations will not decrease their prices at all in October of 2022?

Yes. Gas stations that do not purchase tax-reduced gas from their suppliers would not be required to pass on a tax reduction to their customers during the Gas Tax Holiday.

During the Gas Tax Holiday, is there a specific price that gas stations must charge for gas?

No. The Gas Tax Holiday law does not require that gas stations sell gas for a specific price. The law only requires those gas stations that buy gas from their suppliers at the tax-reduced amount to pass on those savings in their sale of gas to the consumer. Please note that market fluctuations could also affect gas prices at the pump throughout the Gas Tax Holiday.

If a gas station doesn't reduce the price of its gas in October of 2022, is it considered price gouging?

No. The Florida price gouging law is only enforceable pursuant to a declared state of emergency in accordance with state statute and only applies to essential commodities needed as a direct result of the declared state(s) of emergency within the area for which the state of emergency is declared. If a state of emergency is declared during the Gas Tax Holiday (or at any other time) and you witness price gouging on any essential commodity, including gas, you can find instructions on how to file a price gouging complaint here.

If I believe that a gas station is violating the Gas Tax Holiday law, what should I do?

If you suspect a violation of the Gas Tax Holiday law, obtain as much relevant information as possible and file a complaint with our Office. Specifically, information regarding the prices being charged by the gas station, photographs of signs displaying the price(s) of all grades of gas being sold, and purchase receipts are pieces of information that could be helpful to our Office in reviewing and investigating Gas Tax Holiday complaints. Additionally, if you have information or documentation showing a substantial difference between the gas price you are reporting and price the gas station charged immediately prior to the Gas Tax Holiday or in the preceding 48 hours, please also include that information in your complaint.

Please report any suspected violation online at MyFloridaLegal.com. Alternatively, if you do not wish to submit your complaint form online, complaints forms may be printed out and sent by U.S. Mail to: Department of Legal Affairs, Consumer Protection Division, 3507 East Frontage Road, Suite 325, Tampa, Florida 33607.

Where can I find additional information regarding the Gas Tax Holiday?

If you have questions not addressed here, you may wish to visit the Florida Department of Revenue's website at floridarevenue.com or call Taxpayer Services (8 a.m. ET to 5 p.m. ET, Monday through Friday) at (850) 488–6800 for additional information regarding the Gas Tax Holiday.

Article entitled, "Florida's Gas Holiday Ends Today. Consumers Saved 25 Cents per Gallon in October," by Cheryl McCloud, Tallahassee Democrat, October 31, 2022, Submitted for the Record by Hon. Mark DeSaulnier

FLORIDA'S GAS HOLIDAY ENDS TODAY. CONSUMERS SAVED 25 CENTS PER GALLON IN OCTOBER

by Cheryl McCloud

Tallahassee Democrat, October 31, 2022
https://www.tallahassee.com/story/news/local/state/2022/10/31/florida-state-gas-tax-holiday-ends-oct-31-2022-ending-25-cent-savings/10650537002/

Thinking about topping off the gas tank after enjoying the weekend? Better do it today.

Beginning at midnight, Florida's gas tax holiday will end. During the entire month of October, the state gas tax was reduced by 25.3 cents per gallon, according to the Florida Office of the Attorney General.

The tax rate reduction applies to all gasoline products, any product blended with gasoline and any fuel placed in the storage supply tank of a gasoline-powered motor vehicle.

More about Florida's gas tax holiday

- Florida gas prices dip slightly; spike possible as state gas tax holiday ends

https://www.tallahassee.com/story/news/2022/10/24/florida-gas-prices-may-rebound-after-slight-dip-tax-holiday-ends-expensive-cheapest/10587043002/

- Pump prices jump: Florida gas tax holiday can't compete as OPEC slashes oil production

https://www.tallahassee.com/story/news/2022/10/10/florida-gas-prices-opec-tax-holiday/8233782001/

- As gas tax relief kicks in, Florida could see sub-$3 per gallon prices

https://www.tallahassee.com/story/news/2022/10/03/gas-tax-relief-kicks-florida-begins-hurricane-ian-recovery/8167503001/

- Florida gas tax holiday to go into effect Saturday—a month before the gubernatorial election

https://www.tallahassee.com/story/news/2022/09/30/florida-gas-tax-holiday-begins-saturday-during-hurricane-ian-recovery/10444556002/

Here's what you should know about Florida's Motor Fuel Tax Relief Act of 2022:

What is the Florida gas tax holiday?

The state gas tax was reduced on all sales of motor fuel in October. Under the law, it is unlawful for a terminal supplier, wholesaler, importer, reseller, or retail dealer of motor fuel to retain any part of the tax reduction or to interfere with providing the full benefit of the tax reduction to the consumer.

How much can consumers save from gas tax holiday?

The state gas tax was reduced by 25.3 cents per gallon.

When is the Florida gas tax holiday?

The tax holiday is in effect from Oct. 1 through Oct. 31.

Can you save at all gas stations?

A gas station is only required to pass on the 25.3-cent-per-gallon tax reduction to its customers if it purchased gas from its supplier at the tax-reduced amount. If a gas station does not purchase gas from its supplier for the tax-reduced amount, then it would not be required to apply a tax reduction to the price charged at the pump.

Are gas stations required to charge a specific price?

No. The tax holiday law does not require that gas stations sell gas for a specific price. The law only requires those gas stations that buy gas from their suppliers at the tax-reduced amount to pass on those savings in their sale of gas to the consumer.

What about diesel fuel or other types of fuel?

The reduced tax rate does not apply to diesel fuel, aviation fuel or kerosene.

Did the price go down by 25 cents at the pump?

Florida's tax on gasoline is one of many factors that affect the price consumers pay at the pump. Factors beyond the state's control may cause gasoline prices to go up or down during the tax reduction period.

What other tax holidays are there in Florida right now?

• Baby and toddler clothing and children's diapers. In effect until June 30, 2023.

Purchases of children's diapers, and baby and toddler clothing, apparel and shoes are exempt from sales tax.

• Energy Star appliances. In effect until June 30, 2023.

Appliances purchased for noncommercial use, including certain refrigerator/freezer units, water heaters, washing machines, and dryers, are exempt from sales tax.

• Home hardening. In effect until June 30, 2024.

During this holiday, homeowners' purchases of impact-resistant windows, doors and garage doors are exempt from sales tax on retail sales.

Mr. DESAULNIER. Thank you.

First, I just want to make a comment. He is no longer here, my good friend, Mr. Nehls, and counties—Mr. Winders, having come from county government in the San Francisco Bay area where I was a county supervisor—Commissioner, this is just an observation. You don't have to respond.

County officials get elected by county. Presidents don't. I have my own questions about the electoral college. So, his observation about 500 counties—your county, according to the website, is about 26,000 population. The county I represented for 14 years has about 1,000,002 people. So, I just want to make an observation, which is part of the challenge we have right here, is that we have this amazing infusion of public investment, the largest since President Eisenhower, in a country that has changed a lot since then, but still want to respect your community, my community, and doing that in a way—and this is to Ms. O'Leary, and I would love to hear the secretary's response, too, because you have similar challenges—we do have similarities with Florida. We are both big States, California and Texas.

In a world where you—having been on the MPO for the bay area for 10 years, and having been a county commissioner with local stuff, the idea in my perspective with this huge infusion is a huge challenge in a world that is changing. And then you overlay the requirements under the U.S. Clean Air Act signed by Richard Nixon, and California's was signed by Ronald Reagan.

So, getting the RTP [regional transportation plan] passed with the State implementation plan, having this infusion of money, and having both the discretion of the mobility under the formula—and I agree with you on this—the formula is right, but you still want to have discretionary grants that anticipate the changes we are under.

So, Ms. O'Leary, you come from a region that has changed a lot—differently than the bay area, for sure—but our big challenge now is COVID. And with the tech industry, 30 percent—I would bet higher than that—vacancy rates in downtown San Francisco, so, our traditional commutes for my community, which has 4 of the 10 largest mega-commutes in the country, because of the cost of housing versus where the jobs are, we have a wonderful opportunity, but it's going to take us a long time, unfortunately, to respond to that change.

So, you have some history in southeast Michigan of responding to private-sector changes in a different way. How do we stay—and we have this bothersome infrastructure for a reason. And it was largely Republican administrations who wanted to get rid of corruption that was delivered more on political relationships than on performance.

So, this committee is supposed to be the least partisan. How do we get this money out the door, working with the administration and our Republican colleagues in a country that has such diversity but has incredible demands, to make it easier for people to get to work, whether it's in a rural community or an urban community?

And by the way, those urban communities drive 65 percent of the GDP, gross domestic product, in this country. So, how do we keep that in this amazing opportunity, all those moving parts, and accelerate the RTP but still do it thoughtfully, without taking 20 years to get the research to validate what we are doing?

Ms. O'LEARY. You said a lot right there.

Mr. DESAULNIER. I know. You have a minute to answer.

[Laughter.]

Ms. O'LEARY. And I will say what you are saying is true. This is a challenge. And we say it's a good problem to have, right?

We know that our job as regions, and often, as counties and as the State, is to help our communities get ready. And so, yes, we are seeing this large influx and opportunity funds, many of them discretionary. And I feel personally that as regional leaders across the country, our job is to get our communities ready.

You have seen a rebound and a resurgence in the Detroit area, the Detroit metropolitan area. If you haven't been to visit Detroit, you should be. It's the place to be. And infrastructure and what we are able to do there is a big part of it. And I would encourage people to look at what has happened in Detroit. The collaboration and the partnerships are a big part of the success that we are having.

Mr. DESAULNIER. Debbie Dingell is a good friend, so, I hear from her all the time.

Ms. O'LEARY. Is she? She is great.

Mr. DESAULNIER. Yes, she is.

Mr. PERDUE. Yes, thank you Congressman. And I would say that IIJA did bring record funding in terms of Federal authorization. And it's definitely good and something that should be continued into the future.

With discretionary grants, the challenge is that we are being asked and expected to do more and to do more faster. It appears as though with discretionary grants, we are doing less and doing it slower. I think there are a lot of opportunities in formula distribution to really address that, because that's when the funds get pushed out and can actually go on to projects that are ready to be built.

Mr. DESAULNIER. Thank you.

Thank you, Mr. Chairman.

Mr. EZELL. The gentleman yields. The Chair recognizes Mr. Kean for 5 minutes.

Mr. KEAN OF NEW JERSEY. Thank you, Mr. Chairman.

Mr. Baker, it's good to see you again.

The IIJA authorized a new Railroad Crossing Elimination Grant Program. IIJA authorized $500 million annually in spending, subject to appropriations, and provided advanced funding of $600 million annually through fiscal year 2026. What has been your experience with this program, and do you have any recommendations for improvements?

Mr. BAKER. Thank you. The program is a new creation in IIJA. There has been one round of funding. We think it meets a pressing need. It's a program that public entities apply for. Railroads don't individually apply, but obviously it has to be, essentially, in partnership with a railroad. I think it's addressing a pressing issue.

I mentioned earlier 95 percent of the fatalities on the rail system nationwide are either trespassers or grade crossings. And the busiest crossings, not only are they dangerous, but they also—they block traffic sometimes, and people get upset, and it delays motorists. And really, the only way to permanently solve that problem is make it a grade separation.

And so, the program, it's a good idea. The challenge for the country is they are very, very expensive. You can be talking $20 or $30 million for one of these. So, $600 million a year guaranteed might get you 30 crossings, which is excellent. But there are 220,000 in the United States. So, I would say it's, like all these DOT grant programs, it has been slow to get started, they are slow to execute. But once it is getting going, I think people will like how it works, and I think that there will be an opportunity to increase that program even further in the next reauthorization.

Mr. KEAN OF NEW JERSEY. Yes, thank you.

Commissioner Winders, what are the barriers that keep local governments, especially those in rural areas, from applying for discretionary grants?

Mr. WINDERS. Thank you, Representative.

The key areas revolve around capacity, either the financial capacity to put together an application or the human capacity to wade through the notice of Federal funding opportunity, or the capacity to front the costs of a large project.

So, the notices being complicated and the capacity that is necessary to wade through those and figure out what works for whom, and whether or not we actually have a chance at any particular grant, whether it's worth our effort to put forward, those are some of the major, major constraints, barriers.

Mr. KEAN OF NEW JERSEY. OK. Are there other things that Congress can do to help rural communities to secure DOT funding or for critical infrastructure? Any other recommendations?

Mr. WINDERS. There has been discussion about direct funding to counties. There has been discussion about building capacity, helping to build capacity.

From my perspective—and I believe from NACo's perspective, the National Association of Counties' perspective—if we can simplify the rules, make the goals of the program clear and more singular, not so many goals, then that would levelize the playing field.

And what I mean by not so many goals is in the rating criteria. Different counties have different abilities to compete on such things as clean air. In my rural county, we are not going to get many points for our road project as it relates to clean air, but it is a definite safety need. It's a need for the State and national system. But we don't rate well on those criteria. So, maybe making sure that the criteria that the applications are rated on are the things that you, as Congress, want them to be rated on, not additional criteria.

Mr. KEAN OF NEW JERSEY. Thank you. Targeted investments allow for the effective use of taxpayer funds. If we could start with you, Mr. Perdue, and then Ms. O'Leary. Can you talk a bit about what the benefit would be to a State and then to municipal/regional governments, as well, what would your recommendations be?

Mr. PERDUE. I am sorry. Can you repeat that?

Mr. KEAN OF NEW JERSEY. What would your recommendations be from a statewide perspective on what I was just talking to Commissioner Winders about, and then from a municipal/regional perspective to Ms. O'Leary. So, it is the same question from a statewide perspective, and same question on a municipal perspective.

Mr. PERDUE. Sure. In terms of discretionary grants, and specifically the NOFOs and the requirements in them, my suggestion or recommendation would be mainly focus the requirements in those NOFOs on the actual physical infrastructure and what it is meant to achieve.

Moving people, moving goods safely and efficiently, bringing all these extra requirements in that some communities may be able to meet, others may not, as you have heard many times, makes it very challenging. I mean, it already takes a concerted amount of resources to pursue these grants.

Mr. KEAN OF NEW JERSEY. Thank you.

Ms. O'Leary?

Ms. O'LEARY. I would say a couple of things.

One, when it comes to the formula funds, the suballocation process works. It works on our TAP [Transportation Alternatives Program] funds, being able to suballocate down to major metropolitan areas, at least.

And I think we had a good point earlier, where we work hand in glove with our DOT, where our part of Michigan gets a suballocation for some dollars, for TAP, but then the State works with the rest of the more rural areas to implement TAP programs across the rest of the State. So, suballocate where it makes sense.

Mr. KEAN OF NEW JERSEY. Thank you.

I yield back.

Mr. EZELL. The gentleman's time has expired. The Chair recognizes Mr. Moulton for 5 minutes.

Mr. MOULTON. Thank you very much, Mr. Chairman. I want to take us all to a small town in my district, Andover, Massachusetts, where last year, a beautiful 5-year-old girl, Sidney Olson, was waiting for a walk sign to cross the street. And when the walk light changed and she got the signal, she started out across the street, and a big semitruck which couldn't see her, started forward. It bumped her. She tried to get out of the way, and then it jerked forward again and ran over her, ending her life instantly in front of her entire family.

Now, this, of course, has devastated her family, her brother, her mom and dad. It has devastated the truckdriver, who didn't even know what had happened until after it happened. It has devastated a community. And what is particularly amazing is that this entire accident could have been prevented with a $50 mirror installed on that truck so that he could see what was in front of him, the same mirrors that are installed on schoolbuses so they don't do the same thing.

I just want to emphasize that the changes that we are talking about making, and more that are in the works, have real urgency. We shouldn't have 5-year-old kids in small towns in America dying because they crossed the street when they get a walk light.

Ms. O'Leary, I know you spoke about the Safe Streets program and some of the impacts that it has had in the Detroit region. Could you speak a little bit more about what a difference this can make in your community?

Ms. O'LEARY. Absolutely. And I'm sorry that that happened. And I think sometimes we, as the planners and the engineers, we talk about fatalities, but it's about people, and we can't ever forget that. So, I am sorry to hear about that happening.

The Safe Streets For All is kind of a new program for us. So, the first element of that is doing safety audits. We have been able to identify the most intersections and roadways that have the most injuries for pedestrians and bicyclists. And we are going there and we are doing the audits with this fund to figure out what is the next step, how do we fix those roads? And that's one of the roles that we play.

The cities of Detroit and Dearborn both were able to receive actual construction funds. And so, one of our jobs right now is while they just received the funding is to try and line up their funding on the safety side with the other funds that they have received for the repaving of the road, for example. And so, that's not always an easy task. So, we are making sure, as the MPO, that we are aligning all of those projects together.

And we know we need to make a difference, and that's why safety is our number-one concern in our region when it comes to our transportation network.

Mr. MOULTON. Well, I just think that we talk a lot about congestion and travel speeds. And everyone seems to be eager to add a lane to another highway, despite the enormous amount of empirical evidence that that doesn't decrease congestion or travel times. But we often forget the fact that these roads are going through communities. They are going through communities with people, people that we are encouraging to walk because it's good, it's healthy.

Of course, we would have a lot fewer road fatalities and traffic deaths in America if we had a better rail system. It's a safer way to transport goods, it's a safer way to transport people. In the rest of the world, it's a nicer and faster way to get around the country, as well, although we have a very antiquated rail system in the United States.

One thing I have never really understood, Mr. Baker, is when we have these Railroad Crossing Elimination Programs, why is it always rail funding? Why does it always fall on the railroads to eliminate crossings, when in most parts of the country, the roads came after the railroads? The roads are the ones that have the problem with crossing. So, why are highway funds not used to close crossings?

Mr. BAKER. It's a fair question. And to be fair, the traditional section 130 program is actually highway money, but it's only $200 million a year, which is not even a drop in the bucket as far as 200,000 crossings.

The Railroad Crossing Elimination Program is a big increase in that, and I think a step in the right direction. But it actually sounds to me sort of promisingly like a bipartisan area of agreement where there is clearly interest on both sides in really increasing that. And some of these crossing fatalities are the most stubborn part of rail safety. They are extraordinarily frustrating for us in the industry, and obviously devastating every time there is an accident there. We would love to see more crossings closed and work with communities if they can access the funds to do it.

Mr. MOULTON. Well, thank you, Mr. Chairman. I hope that communities will consider using funds to make safety improvements like the Safe Streets, like eliminating crossings, instead of just adding more lanes to highways. Thank you.

Mr. EZELL. The Chair recognizes Mr. Burlison for 5 minutes.

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. Perdue, some of the largest grants that we have seen—they were found at the Department of Transportation—were the electric vehicle charging station grants. Two of these grant programs can be found in the IIJA, which were authorized at the tune of $7½ billion. And I know, to Florida, that's still a lot of money. In Missouri, that's a lot of money.

We can talk all day about the issues with electric vehicles, but with our limited time, I wanted to ask you if you think that these charging station grants were actually good for the States.

Mr. PERDUE. Thank you, Congressman.

So, in Florida, we are proud of the fact that the private industry has always done a great job of fueling vehicles. I do not believe it should be any different for the power that it takes to charge electric vehicles. This is just one more type of transportation, it's one more fuel type. We encourage fuel freedom. We would like to see the development of all fuel types and all alternative fuels. And we believe the private sector can really meet that mark.

With regards to IIJA, there is actually—there is discretionary grant money for electric vehicle charging infrastructure. There is also a new required formula program that was rolled out, and we received roughly $198 million over 5 years. We have taken those funds and developed a plan and identified gaps in locations. But there are still major hurdles and challenges and concerns to get over before we actually roll that program out. I know several States have already begun implementing it. It's looking like—and this is public funding—and it's looking like every location, based on the requirements in the program, are costing around $750,000 to $1 million per site. So, it's a significant investment.

One big question we have in Florida, our adoption rate for EVs right now is around 1.3 percent. And so, this is public money building public infrastructure. Assuming our adoption rate continues to move that slowly, is this a wise investment of public infrastructure dollars?

Mr. BURLISON. Yes, and the other question, Mr. Perdue, is, is there the infrastructure to support it?

There was an article that came out today from the Washington Post. The title of the article says, "Amid Explosive Demand, America is Running Out of Power." It continues to say that "vast swaths of the United States are at risk of running short of power as electricity-hungry data centers and clean-technology factories proliferate around the country, leaving utilities and regulators grasping for credible plans to expand the nation's creaking power grid."

In Georgia, the demand—I am going to paraphrase this—is so high that the expectations are now 17 times the current need that they have today. In other States, they are saying that they would have to scramble to implement numerous nuclear powerplants just to accommodate the planned infrastructure growth of the data centers and all of these.

And with that in mind, would you agree with me that this is the Federal Government pouring gasoline on the fire of something that is probably already a crisis in America?

Mr. PERDUE. I would say that it's definitely not sustainable to focus all of your efforts on just one fuel type.

Again, having a diverse portfolio in transportation is truly how you are sustainable for many, many years to come. Electric vehicles are just one type. A lot of people in Florida are still choosing gas and diesel. I personally drive a truck with a diesel engine, and I will drive that for the rest of my life. And I am a Floridian, I am American. I have the right to do that.

And so, I think developing that infrastructure out in a way that that is diversified and really brings all of the alternative fuels to the table is the best path forward.

Mr. BURLISON. Thank you, Mr. Perdue. I agree with your comments. This is why I sponsored a bill here in Congress called the UNPLUG EVs Act, which will eliminate our taxpayer funding for these charging stations, which, as you mentioned, the private sector has been doing for quite some time.

Thank you, and I yield the rest of my time.

Mr. EZELL. The gentleman yields. I now recognize myself for the next several minutes, since I have the total captive audience here. So, thank you very much.

Secretary Perdue and all of you, I have really learned a lot this morning. So, thank you for what you have done and for being here today. But I am sure that you understand as well as anyone that once DOT announces a grant award, the process is far from over. There was a city in my district that received a BUILD grant, but is now, unfortunately, experiencing how frustrating the National Environmental Policy Act, NEPA, review process can be.

In this case, the NEPA process took 2 years before the city could even submit the proposed environmental assessment, which then took another 5 months before it was approved by the Federal Highway Administration. I couldn't agree more with your testimony that wasted time is wasted money.

Can you please share some advice that I may pass on to my community as to how to help navigate this process?

Mr. PERDUE. Thank you, Mr. Chairman. And yes, delivering infrastructure with Federal funds is a very complex process. It takes a lot of resources, a lot of expertise.

At FDOT, we are happy to partner with our local communities. There is a major challenge for the direct recipients of these grants, if they are local governments and communities that are not accustomed to delivering infrastructure with Federal funds. NEPA is one of those. Florida is one of the few States that has NEPA delegation in partnership with FHWA, and we have done a great job with that. We recently renewed our MoU with FHWA, but NEPA can take up to 4 years, depending on how complex the project is. This is one of the reasons why we really believe, even with discretionary grant programs, the requirements and the NOFOs and the things that you are asking for out of those that are applying for grants should be focused on the actual hard infrastructure and what it is trying to achieve.

Moving people, moving goods safely and efficiently, this is the fundamental tenet of all transportation infrastructure. That is really where it should be focused. When you do that, the actual grant applications and the grants you are applying for and the projects you are trying to move forward are those projects that local communities have been planning for the last 15 to 20 years.

Mr. EZELL. Thank you very much.

Mr. Baker, we have several companies, including the Mississippi Export Railroad, which are independent short rail lines that employ many individuals in my district. I also understand that several times Congress has directed the Advisory Council on Historic Preservation, ACHP, to issue a final exemption for active rail corridors under NEPA and section 106 of the National Historic Preservation Act. This is similar to the interstate highway exemption.

However, several years have passed and the ACHP still has not implemented this guidance. Why do you think railroads are not treated the same as highways under these exemptions?

Mr. BAKER. It's a great question. I don't know why they are not. I also—and I am not an expert on ACHP and congressional oversight of it, but I don't know why it's OK or how it's OK that they refuse to do what Congress pretty clearly told them to do, which is also a commonsense fix, is to not treat the entire rail corridor as a historic item. If they want to designate specific sections, that would be OK, just like they do with the highway system, but it results in some crazy stories. We don't have time for me to repeat all of them, but there is a railroad in Massachusetts told me about a bridge that took them a year of historic review to get through, and then it took them 4 hours to replace the bridge.

Mr. EZELL. Does this impact project cost and how quickly a railroad can fulfill a project obligation?

Mr. BAKER. It does. It causes huge delays. It causes some funny stories, the one I just mentioned. A railroad up in Minnesota just told me about a wooden bridge that they just needed to replace one support beam with a big concrete beam, and they eventually got approval to do it, but they were told they have to paint the concrete beam the color of wood to get it done.

And so, sometimes they are a little silly. But again, time is money. We have said it ad nauseam this morning, and ACHP should really—they should do what Congress asked.

Mr. EZELL. Agreed. Do you see DOT working to reduce NEPA reviews to help projects get done any faster, or are there any improvements you can recommend?

Mr. BAKER. We have not seen a huge amount of progress on making the NEPA and environmental process move faster. There are a lot of good intentions when we talk to people at FRA. They want to move projects quickly, just like we do. But it hasn't really seemed to happen yet.

From a short line point of view, the vast majority of our projects end up getting categorical exemptions. But even that process is slow. And it's very frustrating. If you are just replacing wooden ties on an existing rail corridor, an existing active rail right-of-way, it's sort of blindingly obvious to everyone that that's going to end up with a categorical exemption. And I don't understand why we couldn't just start tomorrow and let's just start building, right? Let's not wait around for the obvious answer that takes sometimes 6 months, 8 months, 1 year.

Mr. EZELL. Exactly.

Mr. Winders, in the time that I have left, which I have run over, if you could expand some of the issues you may have faced on a county level trying to raise non-Federal match funding while waiting for DOT to announce grant awards.

Mr. WINDERS. I am sorry, Representative. Trying to raise what?

Mr. EZELL. Non-Federal match funding.

Mr. WINDERS. Non-Federal match funding is an issue for Audrain County, for the Highway 54 Coalition, and for many rural counties. Particularly, the RAISE grant has an exemption for rural counties that does not require match. However, it's questionable as to whether or not your application will be competitive without match.

At this point, given our experience with the RAISE program and our inability to get a grant, we have not tried to set aside match money for something that we're just not sure we're going to get.

Mr. EZELL. Right. Thank you.

Are there any further questions from any members of the committee who have not been recognized?

Seeing none, that concludes our hearing for today. I would like to thank each of you for your testimony today.

The committee stands adjourned.

[Whereupon, at 1:02 p.m., the committee was adjourned.]

SUBMISSIONS FOR THE RECORD

Letter of March 7, 2024, to Hon. Sam Graves, Chairman, and Hon. Rick Larsen, Ranking Member, Committee on Transportation and Infrastructure, from Kristen Swearingen, Vice President, Legislative and Political Affairs, Associated Builders and Contractors, Submitted for the Record by Hon. Sam Graves

MARCH 7, 2024.

The Honorable SAM GRAVES,
Chair,
Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC 20515.

The Honorable RICK LARSEN,
Ranking Member,
Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC 20515.

DEAR CHAIRMAN GRAVES, RANKING MEMBER LARSEN, AND MEMBERS OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 68 chapters representing more than 22,000 members, I write to comment on the U.S. House Committee on Transportation and Infrastructure hearing titled "Department of Transportation Discretionary Grants: Stakeholder Perspectives."

As the committee continues to lead Congress' oversight of the DOT, including the hundreds of billions of dollars Congress has allocated to modernize our nation's most critical infrastructure, ABC will comment on how the DOT has deviated from bipartisan Congressional agreements by incorporating partisan language into discretionary grant programs—language rejected by the House and Senate—that hinders the success of these investments.

BACKGROUND

While Congress allocated DOT discretionary grant funding in a bipartisan manner, the DOT has imposed unlawful federal requirements on states and localities by promoting project labor agreement mandates, which limit recipient flexibility. These mandates discourage the 89.3% of the private construction workforce that do not belong to a union and experienced nonunion contractors from competing to win taxpayer-funded contracts to rebuild their communities. This action significantly exacerbates the ongoing construction workforce shortage, limits potential infrastructure investment by raising costs by 12 to 20% per project, and discriminates against nearly nine out of 10 construction workers who o not belong a union. Additionally, for the rare nonunion construction workers permitted to work on a PLA project, provisions in PLAs result in the confiscation of 34% of a nonunion construction worker's compensation package unless they join a union and become vested in union plans.

ABC has expressed concerns about the DOT's administrative actions, including efforts to impose unlawful and overly burdensome policies and restrictive labor requirements on key federal infrastructure funds and projects. As the committee considers stakeholder feedback on DOT discretionary grants, ABC writes to highlight partisan policies advanced by the department and make recommendations to ensure taxpayer-funded construction contracts are awarded through fair and open competition.

APPLICATION OF RESTRICTIVE REQUIREMENTS ON DOT GRANTS:

Despite the needlessly increased costs and chilled competition PLAs promote, ABC has identified a significant number of Biden administration federal agency grants—

totaling more than $260 billion for infrastructure projects procured by state and local governments—subject to language and policies promoting PLA mandates and preferences that will increase costs and reduce competition on federally assisted construction projects.

The DOT, which has oversight over the vast majority of IIJA funding, has played a key role in pushing these costly and unnecessary agreements. ABC has identified over $214 billion in DOT grant programs impacted by language preferring PLAs.

For example, in the fiscal year 2023 Rebuilding American Infrastructure with Sustainability and Equity grant program DOT Notice of Funding Opportunity, the department included pro-PLA preferences for contractors, which were not included in the IIJA.

The RAISE grant program provides federal assistance to state and local government entities for the purpose of major surface transportation infrastructure projects, making at least $2.275 billion in funding appropriated by the IIJA and other funding sources available.

However, the impact of this funding is undermined by language in the NOFO that attempts to steer these funds toward applicants that require PLAs on their projects. The NOFO includes specific language indicating that PLAs will increase applicants' scores for "partnership and collaboration," improving their chance of receiving RAISE funds.

Likewise, according to U.S. DOT Federal Highway Administration data released March 1, 2024, in response to an ABC FOIA request, state and local lawmakers mandated PLAs on 344 state and local construction projects (totaling an estimated $10.67 billion) that received federal assistance and formal approval from the FHWA during from Jan. 2021 to Jan. 2024.

ABC expresses concern with language contained in DOT grant opportunities that encourages state and local government grant applicants to support PLA requirements in their application for federal grant funds. This PLA "encouragement" language could have a chilling effect on otherwise qualified contractors bidding on projects in their communities, limiting competition and increasing costs.

Recommendations

ABC has urged the DOT to abandon its exclusionary and inflationary policies and instead welcome the entire construction workforce to participate in rebuilding America's vital infrastructure. ABC recommends that the committee closely examine the DOT's policies favoring PLAs to ensure the DOT is maximizing the return on the massive investment of taxpayer dollars represented by the IIJA, which ABC believes should be awarded through fair and open competition—guaranteeing the best value for hardworking taxpayers while prohibiting a rigged federal procurement process that discriminates against many small construction businesses. This is critically important as federal agencies begin to implement hundreds of billions in federal dollars for infrastructure construction projects authorized through the IIJA and ARP, which notably did not have any mention of PLAs, let alone mandate them on federal projects.

Further, ABC urges members of the committee to support the Fair and Open Competition Act (H.R. 1209), which would prevent federal agencies and recipients of federal assistance from requiring contractors to sign controversial PLAs as a condition of winning a federal or federally assisted construction contract. This bill would ensure that taxpayer-funded construction contracts are awarded through fair and open competition—guaranteeing the best value for hardworking taxpayers while prohibiting a rigged federal procurement process.

Conclusion:

ABC encourages the committee to promote inclusive, win-win policies that welcome all of America's construction industry to compete to rebuild our nation's crumbling infrastructure, increase accountability and competition and reduce waste and favoritism in the procurement of public works projects to better ensure the stewardship of taxpayer dollars.

Ultimately, in order to successfully implement this investment of taxpayer funds into high-quality infrastructure at the best price possible for Americans, Congress must ensure the door is open to all qualified contractors, including those composing the vast majority of the industry and provide them with a fair chance at competing on government funded projects.

ABC and our members are committed to building taxpayer-funded projects with the highest standards of safety and quality. ABC members stand ready for the opportunity to build and maintain America's infrastructure to the benefit of the communities it serves. ABC appreciates the opportunity to comment on the committee's important work to improve our nation's infrastructure.

Sincerely,

KRISTEN SWEARINGEN,
Vice President, Legislative and Political Affairs,
Associated Builders and Contractors.

Statement of Dennis J. Newman, Executive Vice President, Strategy and Planning, National Railroad Passenger Corporation (Amtrak), Submitted for the Record by Hon. Sam Graves

On behalf of Amtrak, I am submitting this Statement for the Record of the House Committee on Transportation and Infrastructure's March 7, 2024, hearing on "Department of Transportation Discretionary Grants: Stakeholder Perspectives." Amtrak's statement addresses two of the matters discussed during the hearing: Consolidated Rail Infrastructure and Safety Improvements (CRISI) grants and the importance of multi-year funding for rail programs.

THE IMPORTANCE OF CRISI GRANTS TO INTERCITY PASSENGER RAIL

Although Amtrak and its partners have received relatively few CRISI grants, CRISI is an important source of funding for Amtrak and intercity passenger rail projects, particularly for safety and workforce development projects that are not eligible for other competitive grant programs.

Providing funding for intercity passenger rail projects was one of Congress's major objectives when it enacted CRISI as part of the Fixing America's Surface Transportation Act of 2015 (FAST Act). The discussion of the FAST Act's "Intercity Passenger Rail Policy" provisions in the Explanatory Statement of the Conference Committee identified CRISI as one of the Act's "provisions to improve the Nation's rail infrastructure and its intercity passenger rail service . . .," and stated that CRISI's purpose was "to support a broad array of rail projects and activities." [1]

The Explanatory Statement also indicated that CRISI was intended to replace a number of grant programs that the FAST Act repealed. One of those programs was the Congestion Grants Program established by Section 302 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) to provide grants to Amtrak and states to reduce congestion in high-priority rail corridors. The Infrastructure Investment and Jobs Act (IIJA) made no substantive changes to CRISI other than broadening the types of projects—currently sixteen—eligible for grants.

Amtrak and intercity passenger rail projects have received a relatively small percentage of recent CRISI grant awards. In the most recent (Fiscal Year 2022) round of CRISI funding, for which awards were announced last September, Amtrak received four grants for:

- A Northeast Corridor (NEC) Fencing Project that will support Amtrak's efforts to install fencing along portions of the NEC to address trespassing that has claimed too many lives: 23 in Fiscal Years 2021–2023 alone;
- A Grade-Crossing Improvement Project on an Amtrak long-distance route in Louisiana and Mississippi that Amtrak is undertaking in collaboration with the host freight railroad that owns the line;
- A Workforce Development Apprenticeship Training Program, developed in collaboration with the labor union that represents Amtrak's maintenance-of-way (MOW) employees, that will support a comprehensive training program for the track foremen who supervise MOW employees and the track inspectors who ensure the safety of the NEC and other Amtrak-owned and operated rail lines; and,
- The Gulf Coast Corridor Improvement Project that will allow reinstitution of Amtrak service between New Orleans, Louisiana, and Mobile, Alabama while also improving freight capacity and safety along this route.

In addition to the CRISI grants awarded to Amtrak, Amtrak's state partners received four grants for:

- The Franconia-Springfield Bypass Project, which will reduce congestion that impacts Amtrak, commuter, and freight trains, and provide capacity for service expansion along a portion of the Washington-to-Richmond, Virginia rail corridor by constructing additional tracks to separate passenger and freight operations;

[1] U.S. House. *Conference Report to Accompany H.R. 22 (FAST Act)* (H. Rpt. 114–357), p. 511.

- Construction of additional tracks to increase capacity and facilitate increased, state-supported, Amtrak service on:
  - the *Capitol Corridor* between Sacramento and Roseville, California; and
  - the *West-East Rail Corridor* between Springfield and Worcester, Massachusetts; and
- The Penn-Camden Line Connector Project in Baltimore, which will reduce congestion and increase capacity on the NEC by constructing a new connection so that empty MARC commuter trains will not have to operate over the NEC between Baltimore and Washington to access MARC mechanical facilities and a new yard that will eliminate the need to store MARC commuter trains on NEC tracks at Baltimore Penn Station.

As the descriptions above demonstrate, the eight Amtrak and state-led intercity passenger rail projects that received Fiscal Year 2022 CRISI grants will enhance safety, alleviate rail line congestion, support workforce development, and facilitate improvement and expansion of Amtrak service. These are exactly the types of projects, identified in 49 U.S.C. 22907(c), that Congress intended to enable when it established the CRISI grant program.

CRISI also plays an important role in supporting freight railroad investments in infrastructure and safety. The majority (47) of the 70 Fiscal Year 2022 CRISI grants went to Class II and Class III railroads, who also received more than half of the funding awarded. (Class I railroads are not eligible for CRISI grants unless they apply with another eligible entity.) It bears noting that, unlike Amtrak and its state partners, the Class II and III freight railroads that receive CRISI grants are private, for-profit entities which earn operating profits that can be used to fund many of their capital investment projects. They also receive the benefit of the Section 45G Short Line Tax Credit that Congress made permanent in 2020.

Were it not for the CRISI program, many of the intercity passenger rail projects that have received CRISI grants would not be moving forward. By law, the supplemental funding the IIJA provided to Amtrak is reserved for expenditures related to specific kinds of capital projects, such as acquiring new fleet, replacing aged bridges and tunnels, and Americans with Disabilities Act (ADA) compliance work at stations throughout Amtrak's network. Because of restrictions on what projects are eligible for other competitive rail grant programs, CRISI is the only grant program that can provide funds for many vital safety projects and other projects. Projects that could not be funded under other competitive grant programs include the NEC Fencing and Workforce Development projects described above and the Targeted Grade Crossing Enforcement Partnership, a collaborative effort of Amtrak and local police departments to improve grade crossing safety for which Amtrak has sought CRISI funding.

As discussed at the hearing, commuter rail projects are generally ineligible for CRISI grants. That is appropriate because, while freight and passenger railroads are funded through rail grant programs, which are administered by the Federal Railroad Administration, commuter railroads receive substantial federal funding from the Federal Transit Administration through federal transit programs for which Amtrak is ineligible. However, many of the intercity passenger rail projects for which Amtrak and its state partners have received CRISI awards, including the Franconia-Springfield Bypass, NEC Fencing, and Penn-Camden Line Connector Projects described above, benefit commuter railroads that share rail infrastructure with Amtrak.

Freight railroads also benefit from CRISI grants awarded to Amtrak. Amtrak has partnered with four Class I freight railroads on applications for CRISI grants for which those railroads would otherwise be ineligible. Seven of the eight intercity passenger rail projects for which Amtrak and its state partners received Fiscal Year 2022 CRISI grants will benefit freight railroad-owned lines or will improve safety or increase capacity on Amtrak-owned lines over which freight railroads operate.

The Importance of Multi-Year Funding

As discussed at the hearing, predictable, multi-year funding for rail capital projects is essential. Assurance of multi-year funding is of particular importance for Amtrak and intercity passenger rail.

The advance appropriations for intercity passenger and other rail programs that the IIJA provided have given Amtrak what nearly every other transportation mode has long enjoyed but Amtrak had previously been denied: substantial, assured, multi-year funding for major capital investments. That funding is allowing Amtrak to advance vital, long-deferred generational—and in some cases, once every 100 or more years—capital projects that include:

- Replacement of the 150-year-old Baltimore & Potomac Tunnel;

- Construction of the Hudson Tunnel, part of the Gateway Program that will increase the number of tracks on the most heavily used portion of the NEC between Newark, New Jersey and New York City for the first time since 1910; and,
- The replacement of the 40- to 50-year-old passenger car fleets that Amtrak acquired in its first decade.

The multi-year funding the IIJA provides is what makes it possible for Amtrak and its partners to finally move forward on long overdue projects like these. Major railroad capital projects require very large expenditures and take many years—often a decade or more—from initiation of planning until completion of construction. Such projects cannot be funded through uncertain, widely fluctuating annual appropriations under any circumstances. That is particularly true when, as was the case this year, there is enormous uncertainty about the level of annual appropriations Amtrak will receive that is not resolved until almost halfway through the fiscal year.

The IIJA's advance appropriations were a major first step in providing long needed and essential multi-year funding for Amtrak and intercity passenger rail capital projects. However, the advance appropriations extend only through Fiscal Year 2026. In order for Amtrak and our partners to continue vital capital investments on the NEC and our National Network, the next surface transportation reauthorization must also provide substantial, assured, multi-year capital funding for Amtrak and intercity passenger rail.

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Amtrak remains grateful for the historic investments in Amtrak and intercity passenger rail provided by the IIJA's advance appropriations. I thank the members of the Committee for their interest in and support for Amtrak, and I appreciate this opportunity to make known Amtrak's views on the important issues your recent hearing addressed.

APPENDIX

QUESTIONS FROM HON. ERIC A. "RICK" CRAWFORD TO HON. JARED W. PERDUE, P.E., SECRETARY, FLORIDA DEPARTMENT OF TRANSPORTATION

Question 1. I understand Florida reduced state taxes on gasoline for part of 2022. Can you please further explain why this decision was made?

ANSWER. Governor DeSantis signed a *temporary* gas tax holiday in 2022, lowering the tax rate on motor fuel by 25.3 cents per gallon, not to zero as originally suggested by a member of the Committee. That tax rate reduction was effective from October 1, 2022 until October 31, 2022 and allowed drivers to get relief at the pump when federally-induced inflation and gas prices were skyrocketing.

Question 2. When a project you submitted a discretionary grant application for is not awarded, has the U.S. Department of Transportation provided helpful feedback regarding how your application can be more successful in the next round of awards?

ANSWER. While the opportunity to receive feedback from USDOT on an unsuccessful grant application initially seemed beneficial in order to strengthen the chances for a future award, our experience with the debriefs have been anything but.

A perfect example of this would be FDOT's Miami River-Miami Intermodal Center Capacity Improvements (MR–MICCI) project, which we applied for 4 times through 4 different funding opportunities. Keep in mind, this project had strong bipartisan support from South Florida's Congressional delegation as well as local stakeholders.

USDOT *recommended* the MR–MICCI project and scored it "*very strong*" in several merit criteria sections including safety, environmental, and partnership. Other sections had either zero or minor comments. According to the 2022 Federal-State Partnership debrief, the *only USDOT suggestion for improvements was to obtain a letter of support from Amtrak*. Not only did the 2023 Federal-State Partnership application provide a letter of support, but it also provided $1M in matching funds from Amtrak. The application was not selected for an award.

On 2/29/2024, FDOT received a debrief for the most recent submittal of MR–MICCI and non-selection. USDOT's policy has long been to provide verbal feedback only and have previously provided specific feedback for each section including scores and comments. This year, however, they said they could not provide scoring information, feedback on sections, or comments on the benefit-cost analysis (BCA), but only had general notes. According to USDOT:

- This year, FDOT's budget format was "difficult to follow", despite the fact that FDOT's budget format was the same as the three previous years and USDOT never expressed concern with those being "difficult to follow".
- Opposite feedback was provided stating that the application was strong in technical merit and "made sense" but was too technical.
- In 2022, the roles of FDOT, SFRTA, Amtrak, and CSX were "very clear what roles each had". This year, the application included an MOU between FDOT and SFRTA and were paired with letters of support from CSX and Amtrak. The debrief this year provided opposite feedback stating that the roles of each were "unclear".
- In 2022, it was recommended to "add benefits from the BCA into the merit criteria". The debrief this year provided opposite feedback stating there were too many references to the BCA, and it was recommended to move the BCA references to the appendix "for the economists".

It's frustrating when you are consistently told a project is "strong" and even *recommended* by USDOT, only to apply unsuccessfully 3 more times, unnecessarily utilizing a great deal of department resources and time. FDOT spends up to $150,000 per grant application, meaning FDOT has spent approximately $600,000 in grant applications for this project alone. Additionally, we have set aside millions in match dollars since 2021 for a single project. Instead of inspiring false hope in applicants with inconsistent recommendations, USDOT should provide open, transparent, written, and detailed scoring feedback in their debriefs.

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