

SHORT STATEMENT

STATEMENT OF ELIZABETH HANFORD DOLE  
SECRETARY  
U.S. DEPARTMENT OF TRANSPORTATION  
BEFORE THE  
SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

MARCH 6, 1986

HEARING ON THE SURFACE  
TRANSPORTATION REAUTHORIZATION BILL

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM PLEASED TO COME BEFORE YOU TODAY TO DISCUSS THE SURFACE TRANSPORTATION REAUTHORIZATION ACT OF 1986 (STRA). WITH ME TODAY IS THE FEDERAL HIGHWAY ADMINISTRATOR, RAY BARNHART, AND THE URBAN MASS TRANSPORTATION ADMINISTRATOR, RALPH STANLEY.

SWEEPING CHANGES ARE SHAPING A NEW AMERICA WITH MOBILITY NEEDS QUITE DIFFERENT FROM THOSE OF THE PAST. OUR NATION'S FEDERAL-AID PROGRAMS FOR HIGHWAYS, TRANSIT AND SAFETY MUST BE RESPONSIVE TO THESE CHANGES. IT HAS BEEN SAID THAT A JOURNEY OF TEN THOUSAND MILES MUST BEGIN WITH A SINGLE STEP. THE JOURNEY WHICH WE MUST TRAVEL TOGETHER, NOW AND IN THE MONTHS TO COME, WILL

INVOLVE MANY STEPS, TAKEN ON MANY FRONTS. ONE SUCH STEP IS THIS MAJOR PIECE OF LEGISLATION.

AS THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1982 COMES TO AN END, ONE OF THE MOST CHALLENGING TASKS BEFORE CONGRESS AND THE ADMINISTRATION WILL BE TO CREATE THE KIND OF FEDERAL-AID PROGRAMS WHICH WILL RESPOND TO THE 1990s.

THE NEW AMERICA HAS NEEDS DIFFERENT FROM THOSE FORTY YEARS AGO WHEN THE INTERSTATE SYSTEM WAS CONCEIVED. PEOPLE ARE CHANGING WHERE THEY LIVE AND WORK. ACCORDING TO THE 1980 CENSUS, MORE THAN HALF OF ALL WORKERS IN OUR LARGE URBANIZED AREAS TRAVEL TO JOBS LOCATED OUTSIDE THE CENTRAL CITY. AT THE SAME TIME, THE NUMBER OF

SUBURBAN RESIDENTS COMMUTING TO OTHER SUBURBAN WORK LOCATIONS GREW BY OVER FIFTY PERCENT.

THE PROGRAMS WE REAUTHORIZE THIS YEAR MUST RESPOND TO THESE CHANGING NEEDS. WE MUST GIVE STATE AND LOCAL DECISION MAKERS THE TOOLS AND FLEXIBILITY TO MEET THEIR OWN UNIQUE TRANSPORTATION NEEDS. WE MUST GIVE THEM INCREASED CONTROL AND RESPONSIBILITY OVER TRANSPORTATION INVESTMENT DECISIONS. WE MUST PROVIDE A PROGRAM STRUCTURE FACILITATING LONG-TERM TRANSPORTATION PLANNING AND BALANCE BETWEEN ALTERNATIVE MODES OF TRANSPORTATION.

THIS CAN BE DONE. IN HOUSTON, TEXAS, A CITY IN WHICH TRANSPORTATION IS A CRITICAL ISSUE, A PLAN WAS DEVELOPED BY THE STATE HIGHWAY COMMISSIONER, THE MAYOR, THE TRANSIT AUTHORITY AND



THE COUNTY ROAD DEPARTMENT. IT WAS NOT A HIGHWAY PLAN OR A TRANSIT PLAN, BUT A PLAN ADDRESSING REGIONAL MOBILITY. THE RESULT HAS BEEN THE CONSTRUCTION OF A NETWORK OF BUSWAYS FUNDED BY BOTH FEDERAL TRANSIT AND HIGHWAY DOLLARS, RATHER THAN SEPARATE PROJECTS. SUCH JOINT EFFORTS WILL BE ENCOURAGED BY OUR POLICIES. UNDER THE CURRENT PROGRAM STRUCTURE THESE SUCCESS STORIES ARE LIMITED. IN A GREAT MANY INSTANCES, THE EXISTENCE OF FEDERAL-AID CATEGORIES HAS BEEN THE DRIVING FORCE BEHIND INVESTMENT DECISIONS. STATES UNDERTAKE PROJECTS PRINCIPALLY BECAUSE SPECIAL CATEGORIES OF FEDERAL FUNDS ARE AVAILABLE, AND THE USE OF THE FUNDS IS LIMITED TO SUCH PROJECTS. RECEIVING THE MAXIMUM IN FEDERAL FUNDS, NOT MEETING THE REAL WORLD NEEDS, DRIVES INVESTMENT DECISIONS. OUR PROPOSAL WILL CHANGE THIS.

THE LEGISLATION WE PROPOSE PROVIDES SUCH A VISION OF THE FUTURE AND AN INTEGRATED APPROACH TO OUR NATIONAL HIGHWAY AND TRANSIT POLICIES.

THE STRA WOULD RESTRUCTURE THE HIGHWAY PROGRAM INTO FOUR MAJOR PARTS: (1) THE INTERSTATE/PRIMARY PROGRAM COMPOSED OF THE CURRENT INTERSTATE CONSTRUCTION, THE INTERSTATE 4R AND THE PRIMARY PROGRAMS, (2) THE BRIDGE PROGRAM FOR PRIMARY BRIDGES OTHER THAN INTERSTATE, (3) SAFETY PROGRAMS INCLUDING THE HAZARD ELIMINATION AND RAILWAY-HIGHWAY CROSSINGS SAFETY CONSTRUCTION PROGRAMS, AND (4) THE HIGHWAY AND TRANSIT BLOCK GRANT PROGRAM COMPOSED OF THE FORMER URBAN, SECONDARY, AND NON-PRIMARY BRIDGE HIGHWAY PROGRAMS AND CERTAIN TRANSIT PROGRAMS.



IN ORDER TO GIVE THE STATES INCREASED FLEXIBILITY TO ADDRESS CRITICAL NATIONAL NEEDS, THE INTERSTATE CONSTRUCTION, INTERSTATE-  
4R AND PRIMARY PROGRAMS ARE MERGED INTO A SINGLE PROGRAM. AT A TIME WHEN REQUIREMENTS TO REDUCE THE FEDERAL DEFICIT MAKE IT NECESSARY TO REDUCE PROGRAM LEVELS, A COMBINED PROGRAM OFFERS THE STATES MORE FLEXIBILITY TO COMPLETE HIGH-PRIORITY WORK. THE NEW STRUCTURE RECOGNIZES THE NEED TO BALANCE THE PRESERVATION OF THE EXISTING MAJOR HIGHWAY SYSTEM WITH THE NEED TO BUILD NEW HIGHWAYS.

THE COMBINED PROGRAM WOULD BE AUTHORIZED AT A LEVEL OF \$7.8B PER YEAR. IT WOULD APPROXIMATE THE CURRENT RELATIVE DISTRIBUTION OF THESE FUNDS AMONG THE STATES. STATES WOULD HAVE AN INCENTIVE TO ALLOCATE FUNDS TO THE INTERSTATE SYSTEM BECAUSE THE FEDERAL

SHARE FOR INTERSTATE PROJECTS WOULD CONTINUE TO BE 90 PERCENT WHILE THE FEDERAL SHARE FOR PRIMARY PROJECTS WOULD CONTINUE TO BE 75 PERCENT.

WITH THE INITIATION OF THE HIGHWAY AND TRANSIT BLOCK GRANT THE FEDERAL-INTEREST BRIDGE PROGRAM WOULD INCLUDE ONLY NON-INTERSTATE PRIMARY SYSTEM BRIDGES. BRIDGES ON THE INTERSTATE SYSTEM WOULD BE ELIGIBLE UNDER THE INTERSTATE/PRIMARY PROGRAM. THE NEW PROGRAM WOULD BE AUTHORIZED AT \$1.25B PER YEAR FOR FISCAL YEARS 1987-1990 TO ADDRESS THESE NEEDS. SINCE THERE IS ALSO A LARGE BACKLOG OF HIGH-COST BRIDGES, THE DISCRETIONARY PORTION OF THE PROGRAM IS BEING INCREASED FROM \$200M TO \$250M PER YEAR.



I BELIEVE THAT THE BLOCK GRANT IS ONE OF THE MOST IMPORTANT ASPECTS OF OUR PROPOSAL. THE CURRENT FEDERAL TRANSPORTATION INFRASTRUCTURE IN MANY URBAN AND SUBURBAN AREAS BEARS NO RELATION TO THE INFRASTRUCTURE NECESSARY TO ATTAIN THE MOBILITY NEEDS.

UNDER OUR BILL, STATE AND LOCAL GOVERNMENTS WILL BE ABLE TO BASE DECISIONS ON TRANSPORTATION NEEDS, RATHER THAN CHOOSING PROJECTS IN ORDER TO MAXIMIZE THE AVAILABILITY OF FEDERAL FUNDING. THE BILL WOULD REPLACE THE CURRENT FHWA URBAN SYSTEM, THE FHWA SECONDARY SYSTEM, THE FHWA NON-PRIMARY SYSTEM OF THE BRIDGE PROGRAM, AND THE UMTA FORMULA PROGRAM, WITH A BLOCK GRANT. THE UMTA DISCRETIONARY GRANT PROGRAM WOULD BE DISCONTINUED.

THE PROGRAM WOULD HAVE AN URBAN MOBILITY COMPONENT AND A STATE COMPONENT. UNDER THE URBAN MOBILITY COMPONENT, FUNDS WOULD BE ALLOCATED TO LARGE URBANIZED AREAS FOR EITHER HIGHWAY OR TRANSIT PROJECTS. UNDER THE STATE COMPONENT, FUNDS COULD BE APPLIED TO EITHER TRANSIT OR HIGHWAY PROJECTS. A STATE COULD CHOOSE TO USE FUNDS FROM THE STATE COMPONENT IN RURAL AND SMALL URBANIZED AREAS FOR TRANSIT OPERATING ASSISTANCE. THE PROGRAM WOULD BE AUTHORIZED AT A LEVEL OF \$3.3B PER YEAR WHICH IS EQUIVALENT TO THE SUM OF THE FISCAL YEAR 1986 PROGRAM LEVELS FOR THE FHWA PROGRAMS THAT ARE INCORPORATED PLUS \$1.1B FROM THE MASS TRANSIT ACCOUNT.



THE FUND WOULD BE DISTRIBUTED TO THE GOVERNOR OF EACH STATE BY A FORMULA THAT INCORPORATES EXISTING FORMULAS FOR THE PROGRAMS BEING CONSOLIDATED. EACH STATE WOULD RECEIVE APPROXIMATELY THE TOTAL AMOUNT OF FUNDS IT RECEIVED UNDER THE CURRENT FHWA PROGRAMS PLUS AN AMOUNT OF UMTA FUNDS THAT WOULD BE BASED ON THE CURRENT SECTION 9A AND SECTION 18 FORMULAS. THE FUNDS WOULD BE FUNGIBLE; THAT IS, THEY COULD BE SPENT ON EITHER HIGHWAY OR TRANSIT PROJECTS. TO CONTINUE THE CONSIDERATION PRESENTLY GIVEN TO URBANIZED AREAS OF 200,000 OR MORE POPULATION, PROVISIONS ARE INCLUDED TO REQUIRE THAT THE PORTION OF THE FHWA AND UMTA FUNDS ATTRIBUTABLE TO THESE URBANIZED AREAS BE ALLOCATED BY THE STATE TO THESE AREAS.

IN ORDER TO PROVIDE CONTINUED FUNDING OF THE PROGRAM, PROVISIONS ARE INCLUDED TO EXTEND BOTH THE USER FEES AND THE HIGHWAY TRUST FUND FOR FOUR YEARS, THROUGH 1990.

THE CURRENT EXEMPTIONS FOR GASOHOL, METHANOL, AND ETHANOL SIGNIFICANTLY REDUCE THE REVENUES GOING INTO THE HIGHWAY TRUST FUND. SINCE VEHICLES USING THESE EXEMPT FUELS DO THE SAME AMOUNT OF DAMAGE TO OUR HIGHWAYS AS VEHICLES USING NON-EXEMPT FUELS, THE ADMINISTRATION BELIEVES THESE EXEMPTIONS ARE INAPPROPRIATE AND CONTRARY TO THE USER FEE PRINCIPLE. SIMILARLY, THE ADMINISTRATION BELIEVES THAT THE CURRENT GASOLINE, DIESEL, AND TIRE TAX EXEMPTIONS FOR PUBLIC AND PRIVATE REVENUE BUS OPERATIONS SHOULD ALSO BE ELIMINATED. THE GOAL OF THESE CHANGES IS TO CHARGE THE



ACTUAL USERS OF THE HIGHWAY SYSTEMS FOR THE DAMAGE THAT THEY CAUSE. BY CLOSING THESE LOOPHOLES, WE ESTIMATE ADDITIONAL ANNUAL REVENUES TO THE HIGHWAY TRUST FUND OF \$720 MILLION BY 1990.

THE BILL PROPOSES TO FUND MOTOR CARRIER SAFETY GRANT ASSISTANCE TO STATES AT AN ANNUAL LEVEL OF \$50 MILLION, A 150 PERCENT INCREASE OVER CURRENT LEVELS. EQUALLY IMPORTANT, I AM ASKING THAT THESE FUNDS BE AVAILABLE ON A CONTRACT AUTHORITY BASIS. THIS WILL GIVE MCSAP ADDED STABILITY BY ASSURING MULTI-YEAR FUNDING PROVIDING STATES WITH CERTAINTY THEY NEED FOR LONG-TERM PLANNING AND HIRING.

OTHER PROVISIONS WHICH ARE INCLUDED IN OUR PROPOSAL ARE CONTINUATION OF THE INTERSTATE SUBSTITUTION PROGRAM AT REDUCED

LEVELS; MODIFICATIONS TO THE HIGHWAY BEAUTIFICATION PROGRAM WHICH LOWER THE COST AND ENHANCE ITS EFFECTIVENESS; REVISIONS TO TOLL ROAD STATUTES WHICH PERMIT TOLL FINANCING FOR THE CONSTRUCTION OF NEW TOLL ROADS, OR THE RECONSTRUCTION OF EXISTING TOLL FACILITIES, AND, CONTINUATION OF SEPARATE RAILWAY-HIGHWAY CROSSING AND HAZARD ELIMINATION PROGRAMS.

THE STRA DOES NOT CONTAIN ANY AMENDMENT TO THE CURRENT PROGRAM FOR DISADVANTAGED BUSINESS ENTERPRISES CONTAINED IN SECTION 105(F) OF THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1982. WE HOPE TO WORK WITH THIS COMMITTEE TO ADDRESS THIS PROVISION DURING THE DEVELOPMENT OF REAUTHORIZATION LEGISLATION.

IN CONCLUSION, THERE IS NO QUESTION THAT THIS LEGISLATION IS  
A BOLD INITIATIVE. IT MAKES TOUGH CHOICES, AND WE BELIEVE THE  
RIGHT CHOICES, TO MAINTAINING THE PROPER FEDERAL ROLE IN THE  
FEDERAL-AID HIGHWAY SYSTEM.

I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS THAT YOU OR  
MEMBERS OF THE COMMITTEE MAY HAVE.