

STATEMENT OF E. DEAN CARLSON  
EXECUTIVE DIRECTOR  
FEDERAL HIGHWAY ADMINISTRATION  
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE  
SENATE APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON TRANSPORTATION  
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HEARING ON ISTEA IMPLEMENTATION STATUS

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to testify before the Subcommittee on the status of our efforts to implement the Intermodal Surface Transportation Efficiency Act (ISTEA) and related issues.

As you know, the Federal Highway Administration (FHWA) values its positive relationship with this Subcommittee. We look forward to working with you as we chart the progress of this landmark surface transportation legislation.

GENERAL IMPLEMENTATION

By enacting the ISTEA, Congress set into motion an array of surface transportation programs, policies, and increased resources for surface transportation. In the first year of the Act, 1992, the FHWA, along with other Department of Transportation modal administrations and our many other partners, began to implement the Act's provisions.

In this regard, I would like to provide the Subcommittee with a pamphlet the FHWA prepared describing our implementation activities. The pamphlet is entitled FHWA Stewardship Putting ISTEA into Motion and it highlights our major accomplishments during the first fiscal year of the legislation.

Overall, the FHWA obligated more than \$17.8 billion in Federal-aid highway funds in Fiscal Year (FY) 1992, including

exempt programs such as the minimum allocation apportionment and demonstration projects. FY 1992 obligations include more than \$4.4 billion for Interstate programs, \$3 billion each for the National Highway System and Surface Transportation Program (STP), \$1.8 billion for the Bridge Program; and \$340 million for the new Congestion Mitigation and Air Quality Improvement (CMAQ) Program.

#### National Highway System

The National Highway System (NHS) is a vitally important element of the ISTEA and is expected to be the major focus for the Federal-aid highway program into the 21st century. The 155,000 mile system will consist of about 4 percent of total rural and urban road mileage but will carry over 40 percent of vehicle travel and more than 70 percent of heavy truck travel. The NHS is expected to serve nearly all urban areas with a population of at least 25,000, in addition to meeting strategic military needs, and serving major ports, airports, public transit facilities and international border crossings.

To ensure that the national objectives of the NHS are achieved, the FHWA has played a strong leadership role in working with the States and Metropolitan Planning Organizations (MPOs) in our combined effort to develop the proposed NHS. Although some routes must be included in the NHS (i.e., the Interstate System, the Strategic Highway Network (STRAHNET), major STRAHNET connectors and high priority corridors) the States have considerable flexibility to propose additional routes.

The required functional reclassification of all public roads and streets is essentially complete and the States, in

cooperation with local officials, are now identifying proposed routes for the NHS. States must submit these routes by April 30, 1993, to ensure that we meet the ISTEA-established date of December 18, 1993, for submitting the proposed NHS to Congress and implementing this critically important program.

#### Funding Flexibility/Transferability

One of the fundamental concepts that the ISTEA seeks to foster is funding flexibility and transferability. The Department and the FHWA have encouraged State and local governments to utilize the ISTEA funding flexibility and broad project eligibility provisions. Taking advantage of these provisions, States transferred almost \$1.1 billion of their apportionments for certain highway programs to other highway categories.

Similarly, during FY 1992 and the first 5 months of FY 1993, \$331 million of FY 1992 funds from the STP and CMAQ Programs were made available for transit projects. In fact, the majority (60 percent) of CMAQ funds have been obligated for projects other than traditional highway projects, including carpools and bicycle and pedestrian facilities, that improve air quality.

The CMAQ and STP enhancement programs have shown rather slow rates of obligation, in part because States are uncertain about project eligibility and program structure in these new areas. The FHWA has therefore issued guidance to the States to address these uncertainties and ensure the successful implementation of the CMAQ and transportation enhancement provisions. In October, the FHWA and the Environmental Protection Agency issued a three-

phase schedule for implementing the CMAQ program, and in January the FHWA published detailed guidance listing eligible transportation enhancement activities, which include historic preservation, scenic enhancement, and wetland mitigation projects. We anticipate that this guidance will serve as a catalyst for increased use of ISTEA's flexible funding provisions.

Under certain conditions, the ISTEA also permits a State to use toll revenues as a credit (soft match) toward the non-Federal share of all programs authorized by title 23 and the ISTEA. The credit is based on the amount of a toll authority's revenue used on projects it funds itself to build or improve public highways. This use of toll revenues as "soft-match" is another example of enhanced ISTEA flexibility.

In FY 1992, five States established "soft-match" credits totalling about \$676 million. In New Jersey, for example, a credit amount of over \$192 million was approved for FY 1992. Although New Jersey has not yet submitted a credit amount for FY 1993, it can continue to use the FY 1992 credit. New Jersey's soft match credit will permit it to run its entire Federal-aid highway and Federal transit programs with a 100 percent Federal share in 1993.

#### Intelligent Vehicle-Highway Systems

The FHWA stressed the promise for greater innovation that the ISTEA provides for Intelligent Vehicle-Highway Systems (IVHS) and other research and technology programs. We continue to aggressively implement the national IVHS program.

A solid foundation has been established through the completion of IVHS AMERICA's "Strategic Plan for Intelligent Vehicle-Highway Systems in the United States" and the Department of Transportation's "IVHS Strategic Plan Report to Congress." Over the course of this spring and summer, we will be working cooperatively with IVHS AMERICA, our federal advisory committee, to further develop these strategic plans into a National IVHS Program Plan which will describe the research, development, testing, and deployment guideline activities needed to reach the point of deployment of IVHS user services.

We are currently developing the system architecture for an integrated, nationwide IVHS deployment. This involves a far reaching, consensus building effort. A series of regional briefings are being considered as we go through the process.

A full range of priority IVHS research and development (R & D) activities are now underway with projects sponsored by the FHWA, the Federal Transit Administration (FTA), and the National Highway Traffic Safety Administration (NHTSA). The IVHS R & D funding has grown from about \$5 million in FY 1991, to about \$25 million in FY 1992, and to \$40 million in FY 1993. This is expected to continue to increase.

Under the IVHS Corridors Program created by the ISTEA, we are examining six priority corridors for operational tests which will be negotiated each year; in the northeast, a priority corridor runs along I-95 from just north of Washington to Connecticut.

In the Rebuild America initiative, the President proposed

IVHS increases ranging from \$70 million per year starting in FY 1994 up to \$100 million in FY 1998. A portion of this additional funding would be used for defense technology conversion to support the development of IVHS applications of advanced technologies created by defense firms and the national labs. This funding would be used in cooperative IVHS partnerships with the Department of Defense's Advanced Research Projects Agency programs and with the private sector.

We have also initiated an ambitious automated highway systems (AHS) prototype program which will be funded under the proposed Rebuild America program. By eliminating human error, an automated highway could provide a nearly accident-free driving environment. Automated vehicle control could increase by 2 or 3 times the capacity of present day facilities. Thus, the AHS presents an exciting opportunity to gain dramatic congestion and safety benefits from IVHS technology. As a first step for AHS, we expect to use current IVHS R & D funds to let contracts in May and June 1993 to conduct studies aimed at examination of critical technical and systems issues. We also plan to work with one or more consortia to meet the ISTEA requirement to demonstrate a prototype AHS in 1997 and to further develop and test other promising concepts.

#### **Outreach Activities**

We have taken the partnering aspects of ISTEA very seriously by creating and improving ties with our partners at every level, both within and outside of Federal, State, and local governments; helping the MPOs; giving a voice and vision to the diverse public

and private interests affected by the ISTEA; encouraging minority and women business enterprise; and working with our long-established partners like the American Association of State Highway and Transportation Officials. In addition, we have held hundreds of outreach and informational meetings with many diverse groups throughout the country since the ISTEA was enacted.

This outreach will continue. In order to ensure their widespread distribution, interim ISTEA guidance memoranda were compiled and published in two Federal Register notices issued on April 23, 1992, and January 4, 1993, and we intend to issue additional ISTEA implementation publications in the future. Early in 1992, we established a conference on the FHWA Electronic Bulletin Board System (FEBBS) to help disseminate guidance on implementing the ISTEA. The ISTEA conference includes nearly 300 questions and answers and 50 policy memoranda on ISTEA implementation, with information from both the FHWA and NHTSA. When the ISTEA conference was opened to the public, the number of calls to FEBBS each month doubled from 2,500 to 5,000. Thus, FEBBS has been an essential component in our efforts to disseminate information and assist State and local officials and MPOs in implementing the ISTEA.

#### **Statewide and Metropolitan Planning**

ISTEA's new planning processes were initiated on March 2, 1993, under proposed rules for both statewide and metropolitan planning. In the next several weeks, the FHWA and FTA will hold 4 meetings in Atlanta, Kansas City, Philadelphia, and San Francisco to obtain public input on the planning and management

systems rulemakings. These ISTEA-fostered changes will result in better transportation investment decisions based on improved processes, approval mechanisms, project prioritization, and life-cycle costing.

### Management Systems

We have also been actively assisting the States in developing the management systems provided for in the ISTEA in the areas of highway pavement of Federal-aid highways, bridges on and off Federal-aid highways, highway safety, traffic congestion, public transportation facilities and equipment, and intermodal transportation facilities and systems. These six systems will guide the States in making prudent decisions when using their limited resources to improve the efficiency of the nation's transportation system. Rather than imposing overly prescriptive Federal requirements, the proposed regulations will designate the desired end goals of the systems, thus granting the States and other affected groups greater flexibility in developing systems which are tailored to their specific needs.

In addition to holding public meetings on the traffic congestion, public transportation, and intermodal management systems, we published a proposed rule on the systems on March 2, 1993, seeking additional information from the public. Because no final regulations have yet been issued, progress by the States in implementing these management systems has been varied. Several States have appointed committees to oversee the development of the systems and some have already budgeted funds for this development, in anticipation of the issuance of the regulations.

### Motor Carrier Safety Activities

The FHWA implemented the reauthorization of the Motor Carrier Safety Assistance Program (MCSAP), and we continue to work closely with the States through the Commercial Vehicle Safety Alliance to expand the truck safety inspection programs at increased funding levels and to take advantage of innovative features that were included in ISTEA. During FY 1992, all but 2 States and 2 Territories participated in the MCSAP. The program supports approximately 2,800 State personnel nationwide who perform 1.6 million commercial motor vehicle inspections annually.

The FHWA also made progress toward improving uniformity in motor carrier vehicle registration and fuel tax reporting through the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA), respectively. To date, all of the contiguous 48 States except for Delaware, New Jersey, and Rhode Island are members of the IRP, and 21 States belong to IFTA. Five additional States (Georgia, Illinois, Mississippi, New Mexico, and Tennessee) are planning to join IFTA. Those States participating in the Regional Fuel Tax Agreement (RFTA) as of January 1, 1991, (Maine, New Hampshire, and Vermont) are not required to join the IFTA. As mandated by the ISTEA, the FHWA has established a working group to assist the States in complying with the September 30, 1996, deadline for membership in the IRP and IFTA. This working group is charged with providing technical assistance to the States and resolving disputes among the States participating in the plan. Full participation in the IRP and

IFTA will save industry \$1 billion annually in the administrative costs of complying with varying State registration requirements and fuel taxes.

### ECONOMIC STIMULUS

House-passed H.R. 1335, the FY 1993 Emergency Supplemental Appropriations bill, contains generally the same highway provisions as proposed by the Administration in its economic stimulus program. Under H.R. 1335, the FY 1993 Federal-aid obligation limitation would be increased by \$2.976 billion above the current limitation of \$15.327 billion. Thus, the new obligation limitation would be \$18.303 billion.

The increase in the obligation limitation, which would be distributed to all the States based on existing formulas, is an element of the President's program to emphasize investment and to jump-start the economy. The overall impact of the additional obligation limitation would be to reduce unemployment and to increase the funding available for maintaining the conditions and performance of our Nation's highways.

The additional obligation limitation would result in job growth in the near-term because it would be used for highway projects that are ready to go. The Office of Management and Budget estimates that the additional obligation limitation would support 72,000 additional direct and indirect highway construction jobs with more than 13,000 of these jobs created before September 30 of this year. Unemployment in the construction industry in general is over 15 percent nationally, and even higher in many States. The transportation component of

the economic stimulus proposal would thus serve as a key source for job growth in the construction industry and related businesses.

**FY 1994 LONG-TERM INVESTMENT PROGRAM**

While the full details of the FY 1994 Budget have not been released, the Administration proposal will provide for full ISTEA funding of the Federal-aid highway program. In FY 1994, the obligation limitation would be \$18.398 billion, or about \$2.7 billion more than the baseline estimate of \$15.7 (the pre-stimulus FY 1993 enacted budget plus inflation). When programs that are exempt from the obligation limitation are considered, the total Federal-aid highway program will be about \$20.5 billion. This level of funding is consistent with the Administration's vision of increased public investment to improve productivity.

Full ISTEA funding is also important for the transferability and flexibility provisions to work to their fullest extent. The multi-modal availability of funds and expanded project eligibility have resulted in greater competition for ISTEA funds. Transferability and innovation could suffer in a climate of restrictive spending. In many cases, competition for funds may work against newer programs, especially when they are competing with existing projects which are "on-the-shelf" and ready to go. While the FHWA has done as much as possible to create a level playing field, the amount of funds available is probably the single biggest factor in ensuring that new programs are successfully delivered.

Relative to the future investment proposals, full ISTEA funding would result in the following investment levels:

- FY 1995:           Obligation limitation - \$18.5 billion;  
                  Federal-aid total       - 20.7 billion;
  
- FY 1996:           Obligation limitation - \$18.5 billion;  
                  Federal-aid total       - 20.9 billion;
  
- FY 1997:           Obligation limitation - \$18.6 billion;  
                  Federal-aid total       - 21.0 billion;

Thus, under the Administration's highway investment proposal, the total obligation levels for FY 1994 - FY 1997 would be \$8.6 billion higher than the baseline levels (which are the FY 1993 enacted levels adjusted for inflation). When compared to baseline funding, the Administration's highway investment proposal will result in:

- decreased deterioration of the highway system by supporting more highway resurfacing, restoration, and rehabilitation projects. These projects reduce pavement deterioration and the resulting higher costs of major reconstruction projects.
- Less congestion. We have estimated that the congestion cost is about \$39 billion annually in urban areas with populations larger than 1 million.
- Increased highway safety. The Nation's annual cost of motor vehicle accidents including deaths, injuries, and property damage is approximately \$137 billion. In 1992,

about 39,200 people were killed in traffic related accidents. Although this is a tragic loss of human life, we do note that this is the lowest fatality toll in 30 years and represents a 16 percent drop in fatalities over the past 4 years. The national highway fatality rate now stands at about 1.8 deaths per 100 million vehicle miles of travel. This is the lowest ever, just half of what it was less than 20 years ago, and one of the lowest rates in the world. But we can and must do more. In addition to the FHWA's ongoing programs to make the highway environment safer, we are working closely with NHTSA to implement the safety belt and motorcycle helmet use provisions of the ISTEA. The ISTEA's sanctions for failure to enact mandatory belt and helmet laws should expedite implementation in all States of these very important safety measures; to date, 42 States have safety belt laws in effect, 27 have helmet laws. In addition, we hope to make our arsenal of highway safety measures even more effective through the highway safety management systems.

With respect to taxes, full ISTEA funding for highways is based on the extension and transfer to the Highway Trust Fund of the 2.5 cent motor fuel tax currently being paid into the General Fund of the Treasury. Two cents of this amount would be dedicated to the Highway Account and the remaining one-half cent would be dedicated to the Mass Transit Account of the Highway Trust Fund. Without such additional financing, we project the

Byrd Amendment would trigger a reduction in apportionments as early as FY 1995. Under the Byrd Amendment, as amended, unfunded authorizations at the end of the fiscal year in which the apportionment is made must be less than the revenues anticipated to be earned in the following 24-month period.

The Administration's message is also that increased highway investment means smarter spending of dollars, not only spending more dollars. The FHWA is focusing on those high pay-off measures which make the best use of current surface transportation dollars, systems, and techniques. Such programs include the IVHS, the six management systems required by ISTEA, and the National Quality Initiative, which holds tremendous potential for improved planning, design, and construction at the least annual cost. Last November, the FHWA along with leaders in the transportation industry pledged to make a continuing commitment toward the production of quality products and services through a partnership approach. We are continuing this commitment through regional workshops.

#### CONCLUSION

While we have completed just one year of this six year landmark surface transportation legislation, I believe we have established a strong foundation on which to build the future of our nation's surface transportation program. I want to express my appreciation to the Members of this Subcommittee, all of whom have been very supportive of the objectives of the ISTEA, and to share with you my pride in the accomplishments of all FHWA employees during the first year of the ISTEA's implementation. I

can assure you that this dedication and outstanding level of effort will continue. I would be happy to answer any questions you may have.

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