STATEMENT OF SECRETARY OF TRANSPORTATION DREW LEWIS BEFORE THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE, TRANSPORTATION SUBCOMMITTEE, CONCERNING PROPOSED HIGHWAY LEGISLATION, APRIL 29, 1981

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here this afternoon to discuss proposed highway legislation with you. Ray Barnhart, the Federal Highway Administrator, is with me and will stay as long as you wish to respond to your questions.

Mr. Chairman, the Administration has proposed comprehensive highway legislation, introduced as S. 841, that would accomplish significant restructuring of the Federal-aid highway and highway safety program. It also contains authorizations for the five-year period through fiscal year 1986. Senator Symms has also introduced the Subcommittee bill, which is similar in scope. I am extremely pleased that both bills come to grips with the crucial issues of Interstate redefinition and redirection of Federal priorities. Both bills recognize the need to provide multi-year authorizations, so that funding levels will be firmly set in accordance with the President's economic recovery program.

As you know, a bill has also been introduced in the House, but it provides authorizations for only one year and does not propose any program restructuring. I would like to take this opportunity to put on the record of this hearing why we believe that comprehensive, multi-year legislation is necessary -- and why a one-year bill that fails to address the major program issues would not be acceptable to the Administration.

Mr. Chairman, there are several fundamental premises behind the Administration's proposed highway bill -- and behind our proposals in other areas of transportation as well. We need to thoroughly reexamine current

programs. We need to define the appropriate Federal role and to return to State and local governments and the private sector the responsibility and the authority to deal with matters that do not require Federal involvement. And we also need -- in this and other areas -- to control the excessive Federal spending that has gotten our economy into so much trouble.

Let me stress that we are not simply cutting budgets and eliminating programs haphazardly. We defeat our purpose if truly vital programs are eliminated, so we are tightening Federal purse strings consciously, by design and with long-term consequences in mind. We are redirecting our limited resources so that genuine needs, which clearly call for Federal action, will still be met.

Our highway proposal illustrates how we have applied these principles to a particular Federal program. The current Federal-aid highway program is a hodgepodge of over 40 separate categories of financial assistance. Some are major and essential to the national interest -- such as the Interstate System. Too many, however, are narrow, focused on issues that are not national in character.

I realize that each of these categories has its own constituency, and I certainly don't mean to imply that the particular projects are without merit. But we must recognize that the Federal government's role is not to solve every problem of every State and locality. And we must realize too, that with every category comes a restriction on State and local governments' ability to determine their own priorities, another set of overhead costs and an additional entanglement of red tape. These impacts detract from the overall effectiveness of all levels of government in meeting highway needs.

Our objective in putting together our highway legislation was to determine which programs are particularly important to the nation, to structure those programs so that they will accomplish their purpose and to fund them adequately. We have consolidated, phased out or eliminated other programs. And we have removed unnecessary Federal regulatory and oversight requirements. The resulting package will enable us to meet our national highway needs effectively, at a cost we can afford. And it returns the responsibility and authority for other highways to State and local governments, where they properly belong and can best be carried out.

With that introduction about how we arrived at our proposal, let me highlight its major provisions for you.

Interstate System

Completion and preservation of the Interstate System commands the highest national interest. The Interstate is vital to the country's commerce and economic well-being. Unfortunately, we face a twin dilemma at the moment. Although 94 percent of the Interstate System is now open to traffic, the cost-to-complete the full system, as currently defined, is a staggering $53 billion. Completion by 1990 is an illusion. At the same time, we are beginning to see serious deterioration in some existing Interstate segments as they reach the end of their design life.

We must address both these issues, and we must address them together. Mr. Chairman, of the $53 billion I just mentioned, 47 percent represents additional work on segments that are now serving traffic. Clearly, we should be targeting our Interstate construction funds to those segments that have not been built or are not providing adequate service. Otherwise we will

continue to find ourselves in the situation we have today, where despite the investment of several billion dollars each year, the remaining cost-to-complete is increasing rather than decreasing. We cannot allow this to go on. But it will go on unless we redefine Interstate completion and unless the Interstate Cost Estimate that Congress approves this year reflects that redefinition.

At the same time, redefinition of Interstate completion will permit us to shift more of our available resources to Interstate restoration. Currently, only three percent of all highway capital investment is spent on maintaining the performance of this vital system. We cannot afford to defer attention to this problem.

The Administration's bill addresses both issues, as does the Subcommittee bill. First, we propose to redefine what constitutes initial Interstate construction, eliminating from the definition of "completion" items that are desirable but unnecessary for an efficient, operating highway system. We would increase the fiscal year 1983 Interstate construction authorization from $3.2 billion to $3.3 billion and continue the presently authorized level of $3.625 billion per year for fiscal years 1984 through 1990. With the proposed redefinition, completion of the System by 1990 at authorized levels becomes a realistic possibility.

There are several different ways to deal with the Interstate completion issue. The Subcommittee's bill proposes a redefinition of Interstate completion that is similar to the Administration's, but it would limit eligibility for Interstate construction funds to routes which are not yet open to traffic. There is much appeal to this approach. But the

Administration's approach would allow construction on open-to-traffic routes which are below our proposed minimum standards. We believe this is more equitable and would avoid penalizing the States which chose to construct and open "bare bones" segments with the expectation of later bringing those segments up to Interstate standards. For instance, several Interstate segments in Idaho, Utah and Colorado are now only two lanes. Under the Administration bill, Interstate construction funds could be used for additional lanes. They would not be eligible under the Stafford bill.

To slow down the deterioration of the Interstate System, we propose a significant increase in Interstate restoration funding. We recommend a fiscal year 1983 authorization level of $800 million, a $525 million increase over the currently authorized level for fiscal year 1983. The authorizations for the out years continue to increase, from $1.3 billion for fiscal year 1984 to $2.7 billion for fiscal year 1987. Items deleted from the definition of completion would also be eligible for these funds, so States could decide whether to spend the funds on rehabilitating older segments or improving new ones. Finally, in recognition that preserving the integrity of the System is just as important to the national interest as its initial construction, we propose a 90 percent Federal share for this expanded Interstate restoration program. The Subcommittee bill has similar provisions, although the authorization levels are lower.

Our legislation contains several other provisions that enhance the Interstate program. One would authorize the Secretary of Transportation to remove excessively costly or environmentally disruptive segments from the System. I don't have any "hit list" in mind, but I do think the Secretary

should have clear authority to remove clearly unacceptable segments. I would, of course, exercise this authority in close consultation with the affected States.

Another provision would make the so-called Interstate Discretionary Fund a more useful tool for expediting Interstate completion. Funds could be targeted to projects that would facilitate early completion of the System, rather than being available on a first come, first served basis.

I will stress again, Mr. Chairman, that we must deal with timely completion of the Interstate System. And we must do so this year. I am pleased that the members of this Subcommittee share our sense of urgency on this matter.

Primary System

Let me turn now to those aspects of our proposal that affect other areas. In addition to the Interstate System, there is obviously a strong Federal interest in the Primary System. Our proposal would continue this program, with authorization levels of $1.5 billion for fiscal year 1982, $1.7 billion for fiscal year 1983 and $1.8 billion annually for fiscal years 1984, 1985 and 1986. The Subcommittee bill would provide somewhat lower authorizations for this program.

Bridges

We also propose to continue the Bridge Replacement and Rehabilitation Program. The country faces a serious problem of bridge deterioration, and repair projects are often so costly that it is unrealistic to expect States to carry out an effective bridge program without Federal assistance. We are suggesting several changes to this program, including a

statutory formula for distribution of the funds and an increase in funds available for the discretionary part of the program. We propose authorization levels of $900 million for fiscal year 1982, increasing to $1.4 billion for fiscal years 1984, 1985 and 1986. The Subcommittee bill also recognizes the need for an expanded bridge program.

Secondary and Urban Programs

We have determined that there is not a national interest in continued Federal involvement in highway systems below the Interstate and Primary level. Urban and secondary highways basically serve local interests, and the responsibility for improving these roads should be returned to State and local governments.

I do not think this will mean that these highways will deteriorate. States are well aware of the importance of their highway systems, and I believe they have the financial, technical and administrative ability to carry out effective, successful programs for their local highways. Indeed, since they will be freed from the strictures and red tape of the Federal program, the States should be able to use their funds more effectively and tailor their programs more closely to their needs than would be possible with a continued Federal program.

We recognize, of course, that this proposal marks a significant shift in Federal policy. To provide a transition period, we propose to phase out Federal funding in fiscal years 1982 and 1983, and not to authorize funds for fiscal year 1984 and beyond. This transition period will allow the States to adjust their financing and programmatic arrangements so that they can carry out their expanded responsibilities for urban and secondary highways.

The Subcommittee bill also recognizes that urban and secondary highways are of lower Federal priority. By providing for a 50 percent Federal match and reduced authorization levels this proposal would shift considerably more responsibility to State and local governments than they have today. But there are three basic drawbacks to this approach. First, it continues Federal government intervention and Federal requirements into an area in which there is not a major Federal interest and which should be the sole responsibility of State and local governments. Second, it reduces the amount of Federal funds available to those highway programs that are of national concern. Third it opens Federal funding to all public roads, furthering Federal involvement in what should be state and local responsibilities. Therefore we believe our proposal is preferable.

Highway Safety

Let me move on to the important question of highway safety. Our bill makes some changes to the highway safety (section 402) grants program administered by the National Highway Traffic Safety Administration, which is not under this Committee's jurisdiction.

We also believe that the categorical safety construction programs should be eliminated, so that States can deal flexibly with their own safety problems according to their own priorities. Therefore we do not propose authorizations for these programs for fiscal year 1982 and beyond. The Stafford bill would continue funding for these programs, while combining them into a single category.

The changes that we propose do not imply that we aren't concerned about safety. In fact, we believe that safety is and should be an integral

part of any highway program, and that the States recognize this. But we think our proposal allows them to deal with their own areas of concern without unnecessary Federal involvement.

Highway Trust Fund

I'd like to turn now to a brief discussion of the Highway Trust Fund. The Highway Trust Fund is and remains a sound mechanism for funding the Federal highway program. We propose to extend it to 1990, continuing taxes at present levels through 1989. This will provide sufficient revenues to finance the program levels we are proposing.

As you are aware, the Department is conducting a major Cost Allocation Study relating to the Highway Trust Fund and its user charges. We know that the financial status of the Trust Fund and the structure of highway user charges will need to be reviewed in the future. The results of the Study, scheduled for completion in January of 1982, will provide a useful basis for that review.

Conclusion

Mr. Chairman, this has not by any means been an exhaustive discussion of the provisions of the Administration's proposed highway legislation nor of the Subcommittee bill. But I would reiterate that I am extremely pleased that the Subcommittee bill adopts the same basic approach and that the great majority of its provisions are close to the Administration's bill. President Reagan has developed a program to deal with our economic difficulties. Our proposed highway legislation is an integral part of that program. I look forward to working with you on this important legislation.

That concludes my prepared statement, Mr. Chairman. Mr. Barnhart, and I would be pleased to respond to your questions.