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STATEMENT OF JOHN A. VOLPE, SECRETARY OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON ROADS OF THE HOUSE PUBLIC WORKS COMMITTEE REGARDING THE NATIONAL HIGHWAY NEEDS REPORT THURSDAY, MARCH 16, 1972.

Mr. Chairman and Members of the Committee:

I very much appreciate the opportunity to be here today to testify concerning the 1972 National Highway Needs Report. As you know, this report is the third in the biennial series required by S.J. Resolution 81 of the 89th Congress. The scope of this needs study was authorized by section 121 of the Federal Aid Highway Act of 1970. In addition, this report meets the requirements of section 105(b)(2) of the 1970 Act concerning the Department's recommendations for the apportionment of funds and matching requirements during the Interstate System phase-down.

I might add, Mr. Chairman, that I am particularly proud of the coordinated effort that took place on all levels of Government, from the State highway departments to the Federal Highway Administration, in gathering data for this report. It is this kind of cooperation which I believe makes the 1972 Highway Needs Report the most important and comprehensive that we have ever produced.

In determining the future highway needs of our Nation, we have first considered what has been accomplished to date. As you know, I was the first Federal Highway Administrator and can fully appreciate the superb implementation and execution by the Federal Highway Administration and the Congress of President Eisenhower's proposal of an Interstate Highway System. I am happy to report that traffic is now moving on 77 percent of the 42,500-mile system, approximately 33,000 miles. During just the past year

1,445 miles of Interstate highway have been opened, and another 7,960 miles are in various stages of construction, design or right-of-way acquisition. Thus, 96 percent of the system is in use or under way. Further, this monumental task has been accomplished with an ever-growing sensitivity to the environmental, relocation, and other problems which accompany a program this complex.

Yet, as our approach to transportation policy becomes more sophisticated, the tools we use to effect that transportation policy must also become more sophisticated. The day has ended when we can depend on just one mode of transportation. Our urban areas, if they are to survive, must have systems which represent the best combinations of both public and private transportation serving the needs of all the people.

The Department and the Congress have already taken steps in this direction through the funding of fringe parking and express bus lane projects and through substantial funding for our urban mass transportation program. Yet, more can and must be done if this task is to be carried out as efficiently and effectively as possible.

Quite frankly, we have reached a point where the localities must be given more flexibility in structuring their own urban transportation programs. The Interstate System is almost completed. Therefore, while our national commitment to an efficient transportation system is no less, the need for strong Federal control has decreased. Now is the time for those nearest the problem to take the initiative in meeting their transportation needs. Now is the time to break away from the established pattern of separate highway and mass transit program.

We believe a new unified surface transportation program is needed, one which will allow States and local communities to determine the "what", "when", and "where" of their transportation program. To achieve our goal of flexibility for the future, State and local governments must have the responsibility of setting the priorities for the use of Federal funds for transportation projects.

Therefore, we propose that, commencing in 1974, a Single Urban Fund be established to fund urban highway and mass transit projects. This Single Urban Fund would be financed through the Highway Trust Fund and would consolidate all existing urban highway and mass transit programs, with the exception of the Interstate highway program and the Research, Development, and Demonstration program of the Urban Mass Transportation Administration. Similarly, all existing rural highway programs would be funded through a Rural Federal-Aid Program, which reclassifies but basically continues the existing Primary and Secondary systems, and a new Rural General Transportation Fund.

Before I discuss the major elements of these new programs, I wish to indicate briefly our recommendations with respect to the Interstate system and other existing highway programs. We are recommending that the completion of the Interstate program proceed as planned. We have programmed the Interstate authorization at somewhat reduced levels of $3.25 billion in fiscal years 1974 and 1975, and $3.0 billion thereafter until completion of that system. I wish to note here that these authorization levels compare favorably with the actual obligation levels of $3.2 billion and $2.8 billion for fiscal years 1972 and 1973. We are confident that our recommended

authorization level is completely compatible with our construction forecasts and capabilities. The date for submission of completion schedules for unfinished Interstate segments remains July 1, 1973, with an additional year provided, during which States can present alternatives to controversial Interstate segments.

At this time let me briefly discuss several proposals we will be making in our 1972 highway program which are not fully addressed in our Highway Needs Report. We intend to continue the Highway Beautification Program as currently constituted and funded. We will also continue funding Forest Highways and Public Land Highways at their present levels of $33 million and $16 million per year. The Emergency Relief program will be carried forward at its currently authorized level of $50 million.

We are again recommending that 100 percent of the highway safety program be financed out of the Highway Trust Fund. Moreover, because of the importance of this program we are asking that the total authorizations for our State and Community Highway Safety Grants and our Highway Safety Research and Development Program be increased to $265 million in 1974 and to $335 million in 1975.

At this time let me discuss the major features of our proposed Single Urban Fund, the Rural Federal-Aid Program and the Rural General Transportation Fund.

It is generally conceded that one of the most urgent transportation problems exists in our urban centers. The consequences of this problem, such as congestion, air pollution, and undesirable land use patterns, are

a constant reminder of the problem. This is particularly true of the problem of congestion. Not only are our cities clogged at rush hour, but at almost every hour of the day. The problem of transportation can never be solved until the problem of congestion is resolved. Yet, as widespread as the problem may be, there just is neither a simple nor a single solution. On a national basis it is virtually impossible to plan a program that will meet the needs of each metropolitan area--Atlanta's answer may not be St. Louis' solution. For that reason, we truly believe that the only viable solution lies in increasing the flexibility that the State and local governments have in determining how these funds are to be used in their urban areas. We are proposing, therefore, the Single Urban Fund as the appropriate mechanism to meet these objectives.

This Single Urban Fund would be available for capital investments in facilities for surface transportation in metropolitan areas, including land acquisition or rolling stock and regardless of mode. Highway investments would be permitted only on a "designated" urban highway system. This new urban system would initially include major arterial and collector highways, and would be equal approximately to 30 percent of the total road mileage in urbanized areas. Routes on the system would be selected based upon comprehensive and continuing land use and transportation planning directed by local elected officials. Further, in order to insure that the system will remain responsive to local needs, deviations from the 30 percent criterion will be allowed if such actions are consistent with overall land use transportation plans. The mass transportation projects eligible for

funding from this Fund are generally those presently eligible under existing statutes. For example, these projects would include acquisition of buses, construction of exclusive bus lanes, new rail systems, major extensions of existing systems and public acquisition of privately-owned transit companies.

The Single Urban Fund would be initiated with a $1 billion authorization as part of the fiscal year 1974 program. Beginning with fiscal year 1975, when available authorizations under the Urban Mass Transportation Act are expected to be exhausted, the Fund would be increased to $1.85 billion, and would then represent the Department's total urban transportation grant program exclusive of research, development and demonstration efforts.

UMTA would continue to be responsible for administering the Department's mass transit activities, while FHWA would continue to exercise responsibility over highway matters.

Of the amounts authorized for this Single Urban Fund, we propose the following distribution formula:

1. 40 percent would be apportioned to the States directly according to the population of its individual metropolitan areas (SMSA's). These funds would be used by the States only for urban transportation projects in any metropolitan area within the State;
2. 40 percent would be allocated directly to the SMSA's of the Nation according to their relative population.

If a consortium of local governments is formed within an SMSA, which we strongly encourage, the apportioned funds would be passed directly to that organization. If a consortium is not established, however, the funds would be administered by the State in cooperation with the various local governments within the SMSA for use in that SMSA; and

3. 20 percent would be reserved for discretionary use by the Secretary for funding urban mass transportation projects within SMSA's. The Department would approve these on a project-by-project basis, utilizing criteria now being developed for UMTA's capital grant program.

The second proposal that we are putting forward is designed to meet our rural transportation needs. The Federal-aid systems, as they exist today, comprise only 25 percent of the Nation's roads, but carry nearly 66 percent of our highway traffic. For the most part, these roads consist of the highest functionally classified highways in the country. However, over the years a degree of obsolescence has crept into these systems and a number of roads which are primarily local in character have been added to them. It is evident that some adjustment is in order if we wish to make the Federal-aid systems conform more closely with functional usage. As you know, under the present structure, the primary system represents those routes of most importance to intercity and statewide travel. The secondary systems emphasize regional accessibility. In

realigning the Federal-aid systems, this division into two levels by system importance should be maintained in rural areas, thereby identifying and stressing the relative emphasis to be placed on systems serving intercity versus more locally oriented travel.

Under our proposal we refer to these two levels of importance and program initiative as the "select" and "supplemental" systems, to avoid confusion when comparisons are made with the present Federal-aid primary and secondary systems. Eligibility of routes serving rural areas and smaller urban communities will be limited in any state to arterial routes in the case of the "select" system and to major collector routes for the "supplemental" system. In combination, these systems will extend eligibility for Federal-aid financing to about 20 percent of the total rural road mileage in such areas. However, in the interest of flexibility, a single authorization for both the "select" and "supplemental" systems of the Rural Federal-Aid Program is recommended. In order to reflect Federal priorities in rural transportation, we would require that at least 60 percent but not more than 90 percent of the rural Federal-aid funds be expended on the "select" system in each state.

We propose an authorization of $800 million per year for this Rural Federal-Aid Highway Program. The monies available in this program would be apportioned to the States by the following formula:

1. One-third based on relative state population;
2. One-third based on square root of state land areas;
3. One-third based on rural Federal-aid mileage.

In order to insure that the states will have sufficient flexibility to satisfy transportation requirements in rural areas, we propose a new program that would make monies available for any surface transportation investment outside of our urban centers. Such a program would provide funds for capital investments in intercity rail services, rural bus systems, and highway projects not on the new rural Federal-aid systems. We recommend the creation of a new Rural General Transportation Fund, to go into effect July 1, 1973. We propose an authorization for this fund of $200 million for each of fiscal years 1974 and 1975; and $400 million for each fiscal year from 1976 through 1979. The monies authorized in this fund would be apportioned to the States in proportion to their population outside of metropolitan areas.

There are some general provisions applicable to the Single Urban Fund as well as the rural programs which I have been discussing. Let me briefly state them: First, the Federal share of all transportation projects funded out of these new programs would not exceed 70 percent of the total project cost. We believe the 70-30 matching ratio established by Congress in the 1970 Federal-aid Highway Act is a sound one, at least for the next few years, and therefore propose that it be continued. Of course, we do not propose any change in the 90-10 matching ratio for the Interstate program. Secondly, we will structure these programs so that as a minimum, no state would receive less than one-third of one percent of the total funds apportioned to the states under these new programs. Third, all procedural requirements, such as those relating to civil rights, public hearings,

environmental considerations and engineering standards, would continue to be applicable.

Mr. Chairman, members of the Committee, I realize that what we are presenting to you today is a major departure from past programs. It is, however, a departure from the past which is essential if we are to meet the demands of the present and the challenges of the future. The American people realize that this step must be taken. American industry, including companies associated with the private automobile, realize that this step must be taken. I have had frequent talks with truckers and other industry people. I have told them about my own State, Massachusetts, where we have built an Interstate Highway across the State which allows trucks to get to Boston in 2-1/2 hours instead of 7 hours. When they get within 10 miles of Boston, however, it takes them an hour or more to go that additional distance because of the congestion. This is why industry is realizing that aciton is necessary and necessary now.

The President realizes that this step must be taken. Indeed, immediately upon taking office, the President said:

> "[W]hat we want from the Secretary and what the Secretary [has indicated he is] going to provide is a new transportation policy which will look forward to what this country is going to be like ten years from now, and 20 years from now...[and] whatever the problem may be, [try] to find new answers, better answers for this vital area of transportation."

We shall very shortly, Mr. Chairman, be transmitting legislation to the Congress to implement the 1972 National Highway Needs Study. The opportunity which is before you to make a permanent and lasting contribution to efficient transportation in this Nation is enormous. The opportunity to represent the best interests of the American people is equally enormous. Your vision is enacting the 1956 legislation establishing a Highway Trust Fund and an Interstate Highway Program is, in my humble opinion, one of the major and most far-reaching achievements of the 84th Congress. The enactment this year of legislation implementing the 1972 Highway Needs Study will, I believe, be as visionary and as important to the American people as that 1956 legislation.

This concludes my prepared statement. Mr. Chairman, I will be happy to answer any questions you or members of the Committee may have.