

STATEMENT OF SECRETARY OF TRANSPORTATION BROCK ADAMS,
BEFORE THE SENATE ENVIRONMENT AND PUBLIC WORKS
COMMITTEE, SUBCOMMITTEE ON TRANSPORTATION, CONCERNING
THE ADMINISTRATION'S PROPOSED HIGHWAY LEGISLATION,
TUESDAY, FEBRUARY 7, 1978.

Mr. Chairman and Members of the Subcommittee:

The President has transmitted to the Congress legislation to improve the Federal assistance programs for highways and public transportation. S.2440 contains our proposals for the highway program. Its companion bill, S.2441, deals with the public transportation program. While I will not focus on the provisions of that bill this morning, I do want to stress that these two bills go together and that it is important, if we are to achieve our objectives, that we approach both highways and transit in as uniform a manner as possible. We must develop the two programs and use the two modes of transportation in a complementary fashion to produce an integrated and effective transportation system.

It is a pleasure for me to appear here this morning to discuss our proposals with you, to tell you what they are and how we got there.

One of my first acts as Secretary of Transportation was to establish a task force of senior DOT officials, chaired by the Deputy Secretary, to review our existing highway and public transportation programs with the broadest possible spectrum of State

and local officials and interested organizations and individuals. We found a number of things that were good and which justify our spending some \$10 billion Federal dollars a year on these programs. Our Interstate highway system is a tremendous achievement which is the envy of the world. Our road and highway network reaches every city and town in the country. While the death toll on our highways is still much too high, important safety improvements have been made in recent years. The relatively new Federal programs supporting public transportation have helped to reverse the decline of transit systems.

But we also heard many criticisms of how our programs are structured, and we found that they need significant improvement. There are an excessive number of separate assistance categories. We have different recipients for our highway and transit programs. Transportation planning assistance is fragmented. There is a confusing array of Federal-local matching ratios: 70/30 for most highway projects; 80/20 for transit; 75/25 for bridges; 90/10 for Interstate highways. However, if a city exercises the option to withdraw an Interstate segment and use the money for other projects, we go back to 70/30 for highways and 80/20 for transit.

Under our present program structure, transit and highways are too often viewed as rivals. Decisions are too often made to fit Federal requirements rather than to fill local needs. We need to redesign our highway and public transportation programs, to redirect them to fit the realities of scarce dollars and costly energy, changing rural requirements and growing urban needs. These are concerns we heard time after time as we traveled the country talking with concerned officials.

The Administration's highway and public transportation legislation together will authorize more than \$50 billion over the next five years for transportation planning and highway and public transportation investment and support. It will remove the present arbitrary restrictions that hamper our programs and will give State and local officials the ability to plan and use Federal assistance to meet their transportation priorities. Transportation planners will be able to meet the challenges of energy scarcity and other national social objectives.

Principal Objectives

The legislation's principal objectives are:

- To strengthen comprehensive transportation planning and apply the same planning requirements to the highway and transit program;

- To simplify funding categories and increase the flexibility of their use;
- To accelerate completion of the Interstate System;
- To equalize the Federal share at 80 percent for non-Interstate highway programs and for public transportation; and
- To address the transportation problems of rural and small urban areas.

Our proposals cover seven broad program categories: planning, the Interstate program, the primary highway program, assistance for large urban areas, assistance for small urban and rural areas, safety and bridges. I would like to spend a few moments highlighting our principal proposals in each of these areas.

Planning

A first and critical step is to bring transportation planning efforts together so that planning is focused not on highways or on transit systems as separate or competitive modes but on the transportation job that must be done. Equally important, transportation planning must look beyond transportation itself. Transportation should be a partner in helping to meet other national and local objectives. Energy conservation, for example, will always have to be in the forefront of our minds, as will air quality and accessibility to employment.

To enable transportation planning to do its job, we propose a consolidation of highway and transit planning funds. Most of these funds will be apportioned to States and metropolitan planning agencies by a formula which we will develop. Such an administrative formula has been successfully used by UMTA to allocate planning funds for the last three years. These funds will be available for a broad range of transportation planning activities and will no longer be identified as highway or transit planning dollars. This is a key to the comprehensive multi-modal planning we must have if we are to refocus our transportation programs effectively.

Present law requires a transportation planning process for urbanized areas - those with a population of 50,000 or more. To encourage a broader regional look at transportation needs and issues, statewide planning, including planning for small urban and rural areas, will also be required after October 1, 1980. Local officials in small urban and rural areas will be consulted in the Statewide planned process.

For the major metropolitan areas, those of a million or more, we require that their transportation plans and programs be submitted to the Secretary for substantive review. This is a new requirement and a very important one. Transportation can and should play a central role in the regeneration and vitality of these urban centers, and full integration with the areas' housing, employment,

energy conservation, air quality and other objectives is vital.

This review will serve as an early warning device for individual projects which may face disapproval at a later stage of development. Most importantly, it will ensure at both the local and the Federal level that we do not lose sight of the fact that transportation is not an end in itself but is part of a broader social and economic picture.

Interstate

For the Interstate highway program, our proposals have a number of objectives. Over 90 percent of the Interstate highway system is now open to traffic and we want to accelerate its completion. The proposed changes will focus our efforts on closing those essential gaps in the System which are necessary for intercity travel. We also want to make certain that the Federal funds available for this program are used in the most efficient way. We need to be sure that funds are not tied up in a State which cannot make immediate use of them while another State which is ready to go with construction is delayed because it has run out of available funds. I know that this problem has been of particular concern to this Committee.

We propose that the formula for apportioning Interstate funds be modified so that half will be apportioned on the basis of essential gaps that need to be finished and half on the basis of total system completion. Funds apportioned on the basis of essential gaps will have to be used on gap projects.

To hasten completion of work on the Interstate, States will be permitted to borrow against their following year's apportionment if their current funds are obligated. Finally, the basic period of availability of the funds will be shortened from four years to two, with unused funds being reallocated to other States.

Our goal is to complete the Interstate System by 1990. To do so, we need some firm benchmark dates. Our proposals require either that Interstate segments be withdrawn, or that the environmental review process be finished, by October 1, 1982. Further, construction will have to start on all unfinished Interstate segments by October 1, 1986.

As you know, existing law allows the withdrawal of non-essential Interstate segments and the use of equivalent amounts of funds for highway and transit projects. I referred earlier to the problem that results from these transfers: in effect, there is a penalty attached to such a transfer since the required local share doubles or triples for substitute transit or highway projects. The amount of Federal money is the same, but we do not think the level of Federal match should bias local decisions. Therefore, we propose that substitute projects, whether highway or transit, receive the same 90 percent Federal share as the withdrawn Interstate project.

RRR

To ensure that our superb Interstate System, and the tremendous Federal investment it represents, does not deteriorate, we recommend the continuation of a separate program for Interstate resurfacing, restoration and rehabilitation. We have adjusted the apportionment ratio to give more funds to those areas where travel is the greatest.

The Primary System

Let me now move to our proposals for the primary system. This basic system of main roads is vital in serving interstate, statewide and regional travel. It deserves and will continue to receive focused Federal assistance. The changes we recommend are designed to enhance State planning and programming flexibility. First, we consolidate a number of narrow assistance categories into a unified primary program. Second, we allow 50 percent of funds apportioned for the proposed urban highway and small urban and rural programs to be transferred to the primary program, and vice versa.

Urban Funds

To meet the needs of our larger urban areas - those with a population of 50,000 or more - we propose a revised urban highway formula program. Smaller cities which previously received assistance

under the Federal-aid urban system program will be included in the new small urban and rural program I describe later in my statement.

Funds for the urban highway formula program will be apportioned on the basis of urbanized area population and will be available for projects on any road or street not on the primary or Interstate system. The option contained in present law to use urban highway funds for public transportation capital projects will be continued. The Federal share for this program will be 80 percent.

We propose that, beginning October 1, 1979, Governors and local officials designate one or more recipients for urban highway funds in areas with a population of one million or more. This sort of "designated recipient" process has worked well in the UMTA formula program, and we believe it will enable these major metropolitan areas to focus Federal assistance more effectively on overall urban development objectives.

The Urban System Report to Congress, which we submitted in January 1977, showed that large urbanized areas have the capability to administer the Federal-aid urban program. The administration of this program would be streamlined by allowing qualified local recipients to manage it directly. Large jurisdictions

now have a direct Federal relationship with other significant Federal capital programs, and most in effect already are deeply involved in the administration of the Federal-aid highway program.

On the transit side, we will also have a formula program for areas of 50,000 or more population. These formula funds will be the source of assistance for all routine capital activities such as rolling stock replacement and system modernization, as well as for operating assistance. Up to 50 percent of the transit formula funds may be used for highway projects. Again the Federal share will be 80 percent for capital projects. There will continue to be a discretionary transit assistance program, but it will be reserved primarily for major fixed guideway construction, major bus fleet expansion and joint development projects.

The compatible and flexible features we propose for the urban highway and public transportation formula programs are designed to assure that they can be used effectively by State and local officials to meet the transportation needs of their own urban areas.

Small Urban and Rural

While we move to provide a better system for meeting the transportation needs of our big cities, we must never lose sight of the needs of our smaller cities and rural communities. There, too, we must provide greater ability for State and local officials to determine what transportation solutions best satisfy their needs. Our proposal is for a consolidated program providing assistance for all highway and public transportation projects in these communities. For the first time, other than in connection with demonstration projects, we will provide operating assistance for public transportation services in these areas.

The funds for this program will be apportioned to the States on the basis of small urban and rural population, area and postal route mileage. At least 10 percent of the funds will be earmarked for public transportation purposes, to establish or improve service in small urban and rural areas. The Federal share for transit operating costs will be limited to one-third of the total costs. As with the urban highway program, projects on any road not on the Interstate or primary system will be eligible for funds under this program.

The funds for this program will come from the Highway Trust Fund, but the Trust Fund will be reimbursed from the General

Fund for any operating costs. Thus small urban and rural areas will have the same flexibility in the use of Trust Fund monies as large urban areas have under current law.

This consolidated assistance program, when coupled with the strengthened requirements for Statewide transportation planning, will make transportation an active agent in improving the quality of life and conserving energy in our small urban and rural areas.

Let me elaborate somewhat on our proposal to allow urban and rural highway funds to be used on roads which are not on a designated Federal-aid highway system. We will continue to have designated Federal-aid urban and secondary systems. What we have done is to consolidate the present off-system road category into the basic assistance programs, to provide increased flexibility for State and local governments.

We do not expect any lessening of investment in the Federal-aid systems themselves as a result of this change. The Federal-aid secondary system, because of its role in providing intra-state access to agriculture and industry, has always been given high priority in State and local highway improvement programs. Similarly, the urban arterial and collector roads that are part of the Federal-aid urban system carry the most traffic and are vital to urban areas. Thus these highways have the highest priority for capital improvement

funds. The focus on these highway systems is not likely to change, but our proposal will allow off-system needs to be addressed efficiently with Federal assistance where that is the local choice.

Safety

Highway safety is an area of constant concern. In S.2440 we propose the consolidation of a number of existing programs into a single highway safety improvement program for all public roads. This will assist the States in increasing their effectiveness in improving highway safety. This proposal may look familiar to the members of this Committee, since it is very similar to provisions passed by the Senate in 1975 in S. 2711. To ensure that the pressing safety problems of roads not on a designated Federal-aid highway are addressed, at least 30 percent of these funds will be for use on those off-system roads.

Our legislation would also permit the purchase of truck weighing scales from Federal-aid highway funds. This will help States to improve their vehicle weight enforcement programs and will have important safety benefits.

Also in the area of safety, Mr. Chairman, another legislative proposal we have transmitted will strengthen our 55 mph enforcement efforts by adding new compliance criteria focusing on the actual speeds traveled by motorists. The States would be subject to a 5 to 10 percent penalty of some Federal-aid highway funds for failure to reduce actual speeds. A schedule would be established for the States to reduce the speeds traveled by their motorists to specified levels in successive years, beginning in calendar year 1978. These changes would provide a fair but strong inducement to the States to improve their enforcement of the national maximum speed limit which has proven to be such an important life-saving tool.

Bridges

Finally, Mr. Chairman, bridges too are in need of our immediate attention. Our proposal more than doubles funding for bridges and expands the program to cover bridge rehabilitation in addition to the bridge replacement currently allowed. This will improve the cost-effectiveness of the program. Up to 30 percent of the bridge funds will be available for bridges not on one of the designated Federal aid highway systems.

Those are the highlights of our proposals. It is a comprehensive package that was developed from a comprehensive review of our current programs and the most extensive consultation with the transportation community ever undertaken by the Department.

I would add one closing thought. Since our proposals were introduced, we have heard doubts expressed as to whether the level of funding proposed is enough. I believe that the levels we recommend are reasonable and prudent and reflect what we ought to spend on the highway and transit needs of this country over the next four years. I might note that, in the highway program last year, we had the second highest level of apportionments ever, yet only about \$7 billion was actually obligated by the States. \$5.8 billion of unobligated balances of apportioned and allocated funds were available at the end of the fiscal year. At least for the short term, therefore, our proposed funding level represents about the most that the States will be able to use. To provide funds in excess of what can be spent, and have them carried on the books with no project activity, unnecessarily encumbers the resources of this country.

Moreover, our proposals for consolidation of categories and for increased flexibility in the use of funds will, we believe, be a strong stimulant to the effective, productive use of the money

that is available, and that includes both the unobligated balances and the newly provided funds. "More bang for the buck" may be a hackneyed expression, but it is an important concept and it is what our proposals are all about.

Mr. Chairman, it is time to take a new approach to Federal transportation assistance, an approach that recognizes the new realities and that permits local, State and Federal governments to meet their objectives more effectively. The Administration's proposals embody a program that addresses these important issues in a responsible and realistic manner.

The proposed highway legislation provides for an increase in obligations of \$164.4 million over the FY 1979 Budget as prepared on existing program lines. All of this increase is reflected in the Federal-Aid Highway account. The drop in overall FHWA obligations from FY 1978 to the level in the proposed legislation results from the decision not to reauthorize several programs, although unobligated contract authority is being spent out in several of these accounts.

The reduction of categories and the corresponding broadening of program eligibility will give the States greater flexibility in programming projects and in assembling the funds necessary to initiate them. Several program changes in the Interstate program will

accelerate construction and enable a greater amount of authorized funds to be effectively used, even though the proposed increase is less than that contained in current law.

We anticipate that the highway program will continue to operate under an overall obligation ceiling, at least for another few years. It may be necessary to review the obligation ceiling, which is proposed for about \$7.8 billion in FY 1979, as the increased flexibility to reallocate Interstate apportionments among States takes effect.

Added emphasis will be given to the motor carrier safety area with a request for \$13.4 million, a 50 percent increase over the FY 1978 level. Included in this amount is a new demonstration program which is designed to determine whether the States themselves can conduct an effective motor carrier safety enforcement effort.

Also \$40 million is proposed for construction on the Darien Gap Highway, the last incomplete portion of the Inter-American Highway for fiscal years 1978 and 1979. Construction is in Panama only.

The budget provides for construction on certain highway programs initiated in earlier years but not proposed for additional authorization under the new legislation. These include the Overseas

Highway, Highways Crossing Federal Projects, the National Scenic and Recreational Highway, Railroad-Highway Crossing Demonstration projects and the Baltimore-Washington Parkway.

This concludes my prepared statement. I would be happy to answer any questions you or other members of the Subcommittee may have.