STATEMENT OF SECRETARY OF TRANSPORTATION DREW LEWIS BEFORE THE HOUSE PUBLIC WORKS COMMITTEE, SUBCOMMITTEE ON SURFACE TRANSPORTATION, CONCERNING THE 1982 BUDGET AND TRANSIT, HIGHWAY AND HIGHWAY SAFETY PROGRAMS, MARCH 12, 1981

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the President's Fiscal Year 1982 budget proposals and how they will affect the highway, highway safety, transit, pipeline safety and hazardous materials programs administered by the Department of Transportation. With me this morning are FHWA Administrator Ray Barnhart, NHTSA Deputy Administrator Diane Steed, UMTA Acting Administrator Robert McManus and RSPA Director of Policy John Hodge. We welcome your questions. But first, let me give you a quick overview of what we propose and why.

Mr. Chairman, it is widely recognized throughout the country that the economy of the United States is in trouble, and that excessive Federal spending is one of the chief culprits. Moreover, the Federal government intrudes too greatly into the affairs of State and local governments, and into the lines of individual citizens as well. The central tenets of President Reagan's budget proposals are to bring Federal spending under control and to focus Federal involvement on these areas that are truly of national concern. These themes have guided our decisions on the programs I mentioned earlier -- programs that are under this Subcommittee's jurisdiction. I have attached to my statement a list of the deferrals that we are proposing relating to these programs. In the next few days, we will forward to the Congress specific legislative proposals in these areas. They will contain some recommendations for program restructuring

as well as proposed authorization levels through fiscal year 1986. I look forward to working closely with the members of this Subcommittee as you review those proposals in detail.

For fiscal year 1982, we propose program levels of $8.7 billion for the Federal highway program and $4.0 billion for Federal assistance to transit systems. Funds for Interstate transfer substitute projects are included in these figures, as well as authorizations for Appalachian Development Highways. In addition, we propose $77 million for highway safety grants to States, and $16 million for our hazardous materials and pipeline safety programs. These levels represent our strong commitment to safe and efficient transportation and will enable State and local areas to move forward effectively, in cooperation with the Federal government, to meet the nation's transportation needs.

In the Federal highway program, we must focus primarily on the Interstate and primary highway systems so essential to the nation's commercial and defense interests. Completion of the Interstate System, originally scheduled for 1972, has dragged on for much too long. We are determined to complete that System by 1990. At the same time, we need to recognize that there is a continuing Federal interest in preserving the Interstate System in good operating condition. Our budget calls for a substantial increase in funding for the rehabilitation of the System.

On the other hand, we think State and local governments should have the principal responsibility for highways that are not of national significance. Therefore, we will propose significant consolidation and elimination of separate categorical programs. This will permit State

and local areas to determine their own priorities without having to deal with a lot of costly and cumbersome Federal requirements.

In the case of highway safety (section 402) grants to the States, a review of the current program shows that we need to target funds on those programs that are most likely to reduce traffic deaths and injuries, such as alcohol programs and emergency medical services.

In the area of transit, we again want to focus Federal funds where they will do the most good. Elaborate new rail systems are both enormously expensive and not as cost-effective as more traditional transit systems and other low cost, innovative services. Therefore we propose to defer new rail starts while completing operable segments of those systems which are already under construction. On the other hand, we will maintain -- and in later years increase -- funding levels for purchasing buses and modernizing existing rail systems, so that transit systems which have been proven effective will continue to receive strong Federal support.

We believe that State and local governments should be responsible for determining the level of transit service they should provide and the mix of fares and subsidies needed to cover the operating costs of the service. The availability of Federal operating subsidies too often dictates local choices and results in excessive costs and unrealistically low fares. Therefore, we propose to phase out Federal operating subsidies by 1985. For fiscal year 1982, however, we do not propose any reduction in operating subsidy levels, since clearly it will take some time for States and local areas to make the necessary adjustments.

Funding for the Department's hazardous materials and pipeline safety programs will continue at previously planned levels.

Finally, in line with the President's guidelines on Federal employment, the Department will reduce its civilian workforce approximately 5 percent by the end of fiscal year 1981 and an additional 3 percent by at the end of fiscal year 1982. Although we have not yet determined precisely where we will make these staffing reductions, all of our divisions, except for Coast Guard uniformed personnel, will be expected to absorb some cuts.

Mr. Chairman, excessive Federal spending has led to ruinous inflation and high interest rates. Transportation has been hit hard by these developments. I believe that as President Reagan's economic policies take hold, we will see our transportation systems become more responsive, more efficient and more cost-effective. Marginal and non-productive services will be weeded out, management controls will be strengthened and public funds will be used more efficiently. The result will be better transportation for all of us.

Thank you, Mr. Chairman. That concludes my prepared statement. My colleagues and I would be happy to respond to questions.

ATTACHMENT

DOT Deferrals Related to Surface Transportation Projects (Non-Rail)

Federal Highway Administration	$21,500,000	Estimated unobligated balance of contract authority under the Highway Trust Fund related to the Great River Road, future costs of which may be funded under regular Federal-Aid funds.
Urban Mass Transportation Administration	$210,000,000	Reduction in Urban Discretionary Grants (Section 3) capital program. Savings from deferring lower priority projects for the remainder of this fiscal year will permit reduction of the 1982 appropriation request.

4