



TESTIMONY OF
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Secretary
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ON THE TOPIC OF
**Department of Transportation Discretionary Grants:
Stakeholder Perspectives**

BEFORE THE
Committee on Transportation & Infrastructure
U.S. House of Representatives

ON
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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

IJA 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 IJA'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

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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.