

Final

STATEMENT OF PETER J. BASSO
ACTING ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS
DEPARTMENT OF TRANSPORTATION
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UNITED STATES SENATE

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Mr. Chairman and members of the Committee. I appreciate the opportunity to appear before you today to discuss the potential consequences for our surface transportation programs if the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) is not reauthorized by the end of this session of Congress.

There will be adverse impacts on safety programs, potential construction delays with associated job losses, and adverse impacts on transit operations if the Federal highway, traffic safety, and transit programs are put on hold. The Administration continues to support enactment of multi-year ISTEA reauthorization legislation as soon as possible and believes its NEXTEA proposal forwarded last March provides a sound basis for action. While some construction activity will be able to continue with carryover highway and transit grant funds, we will see increasing impacts in States and local communities as these carryover balances -- unevenly distributed across the country and across programs -- are drawn down. The need is even greater, though, in the case of safety grants and operating funds to keep the Federal Highway Administration and the Bureau of Transportation Statistics in business.

Let me summarize some of the most significant problems that will result from continued lapse in

this important legislation.

Safety Programs

Several critical highway safety programs are completely without funding this fiscal year. This means that Federal support has ceased for major safety initiatives such as safety belt use, child seat use, and drunk driving countermeasures. The net effect would be a reduction in lives saved and injuries avoided. Highway safety grant programs have no unobligated balances available from prior years' authorizations. These include Section 402 (State and community safety grants), Section 410 (impaired driving incentive grants program), and the National Driver Register (NDR). With no contract authority for the Section 402 program for FY 1998, new funding has not been available since October 1 for the States to initiate highway safety and Safe Communities projects. States are operating with funds obligated in FY 1997, and most States have sufficient funding to last only an estimated 2-3 months. Once these balances are exhausted, many State highway safety offices may have to close. Some States are already making adjustments by delaying or curtailing projects.

Kentucky, California, Louisiana, Florida and North Carolina, for example, have placed some or all of their highway safety programs on hold pending new authorizations. Special alcohol and seat belt enforcement programs by dedicated State police are being particularly hard hit and could result in police officers being laid off if new funding is not forthcoming in the near future.

The Section 410 (impaired driving) program has also been operating with funding obligated in FY 1997, and that will run out in the early spring, forcing the program to be shut down. This means that NHTSA would be unable to carry out statutory requirements to provide incentive grants to encourage States to deal more effectively in reducing drunk driving.

Also, the National Driver Register (NDR) would have to be shut down. The NDR is operating on funds obligated in FY 1997. Since funding for the NDR contract runs out in March, the program will have to be shut down and staff dismissed. This means that State motor vehicle agencies will not be able to query the NDR to avoid licensing problem drivers. In addition, the shutdown will be felt by other transportation-related organizations, such as the Federal Aviation Administration, Federal Railroad Administration, United States Coast Guard, air carriers and employers, who are authorized to use the NDR in determining whether to hire or certify operators of motor vehicles or other transportation conveyances.

In addition, there is no Federal funding for the approximately 3,200 State enforcement personnel funded exclusively by the Motor Carrier Safety Assistance Program (MCSAP). States may be limited severely in their ability to perform driver or vehicle inspections or compliance reviews, thereby permitting potentially unsafe commercial motor vehicles and unqualified drivers to operate undetected on our Nation's highways. The safety impact of the lack of reauthorization legislation is beginning to be felt now. For example, South Carolina is already out of MCSAP funds, and Rhode Island will have to lay off inspectors at the end of November. Without Federal funds, we are advised that the New Mexico, Ohio, and Nebraska motor carrier safety

enforcement programs will shut down on November 15. Several other States have reduced roadside safety inspections just as pre-holiday freight movements are peaking. Many States are using State funds to support motor carrier programs, but national safety objectives may not be met. By January 1, most motor carrier safety programs could come to a complete halt without additional authorizations.

Because 80 percent of MCSAP pays the salaries of State safety investigators, States will likely have to lay off these employees. Highway safety could be severely jeopardized without the important enforcement activities conducted by safety investigators, including: reviews of truck and bus companies to ensure they are complying with safety regulations and have an effective safety management program, roadside inspections of vehicles and drivers, hazardous materials enforcement, special safety investigations, traffic enforcement, drug interdiction, and truck size and weight enforcement.

DOT Operations

Federal Highway Administration

The Federal Highway Administration (FHWA) has only enough funds to continue to pay salaries to its full staff during the first quarter of FY 1998. Without some relief, FHWA will be forced to shut down in early January when all carryover funds are estimated to be depleted. This could result in 3,600 employees being furloughed, including over 2,600 employees who work in

FHWA division and regional offices across the country in every State.

When FHWA shuts down, even though the States will still have Federal-aid highway funds to use, the Federal-aid program will essentially stop since there will be no FHWA personnel to carry on the legally required steps related to authorizing Federal projects. This means that:

- o The FHWA would not be able to process requests and reimburse States for Federal-aid projects already under construction, or participate in the operating cost of traffic management centers. Since reimbursements are made electronically -- with some States being reimbursed daily and many others being reimbursed weekly -- a cut-off in reimbursements would immediately affect States' cash flow and their ability to pay contractors (with potential layoffs resulting), purchase equipment, materials, and supplies, and meet State payrolls or other commitments.
- o The FHWA would not be able to authorize Federal-aid highway projects or obligate balances of Federal-aid highway funds for design, right-of-way acquisition, or construction projects. States also use Federal-aid highway funds for inspections of major bridges, and obligations for those inspections could not be approved.
- o States could not begin right-of-way acquisition or final design activities on projects that are ready for this approval. States also rely on the FHWA for coordination with other Federal agencies in advancing projects through the NEPA process and obtaining other reviews and

clearances. Last year about 50-75 major projects were advanced with an environmental impact statement (EIS), and 500 intermediate scale projects were advanced with a finding of no significant impact (FONSI). If this trend continues in FY 1998, a shutdown would have proportionate impacts on projects that would otherwise be advanced this year.

- o In the event that new natural disasters or catastrophic failures occurred, FHWA would not be able to approve and allocate available Federal-aid Emergency Relief (ER) funds to the States for necessary repairs to damaged highways and bridges. Furthermore, staff would not be available to process reimbursements to States for repairs from previous disasters already completed.

There would be no funds for the Federal motor carrier safety program. No Federal staff will be available to review State grants or to conduct safety inspections, compliance reviews, and other enforcement activities performed by the approximately 230 Federal motor carrier safety investigators.

FHWA's research and technology activities will be severely curtailed. Since there cannot be an administrative takedown from new authorizations until after a reauthorization bill is enacted, new funding for research and technology activities, such as Intelligent Transportation System operational tests and technical assistance to communities throughout the Nation, financed through FHWA's General Operating Expenses, cannot be made available.

National Highway Traffic Safety Administration

By early February 1998, NHTSA's regional and Headquarters State and Community Services staff, who administer the Section 402 program, will have to be furloughed since the largest portion of their salaries is funded from the Section 402 program.

Bureau of Transportation Statistics

There is no new funding for the Department's Bureau of Transportation Statistics (BTS), since it is financed from contract authorizations from the Highway Trust Fund. By deferring staff increases, delaying programs, and rescheduling some repayments, BTS has enough carryover to last through the first quarter of FY 1998, at which point, without new spending authority, it will have to shut down. In addition to furloughs of more than 40 BTS employees, 60 contractor staff will have to be let go. There will be long-term impacts from such short-term effects as contractor employees seek work elsewhere. There will be interruptions in data collection, which will seriously impact the overall quality of data.

Federal Transit Administration

Administrative funds for FTA are provided in the DOT Appropriations Act and therefore we do not face the same problem that we do with FHWA and NHTSA grant program administrative costs.

Federal-aid Highway Program

States will be able to continue their infrastructure programs by using the \$12.25 billion in unobligated balances from prior year apportionments and allocations of Federal-aid highway funds. This total will permit the States, in aggregate, to operate at the 1997 levels for more than half the year and at the 1998 level for approximately one-half of the year. However, these balances vary greatly among States and program categories.

Transit Programs

Both FTA's discretionary and formula grant programs are affected by the lack of legislation. These programs will have available about 14 percent of the funding that they could otherwise expect in FY 1998, including \$240 million in general funds provided in the FY 1998 DOT Appropriations Act and \$392 million for New Starts discretionary grants carried over from previous years because of obligation limitations. This \$392 million would be distributed based on the FY 1998 Appropriations Act. Other unobligated balances already apportioned or allocated to grantees will be available pre current law, but the availability of these funds is uneven across the country and across programs.

Summary

Failure of Congress to take some action to address safety funding needs and FHWA, NHTSA and BTS administrative costs before it recesses will have significant impacts on both critical programs and DOT personnel. The Administration continues to support enactment of multi-year ISTEA reauthorization legislation as soon as possible. However, time is running out on this session of Congress. Under these circumstances, we believe that Congress must take action before adjourning for the year, to temporarily provide sufficient funds and authority to address the critical safety and other urgent programmatic needs set forth in this testimony.

That completes my prepared statement. I would be pleased to answer any questions you may have.