

**HEARING STATEMENT
OF
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on
implementation of
Intermodal Surface Transportation Efficiency Act
Senate Environment and Public Works Committee**

**December 18, 1992, The 1st Anniversary
of the Signing of ISTEA by President Bush**

Mr. Chairman, members of the Committee, a year ago today many of us in this room gathered with President Bush, with you Chairman Moynihan, and with former Secretary Skinner and others in Dallas to embark officially on the journey of a lifetime. Together on December 18, 1991, we launched the Intermodal Surface Transportation Efficiency Act of 1991. I am honored to appear before you on ISTEA's one-year anniversary to discuss our implementation efforts to date.

I commend the Committee and Congress for passing the ISTEA which I and many consider the major landmark transportation bill since President Eisenhower proposed and Congress created the Interstate System in the Federal-aid Highway Act of 1956. The leadership of President Bush and Secretary Skinner in working with the Congress is particularly noteworthy on this anniversary day. I also want to express my appreciation to Secretary Card who, since his confirmation as Secretary of Transportation, has aggressively pursued the intent of ISTEA and insured that ISTEA funds are used effectively.

ISTEA offers a comprehensive approach to transportation problems that breaks with all precedent. It represents a sea change in how we do surface transportation in the United States of America. ISTEA is revolutionary because it places new

emphasis on intermodalism and it affords greater flexibility to States and localities to be the primary determinants of how transportation priorities are set and how transportation monies are spent.

It's important to recognize that ISTEA requires that institutional changes take place--that old ways of doing business give way to a flexible intermodal approach that preserves the environment, enhances the safety and quality of our infrastructure and promotes mobility. This new approach represents a paradigm shift in transportation programming where the central element moves from a concept of a "one size fits all" approach to a more flexible intermodal approach.

Change takes time; however, I assure you that we are aggressively moving forward to implement all the mandates of ISTEA. In spite of the massive rearrangement of programs called for, in Fiscal Year 1992, and with only 9 months available after ISTEA adoption, we had the largest obligation of transportation funding in our history: approximately \$19.6 billion.

During the past year we have had numerous outreach efforts, involving State and local governments, transit operators, industry groups, environmental and citizen groups, private interest groups related to transportation, officials of toll facilities, and academic institutions. Indeed, hundreds of events have occurred in all 50 States covering all aspects of the ISTEA. In addition, we have communicated on numerous occasions with all the governors, assuring them of our cooperation in making full use of the ISTEA authorizations.

If I may, I would like to make a few remarks regarding ISTEA

initiatives that we consider critical to the success of this landmark surface transportation legislation.

ISTEA Funding. In the year since enactment, a total of \$16.9 billion of ISTEA authorized Highway funds have been obligated. The combination of this increased funding with the new intermodal flexibility provided in ISTEA will focus resources on those projects which provide us the most "bang-for-the-buck" in terms of moving the people we serve and products. Transfers in FY 1992 from highways to transit total \$302.4 million.

Innovation. While increased funding is a major element of ISTEA, I must also stress the promise for greater innovation that ISTEA provides. Over history transportation innovation has paced major societal advances. Now -- after too long a period of underemphasis on research and innovation -- ISTEA is bringing progress:

- The U.S. is gaining IVHS global leadership in IVHS technology and in public/private applications. Major new international private markets are in the offing.
- Through global technology sharing, we are gaining technologies ranging from seismic design to pavement materials and design.
- Breakthroughs appear imminent in air quality sensors, global position satellite application, and other technologies to be transferred from the national labs.
- Highway Trust Funds are being used to support the high speed rail transportation programs.
- Opportunities for innovative financing through tolls and public/private partnerships have been made available to

States.

Reduction of Accident Rates on Highways. Transportation safety is the Department's highest priority. In 1991, approximately 41,500 people were killed in traffic related accidents, an intolerable loss of human life. All too often, the loss of life is viewed simply in terms of numbers and rates instead of underscoring that these traffic crash victims are human beings whose deaths affect families, friends, employers, and society in general. In the areas within our jurisdiction, DOT is working hard to reduce fatalities, injuries and property damage caused by vehicle related accidents. We are pleased to report that the fatal accident rates (per 100 million miles of travel) for combination vehicles, medium and heavy trucks, and all other vehicles have been continuously declining since 1980. Along with our colleagues in the National Highway Traffic Safety Administration (NHTSA), we are encouraging the development and implementation of programs in each State that have a high potential to reduce accident rates on our highways. We hope to contribute to this by enhancing safety through a number of broad based initiatives, such as improved safety management systems mandated in the ISTEA, the commercial drivers license program, stricter drug and alcohol enforcement, deployment of IVHS technology, designation of high speed rail corridors to eliminate hazards of rail crossings, and an enhanced Motor Carrier Safety Assistance Program. Under our Motor Carrier Safety Assistance Program, States will ensure comprehensive enforcement of commercial motor vehicle safety through roadside inspection of vehicles and drivers as well as carrier terminal reviews. This

program requires motor carriers to correct safety violations or face enforcement action.

Bureau of Transportation Statistics. Secretary Card has officially created the Bureau of Transportation Statistics as an independent operating administration within the Department, and has appointed the career Deputy Director. The Deputy Director is organizing the Bureau's staff, projects, and budget around the major activities identified in Section 6006 of the ISTEA. The Bureau is working closely with other parts of the Department and other Federal agencies to prepare an inventory of existing data resources, conduct the multimodal commodity and passenger flow surveys, design the Transportation Statistics Annual Report, represent the transportation community in planning for the Year 2000 Census, develop a data element dictionary for the Department, initiate the Section 6008 study with the National Academy of Sciences, and examine the data implications of the ISTEA management systems. We are deferring the nomination of a Director and the establishment of the Advisory Council on Transportation Statistics to the incoming Administration.

National Highway System. The National Highway System (NHS) will be the keystone of our surface transportation network, now and for the foreseeable future. Identification, designation, and improvement of this system are essential to our economic vitality, and, more abstractly, to national unity. This is not a continuation of the Interstate era; the NHS will build on that system and will promote an even greater economic and social unification of our society than what has developed since the Interstate System was defined a half century ago. I can do no

better than to cite Thomas Jefferson, as we commemorate the 250th anniversary of his birth. Jefferson is quoted by Merrill D. Peterson in "Thomas Jefferson & the New Nation" concerning the role that highways play in our growth:

By these operations, new channels of communication will be opened between the states; the lines of separation will disappear, their interests will be identified, and their union cemented by new and indissoluble ties. Roads and canals would knit the Union together, facilitate defense, furnish avenues of trade, break down local prejudices, and consolidate that "union of sentiment" so essential to the national polity

Let there be no mistake, the NHS will not succeed unless the concept is widely endorsed. We are on track to meet the ISTEA directions of this critical program.

Intermodalism. As legislated by ISTEA, the Department established a new independent Office of Intermodalism within the Office of the Secretary, headed by the Associate Deputy Secretary of Transportation, that serves as a high level focal point for intermodal transportation planning, both within DOT and the transportation community.

The marketplace is already moving in the intermodal direction -- our most effective, most competitive transportation companies today are integrated intermodal operators -- our surface transportation programs should be similarly evolutionary. ISTEA provides the mechanism we need to seek flexible, market-driven solutions to our intermodal transportation problems. It does so through the visionary emphasis it provides on intermodalism, and by requiring active State and local participation at every stage in the formulation of policies tailored to local needs, and in the final decisions about funding

priorities.

The Department wants to make certain that our institutions, regulations and policies at the State, local, and Federal levels facilitate further movement in overcoming obstacles to intermodalism. We intend to support and pursue the efficiencies inherent in intermodal systems as a key to well-functioning and competitive American markets.

Flexibility. The ISTEA is customer oriented. It provides funding flexibility to the States to spend transportation dollars on those programs, projects, and modes that are significant to the States and local governments, while focusing the Federal effort on the National Highway System. Americans want and deserve as much choice in meeting their transportation needs as can be provided. Simply put, the transportation priorities of Idaho differ from New York's priorities. Diversity among sections of our country has made it great, however this creates a significant challenge when designing a national transportation program. I believe our Nation will suffer unless we permit the States to pursue the maximum flexibility provided in ISTEA. Flexibility allows States and local governments effectively to design and implement Federal-aid programs that meet their needs. Flexibility also means embracing opportunities to allow private sector involvement in all phases of developing, financing, constructing, owning, and operating highway facilities. We seek to foster public-private partnerships that will take advantage of the private sector's efficiencies and market-responsive innovations. Flexibility further requires that we develop a seamless intermodal transportation system.

To nurture and instill this flexibility, the FHWA has created a new Intermodal Division; simplified procedures for transferring Surface Transportation Program (STP) funds between highways and transit have been developed; and an intermodal transportation research program to improve state-of-the-art intermodal passenger and freight transportation planning has been established. In FY 1992 we transferred \$302.4 million of STP, CMAQ, and other funds from highways to transit.

Improving Urban Mobility. "Edge Cities" are where people are increasingly living and where new centers of economic activities are developing. As anyone who commutes to work knows, in this "Edge City" era where urban centers merge with suburbia, reaching and often invading the outer edges of rural America, neither transit nor highways serve passenger and freight movements efficiently. Commutes of 40 to 50 miles, predominantly through rural or low density suburban areas, are not uncommon for "Edge City" employees.

Between 1983 and 1990, the total vehicle miles of travel (VMT) increased by approximately 30 percent even though population growth only increased by only 5 percent. Much of the VMT growth, about 65 percent, is related to modal trip length, and reduced ridesharing, and is attributable to the "Edge City" phenomenon. We are encouraging an expanded research effort in this area. We believe that effective implementation of management systems and financially realistic metropolitan planning organization (MPO) transportation plans are critical to responding to "Edge City" transportation needs.

The last four FHWA biennial "Highway Conditions and

Performance" reports show that rural capacity and rural urban pavement deficiencies have stabilized -- reflecting sound management in these areas. Urban capacity deficiencies, however, have increased from about \$15 billion annually in 1983 to over \$30 billion in 1989. We believe that ISTEA's initiatives are beginning to address and promote intermodal mobility and will permit metropolitan areas to tailor solutions unique to each individual area's mobility concerns; however, crucial to this mobility and to air quality is effective management of these overwhelming urban needs. We realize that we cannot build our way out of urban congestion; we therefore welcome and are giving priority to the transportation management initiatives provided in ISTEA.

Congestion Mitigation and Air Quality Improvement Program.

We need to move into an era where a safe, environmentally sensitive, intermodal transportation system that reduces congestion, provides superior pavement and bridges, and promotes public transportation and air quality is the legacy that we leave to the post-Interstate generation. The ISTEA established a Congestion Mitigation and Air Quality Improvement Program that advances those projects or programs that are likely to contribute to the attainment of the National Ambient Air Quality Standards. The FHWA issued interim guidance in February (57 Fed. Reg. 14880) and areas are already implementing a wide array of congestion mitigation and air quality projects. Other ISTEA funds may be used for these purposes.

Improving Quality of Transportation Systems. Clearly we believe that improvements to the quality of our transportation

systems are critical to building an enduring infrastructure in the post-Interstate era. Quality requires a continuing commitment to research. The FHWA has an effort underway, termed the National Quality Initiative, which is promoting commitment to improving the quality of our nation's highway system. As part of our commitment to quality, last month in Dallas, AASHTO and FHWA cosponsored with ARTBA, AGC, American Concrete Pavement Association, National Asphalt Pavement Association, American Consulting Engineering Council, and National Ready Mixed Concrete Association, a CEO Seminar on "Partnerships for Quality". Participants agreed that for government, product quality leads to citizen satisfaction: for private enterprise, product quality leads to profitability.

Public/Private Partnership. The ISTEA encourages States to develop new cost-sharing partnerships with the private sector. For example, the ISTEA now removes barriers to use of tolls, and permits tolling of most free non-Interstate Federal-aid facilities subsequent to reconstruction. Federal funds can now be leveraged with toll-based finance, and private investment can also be introduced. These opportunities to mix Federal loans and grants with various forms of toll-backed debt financing and private equity provide a range of new financial mechanisms to support a variety of improvement projects; public or private, State or local, toll or non-toll. The view that highway infrastructure is solely the responsibility of the government is changing (as it has changed several times over history). A significant number of private sector interests, including major engineering and construction firms, financial investors, and toll

road operators, are seeking opportunities to take advantage of this provision and take a larger role in all phases of developing, financing, constructing, owning, and operating highway facilities.

The Department has conducted a series of conferences and seminars attended by representatives of all levels of government, academic institutions, and the private sector, and produced a brochure on public-private financing which has given wide visibility to these innovative partnership opportunities to implement these new financing provisions. States must take deliberate steps to establish State transportation programs that incorporate these new tools. Several States (Arizona, California, Colorado, Florida, Missouri, Texas and Virginia) have enacted enabling legislation which permits public-private partnerships and clearly identifies the responsibilities of both the State and private parties.

Challenges. I would also like to take a few minutes to discuss some particular challenges in implementing ISTEA. There are significant new requirements for States and MPOs as a result of the passage of ISTEA; while States and MPOs are working very hard to address the ISTEA initiatives, the requirements are extensive. Inadequate personnel resources and a lack of technical expertise and often minimal experience in working together could pose significant problems for the States and Metropolitan Planning Organizations. Of particular concern is the ability of States and MPOs to update their transportation plans in a comprehensive and timely manner, and to develop financial resources that will enable them to implement the

transportation plans. The projection of future revenues and costs appear to be especially difficult. FHWA and FTA through our research and technical assistance programs have initiated efforts to assist them in these areas.

In nonattainment areas, the Clean Air Act looms large, and will make the task even more difficult. Changes in travel behavior may be necessary to meet air quality goals and urban mobility requirements. Finally, transportation decisionmakers will have to make tough decisions on Transportation Control Measures (TCMs) that will be controversial. Strategic choices to enhance the long-term urban transportation system will be difficult but clearly essential. The easiest short-term actions are many times not consistent with adopted longer-term objectives.

Conclusion. Let me say that, while many challenges in implementing the ISTEA remain, the Department is aggressively meeting these challenges and so addressing the Nation's transportation needs into the 21st century. At FHWA, we have empowered ourselves through FHWA 2000, our organizational blueprint and internal roadmap to the future. This reborn institution will help meet the nation's highway needs for safe, efficient and environmentally sound movement of people and goods.

In closing, after one year of experience we are convinced that ISTEA provides a proper road map leading to a sound surface transportation future for America's 21st Century. That concludes my remarks. I would be pleased to answer any questions.

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