



The Role of the  
**BUREAU OF PUBLIC ROADS**  
in Federal Aid  
**HIGHWAY CONSTRUCTION**

By F. C. TURNER  
Chief Engineer, U. S. Bureau of Public Roads

Presented at the  
Highway Directors Session  
Associated General Contractors Midyear Board Meeting  
Portland, Oregon  
September 22, 1964

# THE ROLE OF THE BUREAU OF PUBLIC ROADS IN FEDERAL-AID HIGHWAY CONSTRUCTION

Presented at the Highway Directors Session of the  
Associated General Contractors Midyear Board Meeting  
Portland, Oregon, September 22, 1964

F. C. TURNER, *Chief Engineer*  
Bureau of Public Roads

You have asked me to talk with you on the Bureau of Public Roads' role in the present Federal-aid highway program. In having asked the question, there is the implication of a lack of understanding of our role or perhaps even some disagreement with what you may construe to be the role we are now playing in the program. The best place to begin is in the law itself—to see what it requires.

It is significant that the basic underlying principles which control this huge current public works program are almost identical in stated intent with those expressed in the first authorizing Congressional acts of 1916 and 1921. Those two pieces of legislation were formulated after considerable debate and hearings from careful studies by special committees of the Congress and the affected highway interest groups. They were no shallow, quickie productions. It is true that these original acts have been amended or supplemented almost every year in some form or another by nearly 50 subsequent Congressional acts. But in doing, neither the philosophy nor in fact the words themselves, of the statements underlying the relationship and general procedures, have been altered, even after careful and exhaustive analysis and critical review by Congressional committees, the Bureau, and the State highway departments. In fact, in the directive of 1954 to codify the Federal-aid highway law, just the opposite was required. The Congress directed us to change nothing in existing law except as needed to put it in better format so as to be easier to use. We were specifically forbidden to make substantial changes; and so the Title 23 USC which we refer to today as being the Federal-aid highway law actually contains the same words, phrases, and intent that governed the program in its very beginning 48 years ago in 1916. It is apparent, therefore, that there is a solid body of experience on which to base conclusions with respect to what is the Bureau role in the Federal-aid highway program.

This role is to approve, disapprove, or require modifications or revisions in the individual State proposals as made by them for use of the Federally apportioned aid monies and to do so at each step in the process in such manner and degree as to be able to certify to the Congress through the various executive agencies that the proposals have in actual fact been accomplished in accordance with the proposal as approved before these Federal-aid funds are finally paid out of the Treasury to the State. This role, you will note

involves the Bureau and the State highway department and does not even mention you as contractors. This is not intended in any way to disparage the important and vital role which the contractor plays, but simply to clearly emphasize that the Bureau relationship is with the State—and this is defined by statute.

But it is correct that when and if a State chooses to avail itself of these funds—if it makes this choice—then there are certain responsibilities that must be met. I can see nothing wrong with having responsibility requirements attached to the use of the money; in fact, I think it is proper and necessary that this be so. In any cooperative undertaking, necessarily there are certain agreed upon rules for use of partnership assets, whether it be large contracting or other business organization, policy ownership in a mutual life insurance company, membership in a social club, or even use of the family car by the wife and children.

Such rules as the Bureau makes regarding use by the States of these apportioned funds, then, can hardly be complained about, unless these rules are made by abusing the public trust placed in the Federal Highway Administrator. I don't believe many—if any—of these rules can honestly be so classified. But in any event, what either you or I might personally think or feel about them makes little difference. The rules all are either spelled out in the law as statutory requirements or are derived from the law by regulations which the statute authorizes to be issued to govern use of the funds.

So the State having chosen to use the funds—and thus having accepted the responsibility that goes with them—the State then submits a program in which it listed the projects on which it desires to apply the funds. The law sets up the requirement that the projects must be confined to a previously chosen system of routes serving certain purposes defined in the law, in order to serve the greatest good and to avoid dissipating the funds on unconnected bits and pieces of road. The projects in the program, by law, must also be conducive to safety, be durable in material and workmanship, be economical in later maintenance, and meet the existing and probable future traffic needs and conditions. Again, these are the words from the statute itself—of 1921, that is.

If these are arbitrary and unreasonable requirements, in the exercise of which the Bureau has usurped the rights of the States, or has abused its authority, it would seem that the Congress would long ago have taken summary action to correct the situation. In seeing that the rules laid down by the Congress itself in the statute are being complied with, the Bureau is thus following the role required of it by Congress.

Carrying our illustrative highway project further into the alleged web of bureaucratic red tape, after the program is approved the State proceeds with the survey, design, right-of-way acquisition, and preparation of plans, specifications, and estimates of cost—commonly called PS & E. After submitting each of these for the individual project to the Bureau and receiving approval thereof, the State is authorized to advertise for the receipt of bids to be submitted by you

contractors for construction of the project. The law specifies that the Bureau's letter of approval of the PS & E, when issued to the State, creates a firm contractual commitment binding the Federal Government to pay its legal pro-rata share of the approved cost of the project when that project has been constructed in accordance with the PS & E as submitted by the State, and approved by the Bureau.

So, in addition to establishing basic principles, the law also has quite a bit to say both directly and indirectly about the kind of projects that are to be constructed, the kind of paperwork required and how it shall be handled, how much advertising time is required and how it shall be handled, how bidders can be selected, how the plans shall be prepared, and what the specifications can and cannot say about products and materials. The law specifies that the work shall be done by contract unless in some special case there are compelling reasons for doing otherwise; such instances, by law, must be reported each year to the Congress. While these project procedures involve the State and Bureau and are of no particular concern to you, I cite them for you in order to demonstrate the much of the detailed procedure and red tape which the Bureau requires to be followed is done in order to comply with the law and not just to give us something to do or to be exercising our bureaucratic prerogatives.

Now, you may have concluded that at this point in the course of a Federal-aid project, you as contractors have finally come to grips directly with the Bureau of Public Roads. But not so. Your contract with the State and in no way, shape, or manner do you have a contract with the Bureau. What you have is a two-party contract between you and the State highway department. True, the State's selection of you as the contractor has been referred to the Bureau and has received our concurrence before you were officially awarded the contract; and the contract itself, the plans and specifications, and every feature connected with the project has also received our prior approval. But there is a separate and distinct contract between the Bureau and the State covering the project for which you have contracted with the State. That contract between the State and us, called a project agreement, incorporates by reference the contract which the State has made with you. The Bureau-State project agreement calls for the State to construct—or cause to be constructed—the project which was described in the plans, specifications, and estimate to which I previously referred. We now have three parties involved, but by way of two separate contracts—the State at this point being in the middle, since it is a party to each of the two contracts.

And the State is truly in the middle—in about the way the words imply. It is perhaps this situation which raises the question you are asking me to discuss because it is the State's performance in this middle position which affects us both.

After you, the contractor, begin work, a Bureau man will appear periodically on your project to make an inspection. Generally he will find everything going satisfactorily. But he may find that some operations

are not in accord with the PS & E approval on which our project agreement with the State is based. So he calls this to the attention of the State with a request for corrective action—this of course eventually reaching on to the contractor. But this Bureau representative is there for the purpose of reviewing the State's performance in causing the project to be constructed in accordance with the approved PS & E—this he must do before he can make a determination that the work and materials conform reasonably to the approved PS & E and thus permit the Bureau to certify that the materials are in conformity with the approved PS & E and make payment to the State under the terms of the project agreement.

Of course, you, the contractor, are affected indirectly by a Bureau action of the type just described. It may seem pretty direct or at least inevitable, to you. But actually you look to and depend on the State and the State's project engineer for approval of materials test reports as you dig the material and place it on the roads. It is the State that has given you to understand that the material is meeting the specifications. Disregarding other aspects of such a situation as described, I will use it to illustrate and emphasize the point that the State is free to go right ahead with the work and is obligated by terms of their contract with you to pay you for the material if in their supervision of the contract they consider it satisfactorily meets the contract terms. Of course, that decision is not binding on the Bureau, and the State's contract with you contains no clauses making it contingent on what the Bureau may later approve and pay for. We do not necessarily have to accept and reimburse the State for every item of payment which they may make to you—ours is an entirely separate legal documentary contract between the State and Bureau.

I'm fully aware that you don't care about the fine point of distinction I have made between the two contract documents; that you may say it doesn't make any difference to you whether the Bureau representative is only inspecting the State's performance, rather than yours; and that the net effect on you and your operation is just the same as though we rather than the State were directly inspecting and supervising your contract. In practice, this is true, for the simple reason as I have just stated, that your own contract with the State is incorporated verbatim and in toto in the contract which the State in turn has then made with us. It has become the means whereby the State will carry out their part of the agreement "to construct or cause to be constructed" the project on which they have filed an application with us for use of the apportioned Federal-aid monies.

Since the requirements governing the workmanship and materials are the same, it follows then that the only things which the Bureau inspecting engineer requires the State to do are the same ones which the State in its own supervision of the project should already have required you to do. The terms of the contract must obviously be met in both cases and I'm confident that there is no disposition on your part to do otherwise. The rub comes when there is a difference of opinion or judgment as to what does actually

constitute a meeting of the contract's requirements. And in this field we will forever find some differences between individuals when each is conscientiously bringing to the problem his individual and varied range of training, experience, and objective judgment based thereon.

This judgment can, of course, be abused by our Bureau engineer, but I'm not aware of any case where it has actually occurred. We're no more willing to condone abuse of this responsibility than you are to experience it. Honest differences of opinion and judgment are usually constructive for both parties and in our system there has to be a referee to reconcile the difference. Sometimes we have to act in that capacity.

To bring some remedy to this problem is why so much work has been done in the past few years by the AASHO-AGC and others on improved specifications—largely through some standardization of specification requirements so that there can be built up a consistent body of uniform interpretation and application from State to State and job to job.

Likewise, a great deal of relief can be obtained by better trained and qualified project inspector personnel. Many of the individual instances which you have experienced are traceable to errors of decision and interpretation made by untrained inspectors, which errors have to be subsequently corrected by the State or Bureau supervisory engineers. And some of the complaints arise also from inexperienced personnel lacking in confidence in their own decisions and thus being reluctant or unable to make a decision. Better trained personnel will bring sizable reduction in this problem. This is why we are working hard with appropriate AASHO committees to institute regular formalized training programs for project personnel in each highway department. While there are a number of such training programs already in operation in individual State highway departments, we need to enlist all States in this important and worthwhile effort. I believe you can help yourself by continuing your active support of both these remedial measures.

One of the widespread "hearsay" complaints about the dual inspection-approval process is that it occasions useless, long delays. Let's take a dispassionate look at such a situation. Suppose there is a final record test that has been made on a section of base course which you are ready to prime and put the top on, but the test report has not yet been approved by the Bureau. There is no requirement on our part that once the work has been found satisfactory to the State, it must await our concurrence before the State allows the contractor to proceed with the topping. If the test was made properly by the State—and the test procedures are standard and developed by AASHO rather than the Bureau—and the State has confidence that their own test operations were properly carried out, then I can't see why they should delay the contractor. If they do delay, then it can seem to mean only that they do not have full confidence in themselves, sufficient to justify the position of trust and responsibility required of them under the Federal-aid statute. In effect, they are abdicating their rightful position and

handing their independence over to the Bureau.

Change orders are slightly different. In effect a change order or extra work order goes outside of the approved project documents and must be treated in pretty much the same general way as the initial project. Any work that the Bureau participates in, must be approved in advance. This is not a whim of a power-hungry bureaucracy—it is just simply the law, and has been since 1916, without change. Therefore it is necessary for the State to get Bureau approval on change orders or extra work orders in advance if we are to participate financially at all—regardless of the merits of the order or the obvious need therefor. We recognize that such orders involve going projects—and that decisions are needed fast—so we have long had in operation a rapid approval process. Often this involves sight-unseen approval by telephone, based upon the State's verbal presentation, with the required "red-tape" papers called for by statute coming later on in due course.

The act of 1921 has weathered the test of time and its philosophy and principles have been proven. They are good today not simply because they are old—rather they have been allowed to become old but basically unchanged simply because they have been found to be a good basis for operating our highway program.

As a practical matter and in keeping with the legislative philosophy, we are dependent in a very large measure on the capability and integrity of the individual State highway departments. By and large—with notably small percentages of failure in any of the important and significant matters—the arrangement has worked well. By emphasizing that the present method has worked well I do not mean in any way to say we are against change—just the opposite, in fact, where proof has been advanced to demonstrate with reasonableness that another way would be better. Few programs and agencies have been as free of scandal charges having substance—and few programs have had the year-after-year overwhelming bipartisan support of the Congress.

Restating it now, the Bureau's role is large and admittedly one of influence. But the right to initiate, the responsibility to actually construct and maintain, and the final ownership of the roads rest with the State. Ours is a role of approval or concurrence as each step is taken by the State, including the right and responsibility to disagree and disapprove when in our judgment that is necessary to meet the principles and objectives stated in the enabling legislation.

The results that are clearly visible to all prove the value of the scheme because we have unquestionably produced in the United States the safest, finest, most efficient highway network in the world, serving national, local, and personal needs—defense, industry, business, and pleasure.

The Bureau's role in the program is as stated repeatedly in the enabling legislation—namely, to approve (or disapprove) each action proposed by the sovereign State's highway department when that action proposes the use of funds made available

through the Federal Government—or to require revision or modification of these proposals to make them acceptable to a Federal Highway Administrator who carries the responsibility of representing all of the people in all of the States. With the exclusive privilege which the State has to initiate every project proposal and to own the project on its completion goes a responsibility to see that it is built in accordance with the proposal as agreed upon; and with the responsibility which the law imposes on the Bureau to review and approve or disapprove such proposals, necessarily goes the right to independently inquire into these proposals and to be satisfied therewith before giving approval to them.

**MR. ARMSTRONG** (Chairman, AGC Highway Division): Mr. Turner, on behalf of this association and its members we thank you. Your remarks have done a great deal to clear up misconceptions and misunderstandings of the contractor-state highway department-Bureau of Public Roads relationship and of their respective functions.

Mr. Turner has consented to answer questions to the extent that time permits.

**QUESTION:** A few years back, the Bureau, instead of making the apportionment 100% by states, cut it down quarterly. Two years ago, the word came out that they were going to stop this. Has that been decided?

**MR. TURNER:** I gather that you're talking about the so-called contract control, or reimbursement planning. This was done in 1959 for the purpose of controlling the rate at which obligations were made against the trust fund. The trust fund was barely running nip and tuck, just like your own personal bank account, and we had to control the rate at which obligations were made against that account in order to insure that the trust fund would not be over-obligated, and we would find obligations coming due and payable without our having the money on hand with which to pay them. So we instituted this so-called contract control. It was merely the same kind of a budgeting control process that you might put on your personal funds. We took the total funds available, divided them into calendar quarters in order to better control them, and limited the number of obligations in each ninety-day quarter to the amount that we felt sure we'd be able to pay in full, and promptly, when the bills came due. Now this is still in effect, modified to some extent, but you as contractors are really the beneficiaries of it much more than anybody else. Had we not instituted this procedure, we would have been permitting the states to create obligations at a faster rate than we would have been able later to pay, and as a result you would have constructed a piece of road, sent in an estimate and the state would not have had funds with which to pay you, and we in turn would not have had funds with which to repay the state. You as the contractor would have been holding the bag with work

Jones, payrolls paid, materials bought and unable to get reimbursement.

**QUESTION:** As far as the contractor goes, he has a contract with the state, not with the Bureau. As far as finances go, he has a contract with the state, not with the Bureau. So in some places the program is delayed on account of the way they handle the funds, where if the states had it outright, we would have probably a better program.

**MR. TURNER:** We in the Bureau would be very happy to get rid of the contract control, or reimbursement planning, scheme. Unfortunately it is not possible because we are operating the program at the maximum rate permitted by the funds available. If we allowed one state to go ahead faster, we would have to cause some other state to go slower in order to compensate for that, because in total we are obligating the funds right down to the wire, just as fast as they come in. In fact, our cash balance is on the order of about three or four days financing at any one time. Good weather could put us in the red just in a matter of a few days. We're putting the funds into use and into construction just as rapidly as they come in, and this necessitates some control over the rate of obligations. That's still in effect, I'm sorry to say, but those are the facts of life.

**QUESTION:** One of our keenest desires as contractors has been to see a substantial compliance clause adopted or inserted in our contracts. Does such a substantial compliance clause exist or is there such an understanding between you and the states in your contracts, let's say, or do you require that the contract be fulfilled to the letter of the word?

**MR. TURNER:** The AASHTO Guide Specifications, which you people in the AGC helped develop, contains a substantial compliance clause, at least the intent of the words is to do just what you're proposing. We in the Bureau wholeheartedly subscribe to that. We know that there isn't such a thing as absolute compliance. It's just not possible to do the thing in strict compliance with every letter, every period, comma, dotting of the "i" and crossing of the "t" in every contract. Anybody could break any contractor on any job by such ruthless compliance requirements as that. It is not the intent, it is not the policy of the Bureau, to insist on such absurd compliance with the contract. Substantial compliance is certainly the only way we can operate in this field and this is the philosophy to which the Bureau subscribes, this is what we ask the states to do, this is what we say over and over again to our own people, that this is the way to administer the program. There is no other way to do it.

**QUESTION:** We've been trying to get the highway department to take jobs in increments and the Bureau has replied that that's all right with them, but that the highway department has to sell the entire job at one time. My question is, can the Bureau take the job in increments from the highway department?

**MR. TURNER:** Yes and no. The Bureau has to accept the entire contract. There isn't any provision for partial

acceptance of the first 10,000 stations and then the next two pieces and things like that. But, as a practical matter, I believe that this can and is being done in many places around the country. I think that it will contribute to good relationships as well as proper management of the program. The Bureau would have no particular objection to it being done on an informal basis. I think we would encourage it in your state if it is a problem there. Do you want me to talk to our people about it?

**QUESTION:** I'd be very happy for you to and grateful.

**MR. TURNER:** I'll be glad to talk to them about it. I think it's a wise and fair way to handle the matter.

**MR. ARMSTRONG:** In connection with that, Mr. Turner, the AASHO Guide Specs—which I assume that BPR would approve, providing they were a part of the state documents—does have, in Section 105.16, a clause relating to partial acceptance of a job. Your answer then possibly might be to get that section in your state specifications and then I would assume the Bureau would go along with the state specification.

**QUESTION:** Mr. Turner, in your splendid presentation you answered my question, but due to the fact that as we travel we hear so much concern, possibly over-emphasized but prevalent enough to require special clarification, I ask this purely for emphasis. My question is this: How much authority and/or control, if any, does your field personnel have over the contractor?

**MR. TURNER:** As far as the contractor is concerned, you don't exist insofar as the Bureau man is concerned. I'm sure you understand me in the statement that I make. You all are fine fellows and we can't operate this triumvirate without you, either one of us, but insofar as the official legal relationship is concerned, our man has absolutely *no* responsibility or authority to tell you *anything* directly.

**QUESTION:** Mr. Turner, in the way of a progress report, I might say that I'm happy to report that our state highway department is making a serious effort to accept work in sections if that is the practical approach to handling traffic and getting parts of the job in use. It's very gratifying and I'm happy for the close cooperation of this association and the Bureau to help bring that about. That is something that was frowned on seriously in our area and in other areas in which our firm has worked. It has been a real hardship in the years past. This is gratifying, and I'm pleased to make that progress report. Now I would like to ask a question that's a little bit in the area of the crystal ball situation, but we would all be very happy to hear your personal opinion of what you think we might expect after 1972, if you cared to venture that far in the future with your comments and your thinking.

**MR. TURNER:** It necessarily will, of course, have to be in the crystal ball category, but as I see it, I personally have no doubts but what the program is going to continue in probably about the same size, at least, as we now know it. Whether or not it will continue

in precisely the same directions, I don't know. From your standpoint I don't think you care whether you're building on a secondary or primary, and interstate, or a road to the moon as long as you're building something, and from your standpoint I don't think it will make any particular difference. As you probably know, there are studies underway in this area, and legislation has been proposed in Congress but has not passed (and it looks like it will not pass in this session) which would direct the Bureau and state highway departments jointly to make a study and come up to Congress with recommendations as to what we should do after the present program expires. Even without that legislation, we're going ahead making plans and we are engaging in studies necessary to develop material with which to present to Congress proposals for a program to continue after 1972. I personally believe firmly that such a proposal will be accepted by Congress. Exactly what it will contain in its individual components, I don't really know, but I think there will be continued work in the highway field in approximately the size and scope that we now know. This is my personal view. I can't predict what Congress will do any more than you can, but I believe this is what the future holds for us after 1972.

**QUESTION:** Mr. Turner, so that I can be absolutely sure that I understood what you said, I made a few notes. I'd like to read them and then ask you if that was the position you took:

1. The Bureau and the state have a project agreement.

2. The plans, specifications, and special provisions of the contract as prepared by the state are approved by the Bureau. The award of the contract is made by the state with the concurrence of the Bureau. From this point forward the Bureau can only require one thing and that is that the state comply with the terms of its agreement with the Bureau, which includes the construction of the project in accordance with the plans, specifications, and special provisions. Also, that the Bureau does not have any regulations which permit Bureau engineers to require the state or the contractor to do anything beyond honestly completing the project in accordance with the plans and specifications. Is that correct, sir?

**MR. TURNER:** The answer is yes to all of the points you have made, just exactly as you read them.

**QUESTION:** Mr. Turner, you mentioned the close relationship between the Bureau and the highway departments. Doesn't this close relationship sometimes result in a subtle control by the Bureau. For example, don't the field men of the Bureau sometimes make the decisions, in their eagerness to cooperate, instead of the highway department men?

**MR. TURNER:** I suspect you're right. I believe this is a characteristic of people, human beings being what they are. If the state does not make the decision, I suspect that there might be some encouragement on the part of our man to help him make it. This, however, does not alter the basic relationship which the statute contemplates and which is the objective of the Bureau

that the initiative and the basic responsibility rests with the states. I have no doubt that in day-to-day operations and in certain individual cases the situation you described does actually occur.

**QUESTION:** Mr. Turner, there is at least one state that requires acceptance by the Bureau of Public Roads of a project before the state can give final acceptance to that project. I wonder if you would comment on that?

**MR. TURNER:** I don't know what state you're talking about. I would like to know, because I would like to get it corrected. By correcting I would say the provision would have to be removed, because we have no requirement of that type. That was one of the points I was trying to emphasize in my paper: that state action is *not* contingent upon the Bureau's action under the terms contemplated by the legislation or the philosophy of the present administrators of the Bureau of Public Roads.

**QUESTION:** I think a lot of our problems as contractors exist because we haven't understood the relationship a lot of times between the Bureau and the states. The state highway department and its people have been quoting Bureau regulations to us quite often and a lot of times hiding behind Bureau regulations whether they should have been doing this or not. We hold joint meetings between the state highway department and the contractors along with representatives of the Bureau in my state. Through these meetings, we have had an understanding with the state highway people, while the Bureau was sitting there listening. It has helped us quite a lot, because most of these misconceptions have been cleared up through joint meetings with all three people involved. They don't join us as part of the contractual relationship, but we do discuss matters with all three in a group, and it has helped us. Your people have been real cooperative in that venture and it probably would work in a lot more states.

**MR. TURNER:** I'm glad to get that report. We are trying to be helpful and we want this philosophy and this method of operation to work. It's the way the law contemplated, it's a good way to do it and I think all of us, all three parties, contractors, states and Bureau, must acknowledge and make it work.

**QUESTION:** In my state, as a part of our contract, we make reference to an equipment rental schedule that we have developed with the highway department and the AGC. Last spring we upgraded this rental rate to put on new equipment that was not on the old rental rate and to upgrade our rental rates to a more realistic schedule, as equipment has increased in cost and the maintenance on it has increased. This report was finished and accepted by the AGC and the highway department, printed and submitted to the Bureau of Public Roads this summer—and rejected in its entirety. It started out as a rejection of a few items and then rejection of the whole report. The Bureau indicated that it wanted to sit in on our negotiations and know more of what was involved than putting the report together. My question is: We may, as you have described the philosophy of the Bureau, have a con-

tract with the highway department and they have a contract with you, but the situation that is developing (and this equipment rental rate is a good illustration) tends to merely make our highway department an errand boy between the contractor and Bureau of Public Roads. I wonder if it is necessary for the Bureau to turn down this equipment rental rate book or other things that the highway department has approved. We have had no explanation of why it was turned down.

**MR. TURNER:** Without attempting to be facetious, and as I indicated in my remarks, the state is free to go ahead and set any scale which they may desire to make with you. It could set a scale of \$10,000 a day for the rental of a three-yard dump truck, and so far as we're concerned, it would be perfectly within its rights to do so. But, if it wants the Bureau to participate and to pay any part of that \$10,000 a day rental charge, then obviously we have to be satisfied with the proposal. If we think \$10,000 is too high, it ought to be \$9,995, let's say, then we have to make this agreement separately with the state, which doesn't prevent it from making the \$10,000 payment to you. But our payment to the state will be only that which we agreed upon. Now the difference is the state's, this is the way this kind of a philosophy has to work. I'm well aware that some states claim that they do not have the financial capability to absorb differences and that they are dependent upon whatever they get from us to in turn pay you. This does not alter the basic philosophy, and the method of operation, and the way the thing has to work. I will look into the question that you have raised and I will get back to the state some information. We have been in a problem area, with respect to rental rate approvals, because of the exception which the GAO has taken to the rental rates which we have approved on projects, not only in the Bureau but in other agencies of the government. They have taken some exceptions to the Defense Department, Reclamation service and other constructing agency rental rates, as well as those which the Bureau has been using. This is part of the reason why we are delayed in getting approval of this in your own state.

**QUESTION:** One thing I would like to point out on this is that in developing these rental rates, several of us now are on electronic data processing with cost records on individual pieces of equipment and utilization, number of hours per year that we can use our equipment because of our severe winters, and the limitations of the number of hours you can use certain specialized pieces of equipment. We felt that we went into this in detail and were as realistic as possible about it. If we arbitrarily set some fantastic rates, we wouldn't have felt so bad about having been turned down, but we did feel that we had spent a lot of time and effort to have a realistic rental rate and then to have it turned down—maybe it hurt our pride.

**MR. TURNER:** The absurd rate I was using as illustration, I made absurd simply to illustrate the point. I'm not implying that the rates that you submitted were

out of line. I think the reason is simply that we are in the middle of this effort to justify whatever the rate is, and to be able to support it throughout all agencies of the government.

**QUESTION:** Mr. Turner, I want to thank you very much for enlightening me on certain impressions I had. I'm kind of in the same position as the other gentlemen: I'm from a small state and you know that in several of the Rocky Mountain states Federal-aid money is very predominate. One of my predecessors here said that, in a subtle way, the Bureau of Public Roads has control over the highway department engineers. We do have certain engineers who are what we might call a little bit weak-kneed, but for me this is a two-way street. In other words, the Bureau has done some good things as well as some bad things. In other words, some of the state engineers get overboard too, and then the Bureau comes to our rescue. So it's a two-way street as far as I'm concerned. I'm glad to know that you're my partner, along with my banker and my bondsman. I never had put you in that category, so I'm now enlightened on that. So I want to thank you very much. The question I do have that I would like to ask you may be a little bit personal. It seems that the amount of paper work these engineers in the field are having to do is tremendous. The last interstate job I was on the engineer was spending 90% of his time taking care of the paper work, and we didn't see enough of him out in the field to make some decisions. I think, of course, you've answered that and we're back into personalities again and maybe we need better educated engineers. The other question I have is about the ruling our state people tell us that the Bureau will not approve the third, or fourth or fifth tier of subcontracting. Of course, sometime we even have a problem getting our first line of subcontractors approved and when our subcontractor wants to subcontract some of his work, why then we're getting into a problem.

**MR. TURNER:** Subcontracting is covered in the procedures and regulations and it is required that the subcontracting be approved just as the original contract is approved and concurred in by the Bureau. I'm interested in this fourth and fifth order of subcontractor approval. I don't believe we get down into that level very often but the principal items that the principal contractor proposes to sublet do have to be indicated and approval obtained. This is for the purpose of, as much as anything else, your own protection. It was largely instituted, originally, at the request of the contracting agencies as a protection against the so-called broker operation. In principle, this is what we're striving for and the actual detailed application of the principle to the case that you cite, I have to confess I'm not familiar enough with it to be able to satisfy you with an answer.

**QUESTION:** Thank you, but you didn't answer my question on the paper work.

**MR. TURNER:** If you want to see some paper work you ought to come and visit my desk in Washington. Nobody will agree with you any more than I about the

desirability of reducing paper work. This is one of the things that we're constantly striving for, for the purpose that you imply, in order to be able to devote the scarce manpower time that we have to the actual, more important, construction features themselves. This, however, is not possible in the sense that we can toss all the papers out the window and say, well, just go ahead and build it and forget about the paper work. As long as we're dealing with public funds, which every citizen of the country has a right to know about, and to question us as public servants as to what we did with his money, we're going to have to have paper work. We're going to have it in a larger degree than you might be able to operate your own business with. We have got to be able to show by a written record made at the time of the incident what we did as public officials and why we did it and why we didn't do something else. This requires the operation of this overworked terminology of "Documenting the Record." I don't see any way in public service that we can completely eliminate this business. We've got to have paper work in the public business. We might just as well adjust ourselves to this fact. The minimum that we can get by with is certainly the objective that we're after in the Bureau, too. What that minimum is, you and I and others are going to differ on, but I can only assure you that insofar as we're concerned, we sympathize with the problem, we're certainly knowledgeable about it, and it is our intent and purpose to keep the paper work down to the absolute minimum that we feel is necessary, in order to be able to produce this documented record which the conduct of the public affairs requires.

**QUESTION:** Thank you. I'm glad to hear your statement on the theory of let's try to minimize.

**MR. TURNER:** I understand you and we're trying to work toward that direction.

**MR. ARMSTRONG:** Gentlemen, time is getting late and I'll accept one more question.

**QUESTION:** Mr. Sprouse and Mr. Turner have talked about the relationship that has been built up for a period of 48 years between the Bureau and the highway department and the contractor. We agree that this relationship has been built up and has been very good, but we're afraid that that relationship has been almost destroyed by one investigation and subsequent report. We feel that, at least in our state, the relationship between the Bureau and the highway department has deteriorated almost day-by-day, the communications are getting further and further apart, and the contractor is caught in the middle. We sort of feel like a passenger in a plane with a pilot and co-pilot fighting about who's going to drive. We are very anxious, in fact we are desperate, we contractors, to attempt to do everything we can to restore this relationship and we would like to know if there is any specific method we may employ, or what we can possibly do, to help restore the relationship that once existed.

**MR. TURNER:** The point is well made. You've already been doing the things, I think, that your organization can do. You support the basic idea, you're actually



working at it in various committees such as the joint committee that you have with AASHO, the relationship that you have individually with the Bureau people and state people, and your belief in the principle that we're trying to operate under. I would hope you would continue that support. Both the states and the Bureau and you, as you imply, innocent bystanders, have been going through some stormy times in the last few years. I can assure you some of it hasn't been pleasant from our side either. We still subscribe, however, to the basic philosophy, and we're trying to get back to that. We're doing everything that we can in order to move it back in that direction. I'm optimistic that we're making headway. I hope that improvements will occur more rapidly in the next year or so than they have in the last three or four. Because we haven't completely reached the answer yet, is no reason for us to give up. The principle is right, the method is sound, and therefore we ought to keep striving in that direction. I think we are. I think you folks in the AGC are being extremely helpful. We in the Bureau are very appreciative of what you are doing in that direction and hope you will bear with us and give us all the continued support that you have in the past to try to get this relationship straightened out and maybe happy days will be here again. I certainly hope so. This is our purpose too, and I know that the states feel the same way. We're all working in the same direction. Let's keep pulling together in that direction and I think we'll make it. To all of you, I say I appreciate the opportunity to be here with you. I enjoy getting out, not only because I'm away from Washington, but because I can associate with you fellows who are actually doing the job. I like to get my feet muddy out on the job too. I get tired of a desk and I enjoy getting out. We're trying to get the job done about the way that I think you want it done. Stay with us and I think we'll make it. Thank you again for letting me come out and talk with you.

