

STATEMENT OF SECRETARY OF TRANSPORTATION BROCK ADAMS BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON SURFACE TRANSPORTATION CONCERNING IMPLEMENTATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1978, MARCH 19, 1979

Mr. Chairman and Members of the Subcommittee:

I am pleased to again have the opportunity to appear before this committee. This is my first appearance before you since the enactment of the Surface Transportation Assistance Act of 1978. Although we did not always agree on the methods to achieve a more rational, responsive and efficient transportation system, I believe that the vigorous and open debate which accompanied the passage of the Surface Transportation Assistance Act resulted in a major step forward in national transportation policy.

For the first time Congress and the Executive Branch have focused on total surface transportation needs and solutions. For the first time we now have a surface transportation act; not a highway act or a transit act.

We jointly identified major transportation goals and this legislation has given us the tools to implement them.

STA Act Accomplishments

One major program goal was to accelerate completion of the Interstate System. The Interstate System is one of our greatest transportation assets with benefits to the economy, to interstate commerce and to public safety. Accelerating its completion will not only close

essential transportation links but will allow us to shift our resources to preserve and upgrade our total federal-aid highway infrastructure. As Karl Bowers reported to you, states are already taking advantage of the acceleration provision in the 1978 Act and we believe that the 1983 decision deadline can be met. As of March 15, 8 states have already used Interstate discretionary funds, obligating over \$430 million above their normal apportionments. Our preliminary estimates show that by the end of the fiscal year, 16 states will obligate approximately \$1 billion of Interstate discretionary funds.

I was also particularly pleased that the Congress took a step toward equalizing the federal participation ratio for Interstate construction projects and substitute transit or highway alternatives. This will help to diminish the distortion on local decisions to build or withdraw urban Interstate segments that can result from unequal federal participation ratios.

Another major improvement in the new legislation is the provision to increase funding transferability between the primary and urban programs and the primary and secondary programs. Again this will increase state and local flexibility to tailor transportation decisions to transportation needs.

In our transit program, many routine expenditures for bus or bus-related capital needs will now be funded out of our formula-allocated Section 5 program. This will assure local governments of a more predictable source of funding, will simplify the application procedure, and will be an important contribution in fostering better planned, more cost effective bus procurements. The "maintenance of effort" requirement in the Section 5 program has also been changed so that transit authorities that succeed in reducing operating costs without reducing service levels are not penalized by having their eligibility for Federal funds reduced.

The 1978 Act also enables us to participate in the transit component of the President's new Urban Initiatives program to revitalize our urban centers, and to undertake a new Small Urban and Rural Public Transportation program which will improve the access of people in non-urbanized areas to health care, employment, shopping, education and other important facilities. Both of these new initiatives address important transportation needs and I commend the Congress for recognizing these needs and authorizing their implementation.

Budget Philosophy

I also think it important to point out that the Surface Transportation Assistance Act will enable us to effectively redirect our efforts to meet changing priorities and the new challenges before us in the coming years. With the maturing of our surface transportation system and growing energy concerns, we are moving through a period of transition --

from a time of building, developing and expanding our transportation facilities to accommodate steady growth, to a time when the major emphasis must be to better manage the system we have and prevent its deterioration. We simply must get the most that we can out of our existing investment in all transportation facilities as we pay more attention to the side effects of what we do on the shape of our cities and on our environment.

The Fiscal Year 1980 budget which we have proposed reflects this philosophy. As you can see from the chart before you, since Fiscal Year 1974, the combined total of obligations for our highway programs, transit programs and NHTSA State and Community Highway Safety program has just about doubled, from around \$6.1 billion in FY 1974 to over \$12.2 billion in our FY 1980 budget proposals. During this period, the Department's budget has grown faster than inflation and has contributed to a significant expansion of our transportation facilities.

Chart B shows that similar growth patterns can be seen in the Federal Highway Administration's total obligation rate which has increased by over 60 percent since Fiscal Year 1974 from around \$5.3 billion in Fiscal Year 1974 to an estimated \$8.5 billion in Fiscal Year 1980. As you can see, most of this growth has occurred in our Federal-aid Highways Account. We estimate that Federal-aid Highway obligations will total \$8.4 billion in Fiscal Year 1980 which will be the highest level in its history.

The next chart portrays how UMTA section 3 and section 5 capital funds have also shown sizeable increases since Fiscal Year 1974. Obligations have increased from \$870 million in Fiscal Year 1974 to an estimated \$1.5 billion in Fiscal Year 1980; an increase of 72 percent.

Even more dramatic growth can be seen in UMTA sections 5 and 17 Operating Funds which have increased from nothing in Fiscal Year 1974 to an estimated \$1.075 billion in Fiscal Year 1980.

The NHTSA section 402 obligation rate shows the same kind of growth increasing by 161 percent in the same period.

These charts point out that our surface transportation programs have, on the whole, experienced significant growth which has raised our obligation totals to unprecedented levels.

In developing the FY 1980 budget, however, especially tough choices had to be made. The major increases in federal spending of previous years had to be slowed down. Inflation has, in fact, become the most severe challenge facing the Nation. Containing it effectively is now the President's number one domestic priority and that fact clearly had to be controlling in formulating his FY 1980 budget. My role in developing

that budget was to present a balanced and accurate picture of transportation needs and what benefits added federal spending in this area can produce. The President then made the larger judgments of funding priorities among equally compelling and demanding needs. Those are tough calls indeed, which require weighing our transportation programs against those for education, employment, defense, social services, and all the other activities that serve important national purposes.

In making our recommendations for the Department's budget, we had to make the same sort of balancing decisions among programs for highways, transit, aviation, and railroads. I believe we made sound proposals, mindful of the President's broad fiscal objectives and the national needs which our grant, operating, and other programs help to meet.

I firmly believe that the budget that resulted from this decision process is sound and responsible. Although in FY 1980 outlays for Federal transportation programs will continue to grow, the rate will be less than it has been in the past several years. This pause in the upward trend will allow us to concentrate and reinforce our efforts to complete and rehabilitate the Interstate System, to take significant steps in improving the Nation's deteriorating bridges, to consolidate safety construction programs, to develop energy savings programs, to

revitalize and modernize existing transit capacity, to implement a new urban initiatives program, and to continue major new rail transit construction in Atlanta, Miami, Buffalo and Baltimore.

This is also a forward-looking budget which enables us to start moving towards our future role of maintaining and making better use of our transportation system. The Fiscal Year 1980 request would increase Highway Trust Fund expenditures -- the heart of our highway program -- to an annual rate of \$8.5 billion, the highest level in Trust Fund history. We expect that UMTA capital and operating obligations will also be at near record levels in Fiscal Year 1980 which will mean real progress toward the goal of modernizing bus and rail transit systems.

In the future, we estimate that the UMTA capital program for the eight existing rail areas will provide approximately \$2.7 billion over the 5 year authorization -- Fiscal Years 1979 through 1983. Those eight rail areas are also tentatively programmed for an additional \$2.9 billion in section 5 operating funds. We also plan to obligate \$1 billion for the Urban Initiatives program and approximately \$2 billion for the continued development of new rail transit projects in the same period.

In addition, we plan to budget approximately \$3.5 billion for Interstate substitute highway and transit projects over the next five years. This amount will complete the entitlements for all existing Interstate transfers as well as enable us to imitate some new transfers, such as the Long Island Expressway and I-495 in New Jersey. Thus, Boston can expect to receive an additional \$789 million during this period, Chicago can expect to receive \$563 million, and Washington, D.C. can expect \$598 million to be used for substitute highway and transit projects.

In shaping this budget obviously some worthwhile programs could not be fully funded or funded at all. We also recognize that programs financed from the general fund are in direct competition with other Federal activities financed from that source. The fact that the budget falls short of fully funding some of the programs authorized in the transportation area is not, of course, without ample precedent, particularly during this period of fiscal austerity. I believe it is worth noting, for example, that HEW proposed only \$3.47 billion for grants to the disadvantaged compared to an authorized total of \$6.28 billion. In the same way, EPA's budget includes only \$3.8 billion of an authorized \$5 billion for construction grants -- and there are many other examples of this. The competition for general fund financing was tough and clearly not all worthy and authorized programs could be financed and still have a non-inflationary budget.

Aside from fiscal constraints there are other reasons why we decided to defer funding of some authorized programs. In the case of the Safer-Off-System Roads program, for example, these projects are properly the responsibility of states and indeed many are being funded by them. In the case of the program for 55 mph speed limit enforcement, this activity is clearly the primary responsibility of state governments and the federal contribution should be strictly limited. Federal assistance for this program, in fact, is available as an option under NHTSA's State and Community Highway Safety program.

In the case of the Highway Beautification program, a funding moratorium is proposed in FY 1980 pending completion of a comprehensive study to reassess DOT responsibilities as well as the basic goals and objectives of the program.

In closing, I would like to once again reiterate a theme which you all have heard many times. That is, in this age of high inflation, Proposition 13, and proposals to amend the Constitution to require a balanced federal budget, the message is becoming increasingly clear that the people are demanding that restraints be placed on federal expenditures. The message which 28 state legislatures are sending to me as Secretary of Transportation and all of you as Members of Congress simply cannot be overlooked. This message says essentially that if we will not act responsibly on our own to reduce federal expenditures, our hand will be forced by a constitutional amendment to balance the federal budget. I think the steps the President has taken in the past two years

in partnership with the Congress have moved us steadily in the right direction. We cannot afford not to work together in restoring a level of confidence in our governmental process. This is one of the most serious responsibilities which you and I jointly share.

I am very pleased to have had the opportunity to present this report on our implementation of the Surface Transportation Assistance Act of 1978. I will be happy to answer your questions.