

STATEMENT OF JOHN S. HASSELL, JR., DEPUTY ADMINISTRATOR,
FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION,
BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION, OF THE
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE, CONCERNING
THE 1979 INTERSTATE COST ESTIMATE, SEPTEMBER 18, 1979.

Thank you Mr. Chairman. With me this morning is
Mr. Richard Morgan, Associate Administrator for Engineering and
Traffic Operations.

The 1979 Interstate Cost Estimate, the ninth in the series
of estimates submitted to the Congress, was prepared as required
by 23 U.S.C. 104(b)(5). The purpose of this estimate is to
provide a basis for apportioning fiscal year 1981 and 1982
Interstate funds to the States and for establishing base amounts
for alternative transportation projects under the Interstate
transfer provisions of 23 U.S.C. 103(e)(4).

A major concern in the preparation of the 1979 Cost
Estimate was cost effectiveness. We wanted to be sure that only
the most cost effective concepts would be used as a basis
for the estimate. Washington headquarters paid particular
attention to high cost segments in urban areas and made
adjustments to those considered as not cost effective. High
cost locations and designs were thoroughly reviewed and
when the concepts and costs did not seem to be attainable
they were denied. Even when high cost segments were previously
included in the estimate but the cost effective analysis
indicated that the feasibility of the concept would not
be guaranteed, adjustments were made. When a number of alternatives

were under study on a segment at the preliminary stages of project development it seemed inappropriate to consider the highest cost alternative for inclusion in the estimate.

Special attention was also given to major design revisions proposed as a basis of this estimate. This special attention was considered appropriate to assure that the cost estimate reflects the most cost effective alternative where major changes are being considered in the design concepts or locations used in the last estimate. Any adjustments that were recommended or made by FHWA were made to assure that the costs included in the estimate represented eligible Interstate expenditures, were based on an attainable location and design concept, and reflected sound engineering judgment, practical consideration of environmental features, as well as cost effectiveness consideration.

In most cases, such adjustments to the States' final estimates were not required since general State-FHWA agreements were reached on cost issues during preparation of the estimate. In two instances, however, in New York and Massachusetts, major adjustments to the States' estimates were considered necessary after the State reports were submitted. The estimate report submitted by the Department to the Congress reflects those adjustments.

This estimate was prepared in each State by personnel of the State Highway Agency in accordance with rules and guidelines issued by FHWA. The rules, in the form of an instruction manual, were issued to achieve uniformity in estimating procedures and application of eligibility policies and principles. The FHWA field and headquarters personnel worked closely with the States during estimate preparation to assure a proper interpretation and application of the instructions. The geometric and construction standards upon which this estimate was based are those adopted by the Secretary in cooperation with the State highway agencies pursuant to 23 U.S.C. 109(b).

This estimate includes only work considered "initial construction" under existing administrative policies governing the use of Interstate funds provided under Section 108(b) of the 1956 Federal-Aid Highway Act and excludes the costs of RRR work which, under Section 102(c) of the 1976 Federal-Aid Highway Act, are not eligible for participation. The estimate also excludes costs of expanding clear zones adjacent to the paved roadway in accordance with the provisions of Section 108 of the Surface Transportation Assistance Act of 1978.

In preparing this estimate, the date January 1, 1978, was selected as the cutoff date, and all Federal-aid Interstate work on which the FHWA had authorized the State to proceed as of the close of books for the month of December 1977, was

considered as having been completed under the financing arrangements then in effect. This means that the cost of any work on the Interstate System which was to be accomplished with funds already assigned (obligated) has not been included in this estimate. To provide a uniform basis for estimate preparation, the unit prices used for the estimate were based on approved weighted low bid prices for contracts awarded during calendar year 1977.

This estimate includes the costs for completing all Interstate routes designated under Section 103(e) of Title 23 including routes added to the System in California and New York pursuant to Section 140 of the 1978 STAA. The full costs of all routes designated under 23 U.S.C. 103(e)(2) (Howard-Cramer Amendment) were included in an estimate for the first time because previous funding limitations were removed by Section 107 of the 1978 STAA. The total estimated costs of these routes increased by 37 percent over the last estimate when the funding limit was still in effect. Costs of all routes withdrawn from the System under 23 U.S.C. 103(e)(4) as of January 1, 1978, were not included in our formal estimate report. Revised apportionment tables reflecting subsequent withdrawals have been submitted.

Based on the estimate before you, prepared as described, the remaining cost to complete the Interstate System is estimated

to be \$42.4 billion of which \$38.3 billion is the Federal share. Existing legislation provides annual authorizations of sufficient Federal funds for completion with some margin for future inflation and adjustments relating to Interstate substitutions and minimum apportionments. Additional apportionments required beyond the funds already available to fully complete the System amount to \$31.0 billion.

On the basis of this estimate, the cost of the entire System when completed will be \$112.9 billion with a Federal share of \$100.8 billion. This is a cost increase of \$8.6 billion over the 1977 Interstate Cost Estimate of \$104.3 billion with a Federal share of \$93.2 billion. Most of the 2-year increase is due to unit price changes (\$1.8 billion), upgraded roadway design (\$1.6 billion), changes in design of structures (\$1.3 billion), increased emphasis on social considerations (\$0.9 billion), and additional right-of-way costs (over \$0.9 billion).

Work on sections open to traffic could include safety upgrading, remaining stages of initial construction and initial improvements with Interstate funds of existing facilities incorporated into the System to meet the standards of Section 109 of Title 23, United States Code. Also included on these sections is work to provide additional features to minimize social, economic and environmental impacts in accordance with

the National Environmental Policy Act, and to improve traffic service in accordance with Sections 109 and 142 of Title 23, United States Code. Such added features include noise abatement measures and public transportation facilities such as fringe parking areas, preferential lanes for high occupancy vehicles and highway traffic control devices.

In conclusion, we believe this estimate is a sound engineering appraisal of the cost to complete the System in each State based on 1977 price levels. While recent legislation emphasizing early completion of the System has diminished the significance of "simultaneous completion" as envisioned by 23 U.S.C. 101(b), the Interstate apportionment formula and process, initially established to achieve such simultaneous completion, still serve the important purpose of guaranteeing a specific allocation of funds to each State to permit timely, orderly, and simultaneous progress towards completion of each States portion of the System. The apportionment factors shown in revised Table 5 of this report provide a sound and equitable basis for such allocation. We, therefore, recommend that these factors be approved by the Congress as expeditiously as possible in order to permit the Secretary of Transportation to apportion the funds authorized for fiscal year 1981 by October 1 of this year.

Thank you for the opportunity to discuss this matter. I will be glad to answer any questions you have.