



TESTIMONY OF

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**SECRETARY
PENNSYLVANIA DEPARTMENT OF TRANSPORTATION**

ON BEHALF OF

**THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION
OFFICIALS**

REGARDING

**IMPLEMENTATION OF THE AMERICAN RECOVERY AND
REINVESTMENT ACT OF 2009**

BEFORE THE

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES**

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Mr. Chairman and Members of the Committee, my name is Allen Biehler. I am Secretary of the Pennsylvania Department of Transportation and President of the American Association of State Highway and Transportation Officials (AASHTO). I am here today to testify on behalf of AASHTO, which represents the departments of transportation in the fifty states and the District of Columbia and Puerto Rico.

First, I want to thank you, Mr. Chairman, for your leadership and the work of your Committee in enacting an economic recovery package that included substantial funding for transportation projects. You and the Members of your Committee recognize that transportation capital investments are fundamentally different from other kinds of government operations spending – this funding is invested in physical assets lasting 50 to 100 years or more and providing future generations with a modernized transportation system. Moreover, these investments are creating and sustaining good paying “made-in- America” jobs.

Today, I want to emphasize these points –

- The State departments of transportation geared up in advance in order to be able to react quickly upon enactment of the American Recovery and Reinvestment Act of 2009 (ARRA). The result is obligations ahead of schedule, projects under construction and people back to work in good paying jobs.
- The performance of State departments of transportation in delivering transportation projects for economic recovery has been exceptional – projects are on time and under construction, and bids are coming in under estimates.
- As a result of early preparations, State departments of transportation are delivering on job creation and long term transportation capital assets.
- Most of the States challenges and barriers to speedy project delivery are being addressed and overcome.

The Goals of the American Recovery and Reinvestment Act of 2009 (ARRA)

In specifying the purposes of the Act, Congress outlines several objectives of direct implication for transportation, including the preservation and creation of jobs to promote economic recovery and the investment in transportation infrastructure “that will provide long-term economic benefits.” In anticipation of the legislation, the State departments of transportation undertook advance preparations to enable them to quickly meet the dual objectives of job generation and preservation and asset creation.

The Results of Early Action

The American Recovery and Reinvestment Act provided \$48 billion for transportation investments out of a total economic recovery package of \$787 billion:

- \$27.5 billion for highways (of which \$26.81 was apportioned to the States and balance is the Federal Lands and Indian Reservation Program, for highway surface transportation and technical training, DBE bonding assistance, the Territorial Highway Program, the Puerto Rico Highway Program, the Ferryboat Discretionary Program, and FHWA Oversight)

- \$8.4 billion for transit
- \$8.0 billion for high speed rail
- \$1.3 billion for Amtrak
- \$1.5 billion for National Surface Transportation Discretionary Grants.

The results of early action by the States are positive –

- According to the U.S. Federal Highway Administration's daily tabulation, as of April 27, 2009, \$8,017,010,298 or 30% of the \$26.81 billion in ARRA highway dollars apportioned to the States has been obligated. FHWA has approved highway projects in all of the States, which are on track to obligate 50% of their apportioned ARRA highway funds by the June 30th deadline. Our expectation is that all 50 States will meet this deadline.

In Pennsylvania, as of April 23, 2009, we had opened bids for 62 projects totaling \$129 million. Pennsylvania expects to beat the deadlines in the ARRA law by wide margins. Our goal is to have received contract bids for all of our stimulus projects by the end of August. The federal requirements have deadlines extending into 2010.

We face critical bridge maintenance backlogs in Pennsylvania, on the order of more than \$11 billion. With the stimulus funds, we will be making renovations or repairs to 399 bridges. Among the larger bridge projects we can now accelerate with stimulus money is a \$66 million renovation to the Interstate 95 Girard Point Bridge over the Schuylkill River in Philadelphia. This double-decked bridge is over 5,163 feet long and carries roughly 90,000 vehicles a day. This work will sustain the life of this bridge for decades and keep it from falling into the structurally deficient category. We also plan a nearly \$31 million renovation of the Fort Duquesne Bridge carrying Interstate 279 over the Allegheny River in Pittsburgh (which also carries about 90,000 vehicles a day) and a \$20 million renovation of the Rochester Bridge that carries Route 51 over the Beaver River in Beaver County, northwest of Pittsburgh. Pennsylvania also has a significant backlog of roads in poor condition. The ARRA program will allow us to repave nearly 640 miles of these roads.

Highway Funds for Smoother, Safer Roads and Bridges

The Florida Department of Transportation will use \$56.6 million in highway ARRA funds to widen six miles of State Road A1A in Nassau County. This major east-west facility is major connection between I-10 and I-95 and coastal areas, is part of Intrastate highway System and a hurricane evacuation route. The roadway improvement will include four 12-foot travel lanes, 4-foot wide bike lanes and 5-foot wide sidewalks, and two bridge replacements.

The Oklahoma Department of Transportation will begin reconstruction and repaving work this month on an 18-mile section of I-40 between Oklahoma City and west of El Reno. \$45 million in ARRA funds will pay for roadway reconstruction, resurfacing and reconstruction of two bridges of this major truck route, which carries 39,000 vehicles a day.

The Missouri Department of Transportation has underway a \$14.6-million resurfacing project on Interstate 35 in Clinton County; and an \$18.4-million pavement rehabilitation project on I-55 in Pemiscot/New Madrid counties

The Tennessee Department of Transportation's first use of ARRA highway funds is going toward 10 local bridge replacement projects.

Highway Funds for Congestion Relief

The California Department of Transportation is combining \$181 million in voter-approved transportation bonds with \$130 million in ARRA funds to continue the I-215 widening project in San Bernadino. The first two phases of the project will add a carpool lane and freeway lane, rebuild several bridges, and on- and off-ramps along a 7.5 mile stretch of the freeway.

The North Carolina Department of Transportation has awarded a \$13.6 million contract to widen 2.6 miles of State Route 1306 from two lanes to four lanes with a median. The project is in growing Alamance County where 20,000 motorists use this roadway everyday, and the number is expected to grow to 33,000 by 2025.

- The ARRA provides broad eligibility in the use of the \$26.8 billion in ARRA highway funds, and many states are using that flexibility to invest in bicycle-pedestrian, transit, intercity passenger and freight rail, and port projects.

Highway Funds Flexed to Rail Projects

The Kansas Department of Transportation has provided more than \$2 million of ARRA highway funds for five short line railroad improvement projects in Kansas.

- **Kyle Railroad Company, Scandia** - construct 2,000 feet of new siding and a new switch at Nesika Energy, \$371,000 (Republic County)
- **Kansas and Oklahoma Railroad, Alexander** - expand siding at Mid-States Farmers Coop, \$158,470 (Rush County)
- **Kansas and Oklahoma Railroad, outside of Wichita** - add siding to handle 110-car grain trains, \$967,820 (Sedgwick County)
- **Nebraska Kansas Colorado Railroad, near St. Francis** - partial funding for bridge rehabilitation, \$476,826 (Cheyenne, Rawlins and Decatur counties)
- **Kansas and Oklahoma Railroad, Sawyer** - extend siding capacity at Farmers Coop, \$195,278 (Pratt County)

The Ohio Department of Transportation has identified 22 freight rail projects to be funded with \$78 million of their share of ARRA highway funds.

The Iowa Transportation Commission has asked its Department of Transportation to solicit potential freight rail projects that could utilize up to \$5 million of ARRA highway funding that has not yet been programmed.

Highway Funds Flexed to Port Projects

The Oregon Department of Transportation has programmed \$8.879 million to upgrade and modernize the Port of Portland terminal for improved shipping, and they will provide \$1.484 million to upgrade rail facilities at the Port of Morrow.

Highway Funds Flexed to Transit Projects

The Florida Department of Transportation has flexed \$692,296 for use by the City of Gainesville to purchase buses and \$3,867,121 to Broward County for bus shelters.

The Indiana Department of Transportation has transferred \$240,000 for four paratransit vehicles.

The New York Department of Transportation has flexed \$175 million for reconstruction of St. George Ferry Terminal vehicular and pedestrian ramps in New York City

Highway Funds for Bike/Ped Projects

More than 40 percent of Oregon highway ARRA funds will go to rail, port, transit and bike-ped projects. For example, the Oregon Department of Transportation has programmed 15 bike/ped projects using ARRA highway funding, ranging from \$2.5 million to illuminate and improve a bike/ped path along I-205 to \$680,000 for sidewalks in Aurora.

- The ARRA provides \$8.4 billion in funds for public transportation which is made available to the Federal Transit Administration for three different programs – transit capital assistance, fixed guideway infrastructure investment and capital investment grants. A few States oversee urban transit programs but most have responsibility only for the non-urban transit capital assistance program. Under ARRA, the states and transit recipients have 180 days in which to

Missouri has had an overall transit ARRA non-urban grant approved by the Federal Transit Administration for a total of \$20,698,281. Of this amount, \$14,593,678 has been obligated largely for new vehicles.

Kentucky has had an overall transit ARRA non-urban grant approved by the Federal Transit Administration for a total of \$19,201,190 which is begin using for vehicles, bus shelters, a parking garage, trolleys, and large motor coaches.

On Time, On Budget Performance of the State Departments of Transportation

The State Departments of Transportation are demonstrating their ability to deliver on the promise of economic recovery. The States are seeing project bids that are coming in significantly below the States' estimates. Based on a quick survey, twenty-one States out of twenty-nine reporting indicated bids coming in below estimates, ranging from 5% all the way up to 27% and even 40% in one case.

The Kansas Department of Transportation opened bids for its first stimulus project on April 15th. The low bid was 27 percent under the estimated costs. The bid opening for additional projects will be in May and July. Kansas has chosen to use the bulk of its ARRA funds on five major projects that are expected to continue to have significant economic benefits for years after construction.

Bids were opened for Arkansas Department of Transportation's first 27 ARRA funded highway projects on April 8th, and came in 10.7% below estimates.

On April 2nd, bids were opened on five Colorado Department of Transportation ARRA highway projects, all of which came back under estimate by an average of 12%.

In March and early April, the Oklahoma Department of Transportation awarded contracts on 45 projects at a cost of \$230 million, the bids of which came in 20% below estimates.

States are Delivering on Job Creation and Preservation

In March of this year, the construction industry lost 126,000 jobs and the unemployment rate for construction workers was at a staggering 21.1 percent. 1.3 million construction jobs have been lost since peaking in January, 2007. Shrinking demand forced Caterpillar to reduce its workforce by 22,000 workers. With more than 2,400 projects now approved and warmer weather on the way, we are seeing the orange traffic barrels go up, signaling underway construction projects and people back to work.

To comply with ARRA, the Administration has directed the States to collect employment "data from contractors, subcontractors, engineering firms and the States themselves for any project or activity that receives FHWA funds from ARRA." FHWA will estimate and report indirect jobs.

In an April 20th letter to the Governors, U.S. Transportation Secretary Ray LaHood indicated the following regarding job creation:

"In just 7 weeks, the U.S. Department of Transportation has approved over \$7.5 billion in State requests for highway, road, bridge and airport construction and repairs nationwide. Projects have been approved in every State. Our economists estimate that 39,000 job-years will be created just from the projects that we have approved so far."

Implementation Challenges are Being Addressed and Resolved

- Coordination of Reporting –

The State Departments of Transportation have been working diligently to ensure proper, appropriate and accurate reporting to meet the requirements of the American Recovery and Reinvestment Act, and to provide the accountability and transparency desired by the Members of Congress, the Administration and the public. Currently, there are several requests for reporting:

- The House Transportation and Infrastructure Committee has requested periodic reporting of the status of projects and job creation.
- The U.S. Department of Transportation and its operating administrations have established monthly reporting requirements.
- On April 3rd the Office of Management and Budget released new reporting requirement guidelines.
- In most cases, the Governors have established ARRA offices with their own reporting requirements.

We believe that we can achieve the goal of transparency and accountability while avoiding duplication through coordination of reporting requirements and efforts. We appreciate the efforts of the Transportation and Infrastructure Committee staff to work with AASHTO's members to refine your Committee's reporting format to make the reporting as efficient and effective as possible and least burdensome.

- The Backlog of Ready to Go Projects exceeds Available Resources

The State Departments of Transportation have been working since the fall of 2008 to prepare to move rapidly to get economic recovery projects under construction and people back to work. In this effort, the States have worked hand in hand with their Metropolitan Planning Organizations and local governments to identify ready-to-go projects geographically and strategically dispersed across their States to generate the maximum benefit in terms of jobs and the economy. Unfortunately, the backlog of ready to go projects is substantial, and there are many more projects ready to go than we have available economic recovery dollars. Therefore, we recognize there will be some disappointment in some areas. We believe that this is just one more indicator of the substantial demand for additional highway and transit investments which we hope can be addressed through the upcoming surface transportation authorization bill.

For example, in Pennsylvania, here are some of the projects we considered for stimulus but did not have enough money to move forward:

- \$18 million rehabilitation and preservation of the Platt Bridge carrying Route 291 over the Schuylkill River in Philadelphia.
- \$12.4 million replacement of the Route 19, McConnells Mills Bridge in Butler County.
- \$30.8 million repaving and bridge rehab of sections of Interstate 70 in Fulton County.

- Maintenance of Effort

The U.S. Department of Transportation has completed its initial review of the section 1201 maintenance of effort (MOE) certifications. According to FHWA,

“...there is substantial variation among the States in the way they calculated and certified to their planned level of effort regarding States funding for the types of projects that are funded by the Recovery Act for the statutory period of February 17, 2009 through September 30, 2010.”

Last week U.S. Transportation Secretary Ray LaHood provided additional guidance to the States and has given the States an opportunity to review and amend their MOE certifications by May 22nd.

The States appreciate this opportunity to refine their submission. However, we hope that the Committee recognizes that State budgets remain under stress and the economic recovery dollars are counteracting large budgetary shortfalls.

Moreover, we hope that Congress and the Administration recognize the importance of early and adequate action on continued and stable funding for the federal highway and transit programs. Just as we hit our stride with job creation and economic recovery gains resulting from the Economic Recovery Act, we may be faced with dramatic losses resulting from any or all of the following --

- A potential cash flow shortfall in the HTF later this summer;
- Imposition of the \$8.7 billion rescission called for in the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA LU); and/or
- Failure to generate sufficient resources to at least maintain current program funding levels in FY 2010.

Finally, Mr. Chairman and Members of the Committee, we especially want to commend the Federal Highway Administration for working so closely with the States to help us prepare for quickly implementing the economic recovery act and to deliver on the promise of investing in long term capital assets and creating and sustaining good paying jobs.

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify and share our good news. I will be happy to answer any questions you may have.