Statement of
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Before the
Committee on Banking, Housing, and Urban Affairs
United States Senate
Regarding

Improving Transportation in Rural States and Tribal Areas --
MAP-21 and Beyond

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Chairman Johnson:

I am Darin Bergquist, Secretary of the South Dakota Department of Transportation (SDDOT). Thanks for this opportunity to appear before the Committee. Today, I'll begin by commenting on the Federal surface transportation authorization legislation enacted last summer, "MAP-21" (the "Moving Ahead for Progress in the 21st Century Act"). However, as MAP-21's funding authorizations extend only through September 30, 2014, I'll also comment on the next highway and transit authorization bill.

Mr. Chairman, our overall view of MAP-21 is positive. As a Committee Chair you had a strong role in the development of the legislation and we appreciate those efforts. We also deeply appreciate the efforts of the entire South Dakota congressional delegation on this law. Let me outline why we have a positive view of MAP-21.

Key Provisions of MAP-21 for South Dakota

Very Importantly, South Dakota's Highway Formula Share Was Preserved under MAP-21. With our long stretches of highway helping connect the nation, and with relatively few people to support that extensive network of Federal-aid highways, our State has always received a higher share of Federal highway apportionments than its share of contributions to the Highway Trust Fund. That result is in the national interest, but we don't take it for granted. Maintaining the State's highway formula share helps the SDDOT respond to transportation needs and provide quality transportation options to our citizens and businesses. In addition, buses and vans deliver all of South Dakota's transit services, and good highways are essential to support those services.

Also Importantly, South Dakota Received an Increase in Transit Formula Funding under MAP-21. The increase in South Dakota's share of the transit program is a very good result – and, again, a meritorious one. As the Committee that you chair, Senator, has jurisdiction over the transit program, we want to express our particular appreciation for your work on MAP-21 to increase transit funding for South Dakota, other rural states, and tribes. Transit is not just for big metropolitan areas. It is important in rural states as well. MAP-21's transit funding provisions will help provide more effective options to South Dakotans by enabling transit providers across our State to better meet the needs of senior citizens, people with disabilities, those who can't afford personal vehicles, and others.

MAP-21 Provided Some Program Stability. By providing authorizations through September of 2014, MAP-21 supplied some stability for administration of transportation programs. Until MAP-21 became law, the SDDOT and others were operating under Federal transportation programs funded through short-term extensions of a few months. This created administrative and funding challenges, as our Department inevitably had to focus on short-term projects needing only small funding amounts.

MAP-21 also set overall funding levels for the highway and transit programs at approximately the levels of immediately prior authorizing legislation and improved our State's transit funding. Transportation infrastructure funding provides jobs during construction and facilitates long-term economic growth after construction by improving efficiency and personal mobility. As you know, Mr. Chairman, at various times in the debate over what became MAP-21, some discussed significant reductions in surface transportation funding. We are pleased that did not occur. Let me be clear, if funding could be increased, we could put those funds to good use efficiently in South Dakota. But, under the circumstances, we consider the overall program levels in MAP-21 to be a positive result for this two-year period. However, as I will discuss in a moment, we are concerned that highway and transportation programs face funding uncertainty again, this time for the years after Federal Fiscal Year (FFY) 2014. We need to continue to look for funding stability and, at a minimum, maintain current funding levels.

Improved Environmental Review Process is Welcome. We are also pleased that aspects of MAP-21 require administrative action to expedite or simplify the environmental review process. USDOT is directed to provide categorical exclusions from NEPA review for, among others: projects within an "operational right-of-way"; and projects with a Federal contribution of less than five million dollars. Many of SDDOT's projects should benefit from these two provisions.

Program Consolidation and Flexibility is Helpful. Many elements of the Federal highway program have been modified and combined into a smaller number of programs. This helps simplify the program. More importantly, significant transferability between programs has been maintained. In addition, MAP-21 increased the percentage of the overall highway and transit programs distributed by formula – a positive change. Collectively, these features mean state DOTs will have reasonable flexibility in programming Federal funds.

Looking Ahead -- New Legislation and MAP-21 Implementation

In formulating the next highway and transit authorization it is critically important to achieve a good funding solution. I have already noted that, in crafting MAP-21, Congress found a way to avert large cuts and essentially continued funding levels for highways, transit, and highway safety.

Yet, as we meet here today, the transportation community is already discussing the importance of avoiding a catastrophic drop in funding for these programs due to the decreasing balances in the

Highway Trust Fund and the fund's projected inability to support current funding past FFY 2014 – and maybe not even until the very end of FFY 2014.

While the highway program was largely (though not completely) exempted from sequestration, transfers into the Highway Trust Fund authorized by MAP-21 were subject to a reduction, increasing the risk that the trust fund may not be able to support MAP-21 funding levels through the end of FFY 2014.

In short, what is needed is a stable funding situation going forward, with funding at least at current levels, if not higher, as there are substantial needs for transportation investment here in South Dakota as well as elsewhere. We can't let highway program funding levels fall off a cliff after FFY 2014.

Before turning to other issues, let me mention that the debate on the next authorization bill could have some impact on the real world even before Congress acts on such legislation. For example, our contractor partners in the private sector construction industry have important decisions to make regarding acquisition of equipment and the sizing of their workforce. If the uncertain future funding is not addressed, it will impact those decisions next year, in 2014. Similarly, it will impact our fall 2014 project lettings and plans at South Dakota DOT regarding the program for FFY 2015 and later. We want to remain hopeful of a good outcome, but all concerned will have to watch and plan accordingly.

Beyond funding, while I have noted positive features in MAP-21, some provisions of the legislation impose new requirements, or require USDOT to develop new requirements. We are hopeful, but not certain, that new provisions will be implemented in a non-burdensome manner.

For example, Congress tasked USDOT to develop a number of "performance measures" and to require states to set targets for performance based on those measures. These and other "performance management" initiatives in the law (such as asset management requirements) could require considerable attention and effort, especially if USDOT is too prescriptive in implementation.

Similarly, new provisions regarding freight transportation may result in additional data collection, planning, and consultation. Last fall USDOT issued interim guidance for State freight plans, setting forth steps that a State should take to qualify for a reduced non-Federal match on certain projects. The interim guidance unfortunately included many elements in addition to those required in statute.

Moreover, we encourage USDOT freight planning efforts to go beyond issues such as container movements in and out of ports (those are predominantly import moves). Any national freight planning efforts must recognize that moving agricultural and natural resource products from farms and extraction points in states like South Dakota to national and world export markets is an important national freight concern.

However, whether the issue is freight planning, performance measurement or something else, the key point is that if new Federal requirements can be minimized, SDDOT will be able to spend relatively less time on administrative compliance and will be better able to focus on improving transportation for South Dakota's citizens and businesses.

Safety is always a priority for us and MAP-21 includes new transit safety provisions. However, we are hopeful that implementation of the new Federal transit safety requirements in MAP-21 will be properly scaled to the problem at hand. In South Dakota, in the last seven years the one fatal incident involving a transit vehicle was caused by the non-transit vehicle. We are hopeful that new regulations will not impose on our small transit systems complex safety or asset management requirements that are more appropriate for large city transit systems. Frankly, we think an efficient performance-based system would impose no new requirements, or only very few requirements, on small transit systems, as they are already experiencing safe outcomes.

In any event, I want to assure you and those in the South Dakota transportation community that the SDDOT is working closely with small and tribal transit providers and other interested parties in implementing MAP-21.

Looking Further Ahead -- South Dakota's Continuing Interests in the Federal Surface Transportation Programs

Before closing, let me offer a few perspectives on the long-term interest of South Dakota in the Federal surface transportation program. These are concepts that warrant attention as we work to improve transportation in South Dakota and the nation in future legislation.

Funding -- Federal Transportation Investment in Rural States Benefits the Nation

The national interest requires significant Federal surface transportation investment in rural states. Consider truck movements from ports in the Pacific Northwest to Chicago or other heartland or eastern destinations. These and other movements across states like ours benefit people and commerce in the metropolitan areas at both ends of the journey. The Federal-aid highways in rural states provide many national benefits. These routes --

- serve as a bridge for truck and personal traffic between other states, advancing interstate commerce and mobility;
- support agricultural exports and serve the nation's ethanol production, energy extraction, and wind power industries, which are located largely in rural areas;
- connect portions of rural America underserved after the abandonment of many branch rail lines;
- provide access to scenic wonders like Yellowstone National Park, Badlands National Park, and Mount Rushmore;
- serve as a lifeline for remotely located and economically challenged citizens, such as those living on tribal reservations;
- enable people and business to access and traverse vast tracts of Federally owned land; and
- facilitate military readiness.

In addition, the Federal-aid highway program enables enhanced investment to address safety needs on many rural Federal-aid routes. The investments supported by Federal highway and surface transportation programs create both direct and indirect jobs and support economic efficiency and growth.

Moreover, in our State and many other western states the percentage of truck traffic on the highways that does not either originate or terminate within the state exceeds the national average. Rural freight will become increasingly important as the world population of approximately 7 billion people expands by over 1 percent per year or approximately 70 million people. South Dakota agriculture will need transportation improvements to remain competitive in serving those markets. So, investments in highways in rural states are clearly serving interstate and national interests.

Yet, a state like South Dakota faces significant transportation infrastructure funding challenges. We can't provide all these benefits to the nation without Federal funding leadership. We –

- are geographically large, including large tracts of Federal lands;
- have an extensive highway network; and
- have low population density.

This means we have far fewer people than the average state to support each lane mile of Federal-aid highway -- and preserving and maintaining this aging, nationally connected system is expensive. Yet, citizens from South Dakota and similar states contribute to this effort significantly -- the per capita contribution to the Highway Trust Fund from rural states exceeds the national average. Further, with our low population and traffic densities, tolls are not a realistic option for funding transportation needs in rural areas.

Fortunately, in MAP-21 and in prior legislation, Congress has consistently recognized it is in the national interest to provide significant Federal funding to support highways and transportation in and across rural states like ours. For reasons such as outlined above, future legislation should continue that approach.

Federal Investment in Public Transportation in Rural States is Warranted

Public transportation is not just for big metropolitan areas. Transit plays an increasingly vital role in our State's surface transportation system. Federal funding for it is absolutely necessary.

Our two largest metropolitan areas, Sioux Falls and Rapid City, receive direct apportionments from the FTA, as do some tribal governments. Our more rural areas and smaller cities and some of our Indian reservations also have needs for public transportation. We have 22 small transit providers in our State receiving Federal transit funds indirectly through the SDDOT, under the rural transit program (the so-called "5311" program).

Federal investment in rural transit helps ensure personal mobility, especially for senior citizens and people with disabilities, connecting them to necessary services and employment. Transit service is an important, often vital, link for citizens in small towns to get to medical appointments, including dialysis and cancer treatments, as well as to work, educational opportunities or other destinations. South Dakota's population is aging and people want to age in place and stay in their homes and communities. For people that can no longer drive, transit plays a vital role in supporting this choice. As the population ages, there will be increased demand for transit services.

So, there are considerable demands for transit service in our state from seniors and people with disabilities. The funding for transit for South Dakota under MAP-21 is helping address these challenges. In addition, it is important that operating as well as capital costs remain eligible uses of the Federal transit program. Capital investment in buses is important but any lapse in the ability to operate would adversely affect our transit users.

Not only does rural transit sustain over 530 direct jobs across South Dakota, it allows children to access pre-school and other education opportunities while their parents remain at work, strengthening their productivity and earning potential while supporting their families. Clearly, Federal public transportation programs must continue to include funding for rural states.

In addition, we consider it highly appropriate that MAP-21 increased the percentage of overall transit formula funds going to the rural transit program and, within the rural transit program, slightly increased the share of funds for very rural states. This is warranted because of the special transit challenges facing a very low population density state like ours.

Rural transit is usually provided by small bus and van service. Frequently, it is on demand service for the elderly and disabled, such as non-emergency trips to the hospital, pharmacy, or clinic, or trips to a grocery store. This is especially challenging in the very low population density states, where the one-way trip to a medical facility for one or two riders can be 50 miles or more.

There are some basics needed for transit service regardless of population or traffic density. Service requires a qualified driver. It requires a well-maintained and well-equipped bus or van. It requires vehicle parts. These elements are essential whether a bus is carrying only four people and has to travel 50 miles (big state, low density) or is carrying 15 or more people over short distances in towns with a population of 45,000.

In short, providing essential public transit connectivity can be particularly challenging in extremely rural areas. In MAP-21 (and in SAFETEA-LU as well), Congress appropriately has begun to respond to the challenges of providing public transportation service in a very rural state like ours by increasing funding for the 5311 program and adjusting its formula to give greater funding weight to a state's having a large land area.

Additional Considerations

Before closing, let me turn to a few additional considerations regarding the Federal program. We strongly favor a flexible approach that will increase, not limit, state discretion and reduce regulations and program requirements. We also hope Congress will continue to distribute the vast majority of program funds by formula. That formula approach, with fewer, not more regulations or program complications, will enhance the ability of the SDDOT to effectively provide transportation options while also generating jobs, facilitating commerce, and enhancing personal mobility and the quality of life of our citizens.

Conclusion

In conclusion, it is essential that Federal surface transportation programs and legislation continue to recognize that significant Federal investment in highways and transit in rural states is, and will remain, in the national interest. We are pleased MAP-21 meets that test. So must future legislation. The citizens and businesses of our nation's more populated areas, not just residents of rural America, benefit from a good transportation network in and across rural states like South Dakota. With such legislation, combined with fewer, not more program requirements and rules, the SDDOT will be better equipped to address transportation needs to the benefit of South Dakota and the nation.

That concludes my testimony. I'll be happy to respond to any questions you may have.

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