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NEXTEA

THE NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

SHAPING AMERICA'S SURFACE TRANSPORTATION SYSTEM FOR THE 21ST CENTURY

MARCH 12, 1997

THE NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

Today, President Clinton will announce the National Economic Crossroads Transportation Efficiency Act (NEXTEA), a six-year, $175 billion investment program to improve America's highways, bridges, transit systems, and railroads; lower the toll in lives and health care costs from motor vehicle crashes; enhance America's environment; and support mobility and economic prosperity. NEXTEA increases surface transportation funding by $17 billion, or 11 percent, over the $157 billion authorized by ISTEA.

■ **"REBUILDING AMERICA" -- $175 BILLION INVESTMENT WHILE BALANCING THE BUDGET**

- Increases funding for core highway programs by 30 percent over ISTEA levels.
- Provides greater flexibility for states and localities to target funds that best meet community needs.
- Expands programs for innovative financing to leverage federal dollars.
- Provides $600 million to deploy intelligent transportation technology to cut travel time and enhance safety.

■ **PUTTING A STRONGER EMPHASIS ON SAFETY**

- Increases funding for the National Highway Transportation Safety Administration by 25 percent to $395 million.
- Increases highway and truck safety funding by $2 billion.
- Increases funding for drunk driving prevention by 60 percent.
- Creates and expands programs to increase the proper use of safety belts and child restraints, reduce drunk and drugged driving, and continue research into building safer roads and vehicles.

■ **PROTECTING THE ENVIRONMENT**

- Increases funding for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) by 30 percent, to $1.3 billion annually.
- Increases Transportation Enhancements funding by more than 25 percent to support bike paths, pedestrian walkways and other community-oriented projects.
- Expands CMAQ eligibility to include regions that fail to meet any new air quality standard.
- Provides greater flexibility for state and local investment in non-polluting modes of transportation.

■ **INVESTING $600 MILLION TO MOVE PEOPLE FROM WELFARE TO WORK**

- Supports flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are.
- Increases incentives for states and localities to provide job training for federally-funded technology and construction projects.

TABLE OF CONTENTS

REBUILDING AMERICA

America's prosperity and quality of life are linked to our transportation system's efficiency, which keeps production costs low and maintains our international competitiveness. When President Clinton promised to "rebuild America" five years ago, this system suffered from inadequate capacity, deteriorating infrastructure, and poor connections among different forms of transportation. The President has worked with Congress to make good on his promise, taking advantage of ISTEA to raise infrastructure investment to record levels.

ISTEA SUCCESSES

✔ Under President Clinton, federal transportation infrastructure investment increased 21 percent, to an average of $25.5 billion annually.

✔ Many indicators of highway conditions and performance have stabilized or improved. The condition of bridges and highway pavement, which had been deteriorating, has stabilized. We have kept pace with our transportation system's maintenance requirements and stopped its deterioration.

✔ Transit investment has increased, including over $3 billion transferred using ISTEA's flexible funding provisions. Nearly 26,000 new buses and nearly 600 new rail cars have been bought for state and local transit agencies, and more than 100 miles of new transit lines serving more than 100 new stations are under construction. Transit speeds have improved by an average of about 10 percent.

KEY NEXTEA PROVISIONS

- NEXTEA builds on ISTEA's successes while helping us to move towards a balanced budget. It would authorize about $175 billion for surface transportation programs from 1998 through 2003, an 11 percent increase over ISTEA. The proposed authorization levels would sustain or expand core programs such as the National Highway System, maintenance of the Interstate Highways, bridge reconstruction, and mass transit.

- NEXTEA gives state and local officials greater flexibility to target funds towards projects that best meet community needs, including Amtrak and intercity rail passenger facilities. It also increases the tools available to them by making intelligent transportation systems eligible under all major program categories and by expanding innovative finance strategies to cut red tape and to leverage private and nonfederal public resources.

A COMMITMENT TO SAFETY

More than 40,000 Americans die and three million are injured in motor vehicle crashes each year, inflicting a tragic toll on millions of families. In addition, these crashes cost our economy $150 billion annually, including $14 billion paid directly by taxpayers for expenses such as health care and emergency services. Improved safety can help to control these costs.

ISTEA SUCCESSES

✔ Under ISTEA, with its enhanced commitment to safety, highway fatalities have been lower than in decades, averaging about 41,000 annually. Safety belt use has grown from 11 percent of motorists in 1982 to 68 percent last year. Alcohol-related fatalities have decreased from 57 percent of crashes in 1982 to 41 percent in 1995.

KEY NEXTEA PROVISIONS

Our challenge is to continue the progress on safety even as traffic increases. Recently, we have seen warning signs that we may be approaching the limits of progress under ISTEA: the fatality rate has stagnated, increases in safety belt use have leveled off, and the number of alcohol-related deaths has increased. NEXTEA would attack these problems by focusing on three key areas: driver behavior, road design, and vehicle standards.

Safer Drivers

- NEXTEA would increase NHTSA safety funding by 25 percent to $395 million, and fund incentive programs to reduce drugged and drunken driving, to increase safety belt use, and to collect improved data on highway safety to better identify and solve safety problems.

- $9 million annually in financial incentives would be provided for states to increase proper use of safety belts and child restraints.

- NEXTEA would increase funding for drunk driving prevention by 60 percent to $40 million in 1998, and reward states for aggressively reducing drunk driving through administrative driver's license suspensions and revocations, programs to prevent minors from drinking, and effective sanctions for repeat offenders.

- NEXTEA would provide $5 million annually beginning in 1999 in grants to states to prevent drugged driving. A state would be eligible for these grants if it adopted five of nine countermeasures, including zero tolerance laws, administrative license suspension for those driving under the influence, and pre-license drug testing.

Safer Roads

- Under ISTEA, funding was set aside to eliminate road hazards and to make highway-rail grade crossings safer. Grade crossing deaths alone have dropped by 31 percent. NEXTEA would build on this progress by replacing this set-aside with a flexible, six-year, $3.2 billion Infrastructure Safety Program. States would now have the ability to transfer funds to enforcement and behavioral programs if they would have a greater impact on safety.

Safer Vehicles

- States would have increased flexibility for tougher enforcement, such as targeting shippers who encourage truckers to violate rules and increasing penalties for violators. States also would be reimbursed for border enforcement and other high-priority activities that improve trucking safety.

- Under NEXTEA, the freeze on the size and weight of larger combination trucks on Interstate Highways and other routes would continue. We are doing a comprehensive study of this and related issues, and may soon propose additional steps in future safety legislation.

- Much progress on safety has been the result of vehicle design aimed at protecting motorists in crashes. NEXTEA would build on the progress to date with a $45 million annual research program targeted at improving crash avoidance and crash worthiness. In addition, more than a third of intelligent transportation systems research would be focused on collision avoidance systems and other "smart vehicle" technologies that prevent crashes.

- A new focus on performance in safety programs would measure effectiveness by looking at quantifiable results, not at how much money or effort is put into solutions.

INCREASING INVESTMENT THROUGH INNOVATIVE FINANCING

In spite of ISTEA's record investment, the federal government alone cannot meet all of our infrastructure needs. President Clinton recognized this in his January 1994 Executive Order on infrastructure, in which he directed us to cut red tape to speed construction and supplement federal funds by leveraging private and nonfederal public investment.

ISTEA SUCCESSES

- ✔ President Clinton's Partnership for Transportation Investment accelerated 74 projects worth \$4.5 billion, including \$1.2 billion in investment beyond that available through conventional financing. Projects are advancing an average of two years ahead of schedule, saving interest and inflation costs.

- ✔ Some innovative finance initiatives also advance other national priorities, such as in Missouri and Arizona, where entrepreneurs were given permission to install fiber optic cable within highway rights-of-way in return for reserving part of the cable as the backbone of statewide intelligent transportation systems.

- ✔ The new State Infrastructure Bank program uses federal seed money to leverage private and nonfederal public funds in 10 pilot states. Among the proposed uses of these funds are: a loan to start construction on a highway interchange without waiting for the full federal funding to be accumulated; a loan to finance a toll road's interest costs while it is being built, before revenues can begin to pay off the construction debt; and a loan to buy new light rail vehicles.

- ✔ We provided a direct loan to California's Alameda Corridor, which will speed shipping from Los Angeles' port by creating a dedicated freight rail corridor. We also provided standby lines of credit to secure private financing for California toll roads; at a cost of just \$18 million, we supported \$2.5 billion in construction financing

KEY NEXTEA PROVISIONS

- ■ NEXTEA would open the State Infrastructure Bank program to all states, increase the federal seed money dedicated to these banks, and allow states to use up to 10 percent of their regular federal-aid highway funds to capitalize their banks.

- ■ \$100 million annually would be dedicated to help leverage nonfederal public resources for projects of national significance, such as interstate trade corridors.

CRS Info Pack

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Highway and Transit Funding After ISTEA IP 514H

Authorizing legislation for the federal surface transportation program, the Intermodal Surface Transportation Efficiency Act of 1991 (P.L. 102-240), known as ISTEA, is due to expire on September 30, 1997. ISTEA was landmark legislation in that it reexamined the federal role in financing road and transit construction and repairs programs, and allowed states greater flexibility in transferring funds among programs. The Act also created two new large transportation programs, the National Highway System (NHS) and the Surface Transportation Program (STP).

ISTEA ensured that each state would receive 90% of its contribution to the highway trust fund, and created a new planning framework that gave metropolitan planning organizations (MPOs) a stronger role in the planning process. The 105th Congress will determine whether the next multi-year funding cycle closely follows the ISTEA framework or takes another direction

Since ISTEA, there have been a number of proposals for change, including:

- Raising the percentage of highway trust fund money each state receives back in highway aid as compared to the amount paid into the trust fund in the form of gax taxes;

- Devolution to the states of most federal surface transportation programs and their funding sources;

- Additional transferability and flexibility of funds between programs depending on the locale;

- Simplification of the funding formula structure.

Questions likely to be raised in the reauthorization debate include: the relationship of the highway trust fund to the budget process; moving the 4.3 cents of the federal gas tax earmarked specifically for deficit reduction to the highway trust fund; and moving the transportation trust funds off-budget.

The next round of surface transportation funding could further change the balance between the federal, state, and local governmental sectors in transportation planning and pit region against region, state against state, and areas within states against each other in a battle over funding formulas and priorities.

This Info Pack provides background information on the current highway and transit funding debate and will follow the legislative activity as it occurs. The Administration's proposals will be set out in its budget presentation, and legislation probably will not be considered until spring 1997.

Members of Congress who want further information on this topic may contact CRS at 7-5700. Additional CRS reports may be identified by looking in the current *Guide to CRS Products* (for congressional use only) and in the latest *Update* under "Transportation."

Constituents may find additional information on this topic in a local library through the use of printed and electronic indexes, such as *Readers' Guide to Periodical Literature*, Public Affairs Information Service *Bulletin* (PAIS), and various newspaper indexes. Books on this subject may be identified through the library's catalog or the most recent edition of *Subject Guide to Books in Print.*

We hope this information will be helpful.

Congressional Reference
Division

02/97

Source: *National Journal*, February 1, 1997, p. 236.

NEAL R. PEIRCE

TAKING A DIFFERENT ROAD TO THE FUTURE

Rodney E. Slater, Bill Clinton's longtime confidant from Arkansas who's been nominated to be the new Transportation Secretary, could be written off as a "roads-only" guy. After all, he's just served four years as the top guy at the Federal Highway Administration. Earlier, he was Arkansas's highway commissioner.

But Slater appears to have a broader view. He's been one of the Clinton Administration's scouts out getting public input on ISTEA—the critically important 1991 Intermodal Surface Transportation Efficiency Act that's up for renewal this year.

Along with the resourceful use of scarce transportation dollars, community choice was the central idea behind ISTEA. Slater strongly favors the concept. He recently lauded "customer-friendly, community-oriented transportation facilities" that come out of "participatory community-based planning."

Before ISTEA, the highway lobby and state transportation departments, feeding off interstate funds and the federal gasoline tax, had a virtual hammerlock on decisions. That meant that alternatives to roads—bikeways, ferries, mass transit, joint-purpose terminals—never got considered.

Indeed, the old-style highway guys almost never asked whether the suburban and exurban roads they were building everywhere would increase mobility or simply trigger new waves of leapfrog development, worsening air pollution and increasing congestion.

The old-style highway boys almost never asked whether the suburban and exurban roads they were building would increase mobility or simply trigger new waves of leapfrog development, worsening air pollution and increasing congestion.

Small wonder what America then got: unfettered suburban sprawl; unbridled, thinly spread development rolling out mile after mile from urban centers. Auto use cascaded, spewing an ozone haze.

Now those costs are coming home to roost. A staggering number of added freeway lanes will be necessary to meet projected traffic expansion in most urban areas. Federal studies show that the average Washington commuter spends 58 hours a year stuck in traffic. In the top-50 metropolitan regions of the country, traffic congestion for passenger and cargo movements already costs about $45 billion a year.

The result is frustration, aggressive driving behavior, lost productivity and wages, absenteeism and shipments that arrive late or not at all. Regional economies are the building blocks of the nation's competitiveness—and congestion threatens them all.

ISTEA's message: Let's think before we build. Let's plan before we allocate limited transportation dollars. And let's devolve power for many decisions from the state down to metropolitan planning organizations.

What's more, the statute specifically encouraged the states and city planning organizations to consult with both business and the public and then calculate whether some mobility needs could better be met by mass transit or so-called intermodal facilities linking road, rail, sea and air transportation.

ISTEA has clearly not worked as well as its more fervid supporters hoped. Many states used the discretionary funds that ISTEA gave them to keep spending money on more and more highways—on the theory that's what auto-happy America wants.

Missouri's initial version of smart new transportation planning, *Governing* magazine reported recently, was to decide that every town with 5,000 or more people would be connected by a four-lane highway. North Carolina chose the same and then pushed for beltways encircling each of its seven largest metro areas.

But ISTEA's focus on alternative transportation modes reduces congestion and makes a metropolitan region more economically attractive, says Fort Worth (Texas) Mayor Kenneth Barr. Fort Worth, for example, is designing an intermodal center to accommodate multiple modes of transportation, including a new Dallas-to-Fort Worth commuter rail line.

It's that kind of success that Slater and other Transportation Department officials have been hearing about all across the country.

At first, only a handful of states, including Florida, Maine, New Jersey and Oregon, consulted early and seriously with their cities' urban planning groups and looked for alternative ways, ranging from light rail and bikeways to intermodal terminals, of solving their transportation problems.

Gradually, ISTEA has been changing transportation planning and spending. Even Missouri has agreed to a shared process for selecting projects and to work jointly with planning groups in the major urban centers. That has expedited projects, such as St. Louis's popular new MetroLink light-rail service.

In a major showdown last year, Michigan's Republican Gov. John M. Engler tried to override ISTEA's funding formulas by spending the federal dollars as he wished. A bipartisan coalition in the Detroit area cried foul, and the Southeast Michigan Council of Governments was able to force the governor, through ISTEA, to back down.

The long-abused inner cities are starting to benefit, too. Port, railroad and freight officials are getting involved in ISTEA planning. One result: Instead of building roads for freight-handling facilities in exurbia, there's debate and action on linking existing railheads and ports in the historic urban centers.

Still, much too much emphasis remains on building new roads, adding additional lanes and extending ribbons of concrete to the farthest suburbia. We still have a long way to go to get intelligent transportation planning everywhere. But ISTEA has let us make a start. And that's the case Rodney Slater will have to sell to Congress this year. ■

Source: AASHTO Journal (American Association of State Highway and Transportation Officials), December 20, 1996, p.2-6

Governors Back Reauthorization Principles

Fifteen governors urged Secretary of Transportation Federico Peña and transportation leaders of the House and Senate to "reauthorize ISTEA without change and to reject proposals to overhaul it."

In a letter December 17, the governors endorsed the same set of ten ISTEA reauthorization principles released by CONEG (see related article). These recommend:

- Maintain the course set by ISTEA;
- Reauthorize ISTEA with simplification and refinement, but without significant change;
- Authorize the maximum federal investment possible;
- Allocate funds to states primarily based on needs;
- Retain the federal government's role as a key transportation partner;
- Preserve and strengthen the partnerships between federal, state and local governments, and public and private sectors;
- Reauthorize ISTEA to continue current programs and refrain from creating new funding categories or set-asides;
- Minimize prescriptive federal regulations;
- Permit innovative financing solutions; and
- Continue to support research, development and deployment of ways to improve quality and efficiency.

The letter urges Secretary Peña and members of the House and Senate to "work with us to maintain the national role in transportation policy by retaining the basic architecture of ISTEA and by maximizing funding for surface transportation in the next year." Recipients of the letter include Senators John Chafee (R-RI), Max Baucus (D-MT) and John Warner (R-VA) and Representatives Bud Shuster (R-PA), Thomas Petri (R-WI), James Oberstar (D-MN) and Nick Rahall (D-WV).

The letter was signed by the governors of Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, New Hampshire, Vermont, Maine, Massachusetts, West Virginia, Maryland, Washington, Illinois and Puerto Rico. A copy of the letter is enclosed for members of the AASHTO Board of Directors.

Mayors Urge Increased Transportation Spending

A dozen big city mayors met this week with President Clinton to urge him to reject big cuts in transportation spending.

Organized by Chicago's Mayor Richard Daley, the group reportedly met for an hour with the President to argue against the substantial reductions in transportation spending that have been suggested by the Office of Management and Budget.

It is reported that the Department of Transportation had proposed a five-year funding level of $180 billion for surface transportation programs, but received a response from the Office of Management and Budget of only $135 billion. The DOT reportedly has appealed that reduction, submitting a scaled-back proposal of $165 billion to the White House (AASHTO Journal, December 13).

That figure compares with the $155 billion authorized over the six-year life of the Intermodal Surface Transportation Efficiency Act (ISTEA). However, the Administration has proposed to extend the scope of the act to include funding of Amtrak and other programs.

According to reports, the DOT had proposed an FY 1998 funding level of $27 billion for the highway program, which was cut by the OMB to a level of about $18 billion. That is now under appeal to the White House and U.S. Secretary of Transportation Peña met with the President yesterday to urge higher funding levels for transportation.

The mayors urged the President to reconsider the annual $4 billion to $5 billion cut to transportation spending, saying that cities will bear the brunt of the cutback. A memorandum sent to the majors by the U.S. Conference of Mayors reportedly warned that cuts are likely to impact metropolitan area transportation funding, clean air and transit programs.

Although some of the mayors expressed optimism about the reaction of the President, other observers believe that the President will be unlikely to increase transportation spending at the expense of other programs, as he and Congress work toward achieving a balanced federal budget by the year 2002.

Mayors Join ISTEA Coalition

Meanwhile, a new Alliance for ISTEA Renewal has been formed to support the preservation of the principles of ISTEA during the reauthorization.

The new coalition was announced in Washington Wednesday during an anniversary celebration for ISTEA (see related article). It includes the U.S. Conference of Mayors, National Association of Counties, the National League of Cities, the Surface Transportation Policy Project,

Continued....

the American Public Transit Association, the American Public Works Association, and the Association of Metropolitan Planning Organizations.

The coalition supports the principles that:

- the federal government must not abandon its commitment to transportation;
- a strong local role in setting priorities must be maintained; and
- ISTEA should continue to guide federal involvement in transportation.

A copy of the Alliance's statement is attached.

DOT Publishes ISTEA Forum Findings

"ISTEA is working and making America a better place to live" according to a report from the Department of Transportation summarizing the findings of its reauthorization forums and focus groups held this year in 40 states.

Out-going Secretary of Transportation Federico Peña announced the release of the report Wednesday during the ISTEA anniversary event. In the report he states, "ISTEA was visionary legislation. After listening to our customers, I am convinced that its central elements -- strategic infrastructure investment, intermodalism, flexibility, intergovernmental partnership, a strong commitment to safety, the environment and an inclusive decisionmaking process -- should be preserved. I am also convinced of the need for continuing strong federal leadership."

The 13 Regional Forums conducted by the U.S. DOT drew a wide array of comments which the report attempts to summarize as principal themes or "policy cornerstones." These include:

- Economic development and competitiveness in global markets;
- Maximizing return on investment and system performance;
- Partnerships and flexibility in making transportation choices; and
- Focusing on outcomes for people and communities.

Continued....

Members of Congress, state and local officials, including state transportation officials are quoted throughout the report.

The report also contains the key principles the Department of Transportation has adopted for ISTEA reauthorization:

- Promote intermodalism;
- Improve planning and public participation;
- Empower state and local officials;
- Promote innovative financing; and
- A national perspective.

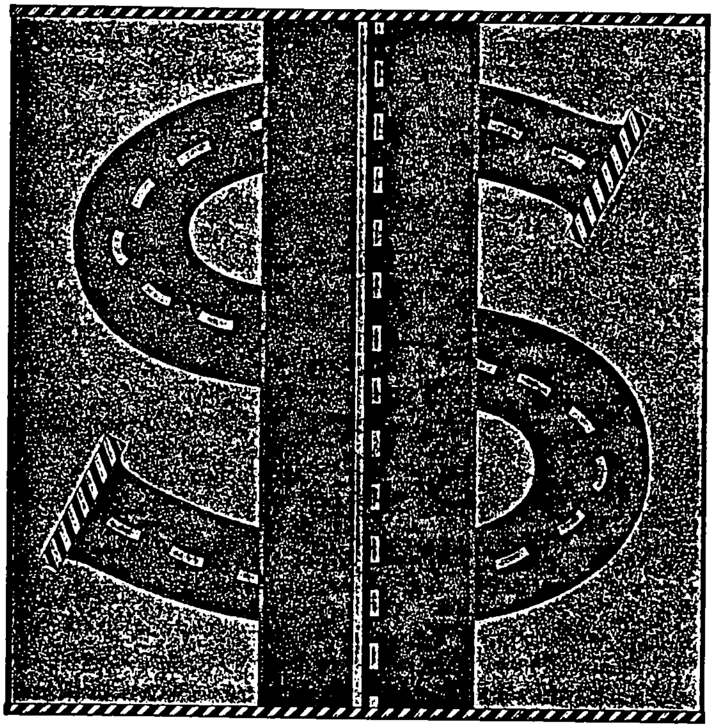
Preliminary copies of the report are being sent to members of the AASHTO Board of Directors and will be released in quantity after the first of the year.

Source: *Congressional Quarterly Weekly Report*, December 14, 1996, p. 3392-3395.

Lawmakers Rev Up Funding Bill, Despite Fiscal Roadblocks

With reauthorization of highway law on the horizon, Shuster lays plans to use money from deficit-reduction accounts for roads and bridges

Even as congressional leaders gird for a major push next year to cut the federal deficit, key Republican lawmakers are quietly assembling a transportation bill that could boost spending by tens of billions of dollars.



PATT CHISHOLM

House Transportation and Infrastructure Chairman Bud Shuster, R-Pa., is emerging as the general in a major offensive to transfer money out of deficit-reduction accounts, and use it instead to build roads and bridges. Some of the funds also may be funneled to bus systems, commuter trains and the national passenger railroad, Amtrak.

These issues will take center stage next year, as Congress wrestles with the reauthorization of the omnibus highway law — known as the Intermodal Surface Transportation and Efficiency Act (ISTEA) — that was enacted in 1991 and expires next Sept. 30.

The sweeping legislation sets general transportation policy and authorizes funding for road and bridge projects, public transit systems and alternative transportation routes such as bike paths.

Lawmakers are expected to begin marking up the bill in the spring, and clear it sometime in the fall.

Over the course of the year, the measure is likely to make enemies in nearly every camp, with coalitions breaking jaggedly across partisan and regional lines.

It will likely pit Southerners against Northeasterners, public transit systems against highway officials, local governments against their own statehouses, environmentalists against developers and bicyclists against roadbuilders.

The House and Senate are likely to produce sharply different funding formulas, with large states looking for a boost from the House and small states hoping to score in the Senate.

Perhaps most importantly, the bill will severely test the Republican commitment to a balanced budget.

Both Shuster and his Senate counterpart, Environment and Public Works Committee Chairman John H. Chafee, R-R.I., are studying ways to authorize increased transportation funding. The early signs indicate that lawmakers of both parties may lean toward the traditional course of trying to pour money into projects in their districts, rather than cutting spending.

Even normally tightfisted lawmakers are maneuvering for the pot of money that funds infrastructure projects in every state and congressional district in the country. The total size of that pot aside, some of the nastiest infighting will be over how to divide the money among the various states — the issue that emerged as the major obstacle to enactment of the existing law when it was debated in 1991. *(Story, p. 3393).*

"It will be a bloody fight," said Shuster.

The chairman predicts the price tag of the multiyear bill could mount as high as $180 billion.

In order to reach that amount, Shuster would pump additional money out of the federal transportation trust funds. Although the money in these funds is mainly derived from various transportation levies, such as the gasoline tax, much of it is actually used to offset the federal deficit.

Transportation and budget committee staffers estimate that the deficit could rise by $40 billion to $50 billion over the next several years if Shuster succeeds in freeing up all those funds.

Such a gambit is sure to face sharp opposition from deficit hawks, such as House Budget Committee Chairman John R. Kasich, R-Ohio, and from outside groups that favor fiscal restraint.

"It would be a huge problem," said Carol Cox Wait, president of the nonpartisan organization, Committee for a Responsible Federal Budget. "If we give him [Shuster] $40 billion more to spend on highways, then we're going to have to cut something else by $40 billion."

By David Hosansky

Spoiling for a Fight Over Funding

When Sen. Daniel Patrick Moynihan unveiled a massive highway and transit bill nearly six years ago, the New York Democrat aimed to revolutionize federal transportation policy.

The bill sought to transfer more transportation decision-making to states and cities, start new environmental programs, shift more emphasis away from highways toward mass transit and force transportation systems to become more efficient. Moynihan ultimately saw much of his vision enacted.

But during the congressional debate on the bill, Moynihan was diverted from his grand plan to a more mundane battle: how federal funds would be allocated between the states, many of which contributed far more to the federal Highway Trust Fund than they were getting back.

"Any federal activity, by definition, is unequal in its impact," Moynihan, then chairman of the Environment and Public Works Subcommittee on Water Resources, Transportation and Infrastructure, told members from those "donor" states. "Is life fair?"

"It's going to be when we get to the floor," Sen. John W. Warner, R-Va., snapped back.

Evolving into the bill's most contentious issue, the formula fight went to the Senate floor, where it tied up action on the measure for eight days in June 1991. But in the end, it was Moynihan who won and Warner who lost.

FILE PHOTO

Virginia Sen. John Warner struck a tough pose during the 1991 funding fight.

Life still appears unfair to Virginia and roughly two dozen other states that continue to give more than they get, despite provisions in the 1991 transportation authorization act (HR 2950 — PL 102-240) to placate them.

However, the issue is about to be revisited, as Congress prepares to take up a major reauthorization of federal transportation programs next year. And it is likely to be just as hard-fought as it was the last time around.

This time, with Republicans now in charge, it is Warner who chairs the subcommittee that Moynihan once ruled. And he and other donor-state members are again spoiling for a fight over funding formulas.

Members representing donor states have already drafted five bills that would shift highway funds away from the "recipient" states — those, primarily in the Northeast and West, that get more money from the federal transportation trust funds than they put in — to the losing states in the South and Midwest.

The recipient states do not deny they receive more funds than they contribute, but they say their needs are greater. Decrepit roads and bridges in the Northeast require more repairs than new highways in the South. Pollution abatement money authorized in 1991 naturally flows to states that are out of compliance with federal clean air statutes.

But Becky Weber, a lobbyist for the donor states of Indiana and Oklahoma, contends too much money is being shifted between regions. "There is still a reason to redistribute taxes that come into the federal government," Weber said. "It's just that the gap should be squeezed."

The 1991 law set aside funding formulas used for seven decades. Congress adopted a hybrid method, combining an average of a state's share of transportation funds between 1987 and 1991 with new formulas to make funding more equitable. Lump sum payments to states were authorized to further equalize funding.

But the grand compromise of 1991 locked in many inequities that have existed for decades, a General Accounting Office study found in 1995.

Those funds allocated according to a state's traditional share effectively preserved criteria, dating to 1916, that are "outdated . . . unresponsive to changing conditions and often do not reflect the current extent or use of the nation's highway system," the GAO concluded.

Some funds are apportioned based on the length of postal routes. Others are based on a state's total land area, even though vast states such as those in the Plains do not necessarily have more miles of highway than populous smaller states crisscrossed by congested commuter roads. The population portion of the funding formulas is based on census data from 1980, before much of the Sun-Belt's boom.

But the GAO found that the biggest problem lies with the largest of the highway funds, the $23.9 billion surface transportation program. A state's allocation from that fund rises and falls, depending on how much money the state receives from other federal transportation sources. So if a donor state receives extra funding to make up for inequities, its allotment from the surface transportation program drops, leaving it no better off.

The donor states will try again in 1997. House Majority Whip Tom DeLay of Texas and Rep. Gary A. Condit, D-Calif., have cosponsored legislation (HR 3775) to reallocate funding in the donor states' favor.

The proposal, labeled STEP 21 (for "Streamlined Transportation Efficiency Program for the 21st Century"), would ensure that all states get back at least 95 percent of the funds they submit to the highway trust fund. The effort is backed in the Senate by Warner and Bob Graham, D-Fla.

— Jonathan Weisman

But Shuster remains unfazed. Without adequate funding, he says, "We won't have the money to do the things that are needed to build the infrastructure for America. Production will suffer, transportation convenience will suffer and more people will be killed on the roads." *(Shuster profile, p. 3395)*

Fund Drive

The prospect of authorizing big increases in transportation spending is a turnaround from the budget-cutting efforts of the GOP-led 104th Congress.

The fiscal 1996 budget reconciliation bill (HR 2491), vetoed by President Clinton, would have reduced discretionary spending on transportation programs by about 12 percent, while allowing mandatory spending from the highway trust fund to increase only at the rate of inflation.

But in the 105th Congress, powerful members, such as Senate Majority Leader Trent Lott, R-Miss., are expected to back proposals to greatly increase spending on transportation.

The debate is likely to center on two separate, but related, issues.

One of these is a pocketbook issue for the average citizen: the federal gasoline tax.

At present, that tax is 18.3 cents a gallon, with 4.3 cents used for deficit reduction and the rest going into the highway trust fund. The 4.3-cent portion was part of the Democratic-backed budget-reconciliation law (PL 103-66) enacted in 1993 without a single Republican vote. *(1993 CQ Almanac, p. 107)*

Road builders and other transportation groups are expected to mount a strong lobbying campaign to steer all gas tax receipts into the highway trust fund, which funds both roads and public transit systems.

Transportation lobbyists argue that the gas tax is a user fee that should be spent directly on infrastructure. And some Republicans have talked about temporarily repealing the 4.3-cent portion to lower prices at the pump.

But either approach could make it much harder to reach a balanced budget. The 4.3-cent portion is expected to generate $36.4 billion in revenue from Jan. 1, 1997 to the end of fiscal 2002, and budget-writers would be hard-pressed to offset those funds.

The tax issue falls under the jurisdiction of the tax-writing, rather than the transportation committees. Senate Finance Committee Chairman William V. Roth Jr., R-Del., may try to move the entire gas tax into the highway trust fund to free more money for Amtrak, which has many customers in his state.

Roiling the waters are some lawmakers who would like to repeal most of the federal gas tax altogether. Members from states that are losing money under current highway formulas, such as Ohio's Kasich, say lowering the federal tax would give states more discretion to levy their own gas taxes.

Shuster expects "a bloody fight," as lawmakers from different states square off over highway funding formulas.

Any action on the gas tax may be rolled into the transportation measure, a budget-reconciliation bill or separate legislation.

The second, and in some ways more arcane, debate is whether to move the four transportation trust funds "off-budget." This accounting change would prevent the government from using the trust fund balances to offset the deficit.

Transportation groups believe that the change would likely increase spending on roads, airports and harbors, since there would be less incentive for federal budgeters to allow money to pile up in the trust funds.

In the 104th Congress, the House, 284-143, easily passed a bill (HR 842) to move the trust funds off-budget.

But despite support by Lott, the Senate never took up the measure. Chafee opposed it, as did the Clinton administration. *(Weekly Report, p. 3147)*

Shuster is vowing to pursue the measure next year, both as part of the omnibus transportation bill and as standalone legislation. Since he will be crafting a bill that provides transportation funding throughout the country, he is likely to have somewhat more legislative muscle than in the 104th Congress.

The measure could have a substantial budgetary impact. If Congress, for example, spent all the money that was collected by the transportation and transit trust funds, it would increase spending by about $3 billion a year.

To parry Shuster — and also win Senate support — Chafee may consider increasing transportation spending by about $3 billion a year without changing the status of the trust funds.

Budget experts caution that even if transportation groups score victories on both the gas tax and the trust funds, the government will not necessarily increase spending on roads. That is because appropriators in the future could decline to spend much of the gas tax money, and budget-reconciliation bills could cut trust fund spending.

"When it gets to the choice between roads and education, or feeding poor kids, Congress will spend it on something else [other than roads]," Wait said.

State vs. State

Although the struggle over total transportation funding could affect the balanced-budget effort, it may ultimately be dwarfed by a war between the states over federal funding formulas.

Under present law, the Northeast and many Western states have emerged as "recipients" of federal transportation aid — that is, they receive more money from Washington than they remit in federal gas taxes. In contrast, Southeastern and Great Lakes states are "donors," meaning they receive less money than they remit.

This situation may expose two particularly intense fault lines — one between regions, the other between the two chambers of Congress:

- **North vs. South.** When the last big bill was passed in 1991, the Democrats controlled Congress, and the top leaders were from the northern extremes of the continental United States: House Speaker Thomas S. Foley of Washington and Senate Majority Leader George J. Mitchell of Maine.

But when the law is revisited next year, the five top leaders of the Republican majority will be Southerners: Lott, House Speaker Newt Gingrich of Georgia, House Majority Leader Dick Armey and Majority Whip Tom DeLay of Texas and Senate Majority Whip Don Nickles of Oklahoma. It happens that all of them represent states that are donors under the 1991 law.

However, both Shuster and Chafee represent Northeastern "recipient" states. On the Democratic side, House Minority Leader Richard A. Gephardt represents the donor state of Missouri, while Senate Minority Leader Tom Daschle represents the recipient state of South Dakota.

- **House vs. Senate.** Constitutional differences between the two chambers will likely intensify the formula debate.

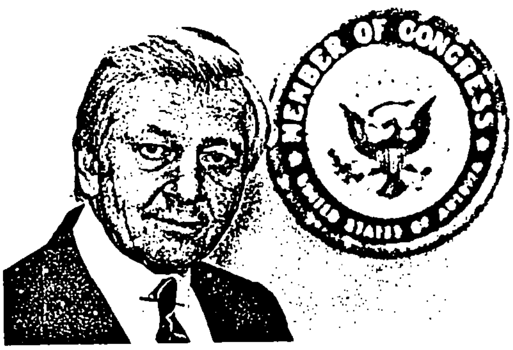
Under the current formulas, most of the nation's populous states — including California, Texas, Florida and Illinois — lose money, while smaller states, such as Delaware and Wyoming, benefit.

This is likely to produce a situation in which the largest congressional del-

Shuster: A Veteran Road Warrior

Time was when Rep. Bud Shuster, R-Pa., faced criticism and even occasional ridicule for his single-minded pursuit of hometown road projects.

As a longtime member of the House GOP minority, Shuster broke with Republican presidents Ronald Reagan and George Bush in order to get millions of dollars to build up his largely rural, rugged south-central Pennsylvania district, which includes Altoona and the legendary highway rest-stop town of Breezewood.



FILE PHOTO

A longtime advocate of highway projects, Shuster will steer the next transportation bill.

Though his hometown of Everett honored the congressman with a stretch of road named the "Bud Shuster By-Way," there was much grumbling about Shuster's "pork barrel" politics. Humorist Dave Barry lampooned an automated pedestrian sidewalk that Shuster sought for Altoona.

But times have changed, and Shuster now is chairman of the Transportation and Infrastructure Committee. And the omnibus transportation bill he will manage next year may authorize as much as $180 billion for transportation projects across the country. *(Weekly Report, p. 1916)*

He dismisses potential opposition from House Budget Committee Chairman John R. Kasich, R-Ohio, who wants to cut spending. "You don't persuade Kasich," Shuster said. "You beat Kasich."

And he talks with pride about having the biggest committee in the House, with 66 members. He says that will enable him to solicit many viewpoints when writing legislation, and give him more clout in the House. "When we go to the floor, I've got 66 votes to start with," he said.

Shuster may seem curiously out-of-step with the goals of the GOP Congress. After all, many Republicans came to power pledging to curb Washington's spending habit.

But the lure of pumping funds into their districts may prove more politically powerful than a fiscally conservative philosophy. Dozens of lawmakers of both parties revealed their hands-on interest in transportation funding by asking to join Shuster's committee following the November elections.

Even budget hawk Kasich has toned down his opposition. He sidestepped questions last month about Shuster's proposals to boost transportation spending, stressing instead that his home state should receive a greater share of road-building funds.

Outside Congress, deficit hawks continue to pummel Shuster proposals such as using funds in deficit-reduction accounts to build up infrastructure. "This is just ludicrous," said Carol Cox Wait, president of the watchdog group, Committee for a Responsible Federal Budget.

But Shuster insists that the more money the government pumps into transportation, the better it will be for the nation. "I hope they put on my tombstone, 40 years from now: 'He helped build America,'" the chairman said.

—David Hosansky

egations in the House successfully vote to shift more money to the big states. But in the Senate, where every state has two members, smaller states will likely fare better. As a result, some of the most contentious issues may not be settled until conference.

Several other issues in the transportation bill could erupt into significant battles:

- **The Environment.** Undeterred by the scathing criticism he received from environmentalists for trying to scale back provisions of the Clean Water Act in 1995, Shuster wants to use the transportation bill to pare some environmental restraints on building roads.

On the other side, environmental groups, such as the Natural Resources Defense Council, want to expand funding for programs that promote alternative transportation modes.

One likely debate will be whether to continue the requirement in current law that transportation plans conform to the Clean Air Act.

- **State requirements.** State officials will probably press lawmakers for more control over their transportation funds. At issue may be whether Washington should continue to require states to set aside funds for public transit and alternative transportation systems.

But local officials like some of the federal mandates. For example, they want the federal government to continue requiring states to give considerable clout to local committees (known as Metropolitan Planning Organizations) when drafting transportation plans.

Another potential clash between some local and state officials concerns federal requirements that states earmark a percentage of their federal funds to certain areas such as cities.

- **Bike paths.** Even before the widespread use of the automobile, bicyclists led the fight for better roads in the late 19th century. Next year, bicycle groups will be back in the fray, as they fight for continued federal funding of separate lanes and the conversion of abandoned railroad beds to bike paths.

But some road building lobbies want to stop setting aside those funds, and give states the option of spending more money instead on road construction.

Whatever the outcome of some of these lesser skirmishes, road lobbyists say they are confident that even a fiscally conservative Congress will continue to pump considerable monies into infrastructure projects.

"We think that a strong case can be made that investment in roads and bridges contributes substantially to economic growth and productivity gains," said Taylor Bowlden, vice president for policy and government affairs for the American Highway Users Alliance. ■

Source: *Wall Street Journal*, November 12, 1996, p. A18.

Highway Financing: Repairs Needed

By ROBERT W. POOLE JR.

With the election over, the new Congress has to ponder its 1997 agenda. If Republicans want to continue driving in the direction of devolution, a top priority should be junking our outmoded system of highway funding.

Do we really need to have the states collect billions in gasoline taxes, send them to Washington, and apply to get some of them back, encumbered with countless rules and regulations? The present system was justified largely as a way to create and fund the interstate highway system. Now that this $329 billion system is complete and operational, why should the federal government remain in the driver's seat? The disadvantages of a centralized highway program are many—and increasingly acknowledged by transportation analysts:

- Divided responsibilities: The states actually own the interstates and other "federal" highways, but must manage them as Washington dictates.
- Increased costs: Congress has imposed numerous cost-increasing mandates (Davis-Bacon, Buy America, metric conversion, etc.), making a federal highway dollar worth between 73% and 83% of a state highway dollar.
- Gold-plating: When the feds pay for 80% of a project, the availability of this "free" money often means selection of more-costly projects than would be chosen if states were spending only their own funds.
- Pork: The long, sad history of "earmarks" and "demonstration projects" in federal highway bills—wasting billions on low-value projects for political gain—speaks for itself.
- Redistribution: Rural, sparsely populated states have historically gotten back several times more than they have contributed to the Highway Trust Fund—while states with high growth and major traffic problems, such as California and Texas, have paid out far more than they've gotten back.
- Diversion: What began as a pure user tax (drivers pay, drivers benefit) has become a source of funds for mass transit boondoggles, leaking underground storage tanks, and federal deficit reduction.

Devolving highway responsibilities to the states would yield a number of benefits. First, assuming states replaced the federal gas tax dollar for dollar, the buying power of those dollars would be at least 20% greater absent the costly federal mandates. So motorists would benefit from more needed highway investment without any net increase in taxes.

Second, without today's arbitrary federal categories, states would be free to spend their transportation funds on truly intermodal projects—e.g. mass transit access to airports. And third, states would be freed from federal blackmail—such as Congress's threats to withhold transit funds from Los Angeles if the city attempts to spend airport funds in ways Congress doesn't like, or President Clinton's recent proposal to mandate that states require drug tests for teenage drivers on pain of losing federal highway funding.

States are also far more likely to innovate, making creative use of tolls (now banned on most interstates) and public-private partnerships to make limited state funds go further and to provide new benefits to drivers. A dozen states and Puerto Rico have authorized public-private partnerships for toll roads in the past six years, and three such projects are now in operation. California's innovative 91 Express Lanes represent the leading edge of highway innovation: the world's first fully automated toll road (nonstop electronic toll collection at 65 m.p.h., and the nation's first use of "congestion pricing," with tolls varying from 25 cents at 2 a.m. to $2.50 at rush hour). America needs this kind of innovation, and the states have been far more successful at stimulating it than the feds.

While there's a strong case for devolution in principle, does the idea have any chance in Congress? The conventional wisdom says the votes simply aren't there. Allegedly, only 21 states contribute more in federal gas taxes than they get back from the trust fund; the other 29 are net gainers, enough to block any devolution bill in the Senate. But a new Reason Foundation study challenges that arithmetic.

We recomputed Highway Trust Fund receipts and disbursements state by state, from 1956 to 1994, adjusting for interest foregone by the states and the higher costs of federal highway dollars. The result is that only 18 (mostly small) states and the District of Columbia have been net gainers; the other 33 states would all have been better off if there had been no federal gas tax and no federal highway program. The 33 losers include the traditional big states like California (which got back only 66% of what it paid in), Florida (56%), Ohio (64%), and Texas (58%). But our recalculation adds to this camp such pivotal large states as Illinois (78%), New York (84%), New Jersey (71%), Pennsylvania (80%), and Virginia (74%).

These revised numbers suggest that majority support for devolution might be achievable in both houses of the 105th Congress. Lawmakers have a chance to act because on Oct. 1, 1997, the current federal highway program (authorized by 1991's Intermodal Surface Transportation Efficiency Act) will expire. Four leading Republican governors have suggested that Congress use this opportunity to eliminate the Federal Highway Administration, let the states collect and spend all gas taxes and abolish all federal highway mandates and regulations. Legislation along those lines has been introduced by Sen. Connie Mack (R., Fla.) and Rep. John Kasich (R., Ohio); their bill would phase out current federal transportation programs over a two-year period, leaving only a residual two-cent federal gas tax.

Opportunities for major structural reform are few and far between. The completion of the interstates and the expiration of the federal highway program offers one such opportunity for the 105th Congress. Republicans should put the pedal to the metal on the road to their goal of more decentralized government.

Mr. Poole, president of the Reason Foundation, was a member of California's Commission on Transportation Investment in 1995.

Source: *Wall Street Journal*, November 26, 1996, p. A21.

Letters to the Editor

The Road to Transit Chaos

In response to the Nov. 12 editorial-page article "Highway Financing: Repairs Needed" by Robert W. Poole Jr. advocating that the federal government cease its involvement in the nation's transportation system: Mr. Poole and other supporters of the devolution proposal claim that since the interstate system essentially has been completed, there is no longer a role for the federal government in highways. I strongly disagree. The future of the government's role in transportation is one of our most critical issues as Congress debates reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, which expires Sept. 30, 1997.

The federal government should always play an important role in ensuring that the nation's transportation system operates effectively and efficiently. The U.S. economy depends on the ability of businesses, shippers, farmers and consumers to move and receive their products over a roadway system that is safe and consistent.

While rural, sparsely populated states historically have received more in highway apportionments than the gasoline tax collected within their borders, this is due to the fact that they do not have an adequate tax base to maintain the interstate system. Yet these states provide critical links between major population centers. For example, more than 50% of the truck traffic on Wyoming's interstates originates or terminates outside the state, with little benefit to Wyoming but of significant benefit to other states that rely on truck deliveries for their economies and quality of life.

Mr. Poole also claims that under his math, New York and other Northeastern states stand to gain from devolution due to less federal involvement and regulations. While I agree that there are areas where federal regulations can be eased to allow states to use their resources more efficiently, I doubt that this would make up for the shortfall of withdrawing federal support. Most important, Mr. Poole's calculations omit any reference to transit funding, which many states rely upon to move people and lessen congestion in their urban centers. Under Mr. Poole's proposal to eliminate federal funding for transit, New York state would lose $700 million annually, and no type of new math will lessen that impact. While one third of the nation's transit ridership is currently in New York state, California transit use is rising significantly with several new and expanding systems that in the near future will result in California being the most transit-dependent state.

In New York state, the shared responsibilities encouraged by ISTEA have been practiced: While the state receives about $2.2 billion in federal transportation funding each year, it raises from state, local and other sources nearly $12.8 billion for transportation purposes annually, one of the highest "self-help" ratios in the nation.

JOHN B. DALY
Commissioner
Department of Transportation
New York State

Albany, N.Y.

* * *

Transportation must remain a national priority. The Journal ran a page-one article Sept. 19 that examined the need to improve distribution links among our shipping ports, rail lines and trucking routes. To replace national transportation policies with 50 uncoordinated state plans would only exacerbate an already critical situation.

Also, devolution would require states to replace funds they receive from the federal gas tax by generating their own revenues. When Mr. Poole says his plan might succeed "assuming states replaced the federal gas tax dollar for dollar," he takes a dangerous leap of faith. How many governors and state legislators will commit political suicide by proposing massive state tax hikes to cover the costs of needed road repairs and mass transit projects?

The ISTEA has fostered regional approaches to transportation needs and allowed community leaders and businesses to work together on creative solutions. If we abandon ISTEA, massive highway projects—the dominant choice of state transportation bureaucracies—will consistently prevail over local projects such as mass transit, bridges, tunnels, sidewalks, bike paths and intermodal freight facilities.

BILL CAMPBELL
Mayor

Atlanta

(This letter was also signed by Thomas W. Purcell, president of the St. Louis Lacledes Landing Redevelopment Corp., and Norman B. Rice, mayor of Seattle; they and Mr. Campbell are the top officers of the Livable Communities Campaign, a coalition of business people and community leaders that supports reauthorization of ISTEA.)

Source: *Traffic World*, October 21, 1996, p. 41.

ROAD MAINTENANCE

Road Groups Cry Wolf?

BY JOHN D. SCHULZ

Infrastructure 'crisis' overblown, funds diverted, policy group says

The war of words over next year's reauthorization of the highway bill escalated as a transportation policy group denounced claims of a funding crisis for bridges and highways.

The Surface Transportation Policy Project, a coalition of 175 groups devoted to ensuring transport policy conserves energy and protects the environment, charged that most of the nation's roads could be repaired now with government funding already available for maintenance.

But billions of dollars that should go for maintenance and repairs are being diverted by states for new highway construction instead, the group claimed in a new report called "Crying Wolf: The False 'Crisis' of America's Crumbling Roads and Bridges."

STPP blames the highway lobby and road construction interests for hyping an "infrastructure crisis" to attract more government funding. It said nearly $5 billion — 44 percent of maintenance money last year — was diverted by states into building new highways or adding new capacity.

Eight states spent more than half their maintenance money on new roads even though at least 20 percent of their existing roads are rated as poor or in mediocre condition, the group said. Those "egregious eight" states are North Carolina, Tennessee, Delaware, Massachusetts, New Jersey, Mississippi, Colorado and California.

"In most states, road and bridge repairs are a solvable problem with current funding, not a crisis needing more money," said STPP Executive Director Hank Dittmar, co-author of the report. "Highway lobbyists' efforts to divert maintenance money for new construction leaves roads and bridges in constant need of repair, and allows the same tactics to be used in future years for further profits."

STPP is calling on Congress to adopt a "Fix It First" program to halt the diversion by withholding money to build new roads in states that do not meet minimum maintenance standards.

Reauthorization of the six-year, $155 billion Intermodal Surface Transportation Efficiency Act will be one of the first tasks facing the 105th Congress when it convenes next January. Spending authorization under ISTEA expires Sept. 30, 1997.

Lobbyists already are warming up their best pitches for next year's reauthorization.

The Road Information Program, a research group funded by highway and oil company interests, has claimed that 60 percent of the nation's major roads are substandard and in need of repair. That spending tab is $50 billion a year for the next 20 years — or $15 billion a year above what currently is being spent — according to TRIP.

The American Automobile Association, in a report issued last Labor Day, concluded from a survey of its members that two-thirds of all respondents said they felt roads in their areas were either fair, poor or very poor.

The American Highway Users Federation, recently concluded that the gap between actual investments and estimated investment needs is "enormous."

Rhetoric aside, there is clearly a funding gap to maintain the maximum efficiency designed into the nation's major roads. In last year's DOT report entitled "1995 Status of the Nation's Surface Transportation System: Condition & Performance," DOT said capital investment in 1993 was 70 percent of what was needed to maintain highway conditions at present levels.

But STPP went against that view and said road and bridge conditions have actually begun to improve in this country. Last year's DOT report to Congress said: "Because of investment targeted to system preservation, our highways, bridges and transit systems are in better physical shape than they were a few years ago, and they are safer than ever." The DOT report added that the number of structurally deficient bridges has dropped and the amount of pavement in poor condition has stabilized at a "manageable" level.

According to Federal Highway Administration statistics, the percent of mileage on urban interstates in poor condition dropped from 16.8 percent in 1983 to 7.7 percent in 1991. On rural interstates, the miles in poor condition fell from 13.3 percent in 1983 to 7.6 percent in 1991. The number of structurally deficient bridges also declined — from 7.2 percent in 1990 to 6 percent in 1994.

So why the discrepancy? STPP says it's because that oft-quoted $50 billion in needed annual spending to "maintain current conditions" is actually a 50-50 split between spending on system preservation and adding new capacity.

Actually only $24.6 billion per year is needed to keep the pavement smooth and safe, STPP estimated. Another $16.6 billion a year is estimated to add capacity to existing roads by adding 206,094 lane miles over the next 20 years, according to STPP.

"In other words, the $15 billion maintenance shortfall cited by the highway lobby is an imaginary shortfall," STPP's report concluded. "We need to spend about $25 billion each year on road preservation, and we're spending $28 billion on roads and about $6 billion more on bridges. The problem is that the funding isn't being devoted to maintenance, but to highway expansion." •

Source: *Engineering News Record*, October 21, 1996, p. 15-16.

Highways

OFFICIALS GET READY FOR ISTEA-2

IT HAPPENS EVERY FEW YEARS IN TRANSportation circles. Officials from the government and the private sector huddle in meetings and pour out stacks of position papers as a rewrite of a federal surface transportation statute nears.

With the 1991 Intermodal Surface Transportation Efficiency Act up for renewal next year, it's no surprise that reauthorization was a hot topic among the 1,110 who gathered in Buffalo Oct. 4-8 for the American Association of State Highway and Transportation Officials' annual meeting.

The groundwork started early on Capitol Hill. Two major proposals were floated this year that would overhaul the program. House Budget Committee Chairman John R. Kasich (R-Ohio) and Sen. Connie Mack (R-Fla.) had a bill to phase out most of the federal road fuel taxes and turn over most of the program to the states. Rep. Tom DeLay (R-Texas) had introduced a bill to implement "STEP-21," for Streamlined Transportation Efficiency Program for the 21st Century. It would ensure that states get back transportation funds equal to at least 95% of what they pay in fuel taxes.

Should the Clinton administration have a second term, the Dept. of Transportation is expected to release its ISTEA-2 plan with its 1998 budget request, around early February. As keynote speaker at the meeting, Deputy Transportation Secretary Mortimer Downey said, "We haven't made final decisions yet about what programs, principles and funding levels should be included."

But it seems clear that DOT won't call for major structural changes in ISTEA, or embrace the Kasich-Mack or Step-21 plans. As Downey said, "ISTEA works."

AASHTO wants to see the 4.3 cents per gallon in federal fuel taxes that now go to the Treasury shifted to the Highway Trust Fund to help meet infrastructure needs. It also favors giving states more flexibility on where to spend federal dollars. Moreover, AASHTO wants to drop or curtail "burdensome and unnecessary" federal requirements.

Transit

HOPING FOR FLEXIBLE FUNDS, OFFICIALS ANTICIPATE ISTEA-2

AMERICAN PUBLIC TRANSIT ASSOCIAtion officials are pushing for more turnkey projects and high-speed rail. With hopes for reauthorization of the Intermodal Surface Transportation Efficiency Act, officials at APTA's largest annual meeting and exposition ever noted a trend toward "suburb to suburb" commuting and an increase in the construction of commuter rail systems.

Buoyed by the September passage of a $4.38-billion budget for federal transit programs in fiscal 1997, many of the estimated 15,000 attendees at the Oct. 7-10 Anaheim meeting expressed hope that the funds will be used to speed construction of 135-mph passenger trains in six urban corridors. "We've never seen that kind of support for many decades," said Secretary of Transportation Federico Peña, referring to the funding.

Said APTA's newly elected president William Millar: "We're grateful for the increases but we're still falling far short." The nation needs $36 billion just for transit maintenance alone, he added.

Commuter rail promises to be "the fastest-growing segment" of the public transportation construction sector in North America, said Donald Nelson, president of Metro-North Railroad in New York City. Transportation consultant Albrecht Engel, CEO of LS Transit Systems Inc, Bloomfield, N.J., thinks public-private partnerships are essential for high-speed rail projects to take off in North America. "The days of an 11% public grant program, federal or state, are probably gone forever," he said. In the U.S., the $4.62 per capita investment in public rail pales next to European spending, with $110.84 in Germany, $51.48 in France and $13.74 in Britain.

The High Speed Rail/Maglev Association, a 14-year-old Washington, D.C.-based advocacy group for construction of high-speed rail and magnetic levitation technology, released a report at the convention recommending construction of at least two regional high-speed rail corridors with a federal investment of $2.1 billion. The group listed six possible corridors: St. Louis-Chicago-Milwaukee-Detroit; Miami-Orlando-Tampa; Washington, D.C.-Richmond, Va.-Charlotte, N.C.; San Diego-Los Angeles-San Francisco; Eugene, Ore.-Portland, Ore.-Seattle-Vancouver; and New York City-Albany-Buffalo.

By Aileen Cho in Anaheim

Source: *Newsweek*, July 1, 1996, p. 47.

THE ENDLESS ROAD 'CRISIS'

Americans can't seem to decide whether we have too many highways–or too few

BY ROBERT J. SAMUELSON

EVEN BEFORE THE AUTO AGE, AMERICANS HAD A "CRISIS." At the turn of the century, writes historian Bruce Seely, there were "good road associations" in 18 states plugging for improved highways. Little wonder. In 1896 only 7 percent of America's 2.1 million miles of roads were paved. But these agitators were mainly disgruntled bicyclists, not motorists. Given this tradition of grousing, no one should be surprised that this month's 40th anniversary of the Interstate Highway System is an odd mixture of celebration and complaint. Take it all with a boulder of salt.

Almost everything we "know" about highways is warped. We've got environmentalists insisting that the highway lobby scarred the landscape with cement and suburban sprawl. Wrong. Then there's the highway lobby itself: that collection of road contractors, automakers, truckers, oil companies and the AAA. It sees the interstates as the best thing since the Ten Commandments but also asserts that highways are rapidly crumbling, intolerably congested and horribly underfunded. That's also wrong.

Now, some facts. Americans love cars. Period. Even without the interstates, there would have been a highway orgy. In 1940 the Pennsylvania Turnpike opened. After World War II, New York authorized its thruway system. California had massive road plans. What sanctioned this building boom was the impulse to suburbanize and travel. Most Americans saw the postwar exodus from cities as social progress. Among residents of an early Levittown, 58 percent moved for more space or to become homeowners. Naturally, new suburbanites wanted better roads for better mobility.

And the car culture still reigns supreme. Indeed we are a more vehicle-saturated society than ever. Between 1969 and 1990, the share of households without a vehicle dropped from 21 to 9 percent; meanwhile, the share with two or more rose from 31 to 58 percent. People cherish cars' autonomy. After the 1970s' oil crises—and steep jumps in gasoline prices—carpooling enjoyed a boomlet. It's collapsed with gas prices (down 45 percent in inflation-adjusted terms between 1980 and 1990). By 1990, carpooling accounted for only 13 percent of commuting trips; in 1980 that was 20 percent.

What the interstates did was channel the highway boom. The generous funding formula (a 90-10 federal-state split) sped construction, and Congress insisted that connections be made between states. Travel times dropped, while travel volumes rose. Compared with the mid-1950s, the travel time between New York and Cleveland is down a third. Highways abet social integration and not just economic efficiency. It's questionable whether the Olympics would take place in Atlanta if there hadn't been interstates (or desegregation, air conditioning and jet travel).

But all this is now endangered by neglect, claims the highway lobby. The AAA recently launched a campaign citing Federal Highway Administration estimates that road spending would have to rise 50 percent to keep a dire situation from getting worse. In fact, details of road studies paint a different picture:

- Highway and bridge conditions seem to be improving. Between 1983 and 1991, the share of urban interstates rated in "poor" condition dropped from 16.8 to 7.7 percent; the share rated "good" rose from 53.4 to 60.1 percent. Ratings of most classes of roads and bridges have improved.
- Spending on roads by local, state and the federal governments is at a historic high. In 1993, it was $88.5 billion, up 57 percent from 1980 in inflation-adjusted dollars, estimates analyst David Luberoff of Harvard.
- Congestion doesn't seem to have worsened and may have eased—at least judged by commuting times. In 1990 the average commute was 19.7 minutes, down from 22 in 1969. Meanwhile, commuting distances increased from 9.4 miles in 1969 to 10.4 miles, indicating faster travel speeds.

None of this means that today's road frustrations are phoney. Drivers stalled on the San Diego Freeway aren't imagining it; Washington, D.C.'s potholes are real. Lots of roads are in sorry shape; millions of commuters suffer stop-and-go traffic. But similar problems have always existed. Remember what happened in downtown Boston on Dec. 30, 1963? Congestion immobilized cars for four hours. On average, things haven't gotten worse and probably have gotten better.

The campaign to convince us otherwise aims to raise highway spending. The campaign features two loopy theories. The first is that the federal highway trust fund is being used to "mask" the overall federal budget deficit; the charge is that all the fuel taxes intended for highways aren't being spent on roads. This simply isn't true. Between 1956 and 1995, the highway fund received $297 billion in taxes and spent $307 billion. The main reason the fund spent more than it received—and still has a "surplus"—is that while money sits unused it earns "interest" from the rest of government. This is an accounting transfer.

The second dubious theory is that all fuel taxes should go for highway spending. Why? Of course, the tax is a legitimate user fee for construction and repair. But other possible reasons for the tax (to cut oil imports and pollution or simply to raise money) don't justify extra highway spending. As it is, the gas tax dedicated to highways is now 12 cents a gallon, up from 4 cents in 1982. The total gas tax is 18.4 cents; the rest goes for mass transit and deficit reduction. The highway lobby wants to divert more into road spending and put the trust fund "off budget."

Not so fast. Highway spending shouldn't be insulated from the political process that weighs the competing demands on government. Indeed, we ought to push that process back to the states. The Interstate System is built; let the states maintain it. Let them keep most gas-tax money and make most spending decisions. Most benefits of roads are enjoyed locally. Let local politicians decide among roads, prisons, schools and parks.

The decisions—whether taken nationally or locally—won't ever be easy. Americans don't like making choices, and on the subject of roads, we can never decide whether we have too many or too few. That's why the "road crisis" is forever.

Source: *Traffic World*, May 20, 1996, p. 11.

Battle lines being drawn for ISTEA reauthorization

by David Barnes

HOTTEA. MPOs. Devolution. And, oh yes, don't forget those old favorites, donee and donor.

Transportation policy has a language all its own, and the upcoming reauthorization of the Intermodal Surface Transportation Efficiency Act of 1991 is no exception. The buzzwords already are flying fast and furious as various groups stake out their positions on the next highway bill.

There's even a choice of names. The semi-official name is NEXTEA, but highway groups are calling it HOTTEA, as in highways only.

While the legislation does not expire until 1997, the House Surface Transportation Subcommittee already is holding hearings. "These hearings are an overview, a foundation for future hearings on goals and purposes," explained Subcommittee Chairman Thomas Petri, R-Wis.

The first hearings featured a discussion of the federal role for transportation. Other hearings will examine transportation needs in the 21st century, financing in an era of scarce resources, maintaining adequate infrastructure, environmental and safety concerns and the role of governments and Metropolitan Planning Organizations.

The Department of Transportation also is in information-gathering mode, holding a series of hearings nationwide. The first hearing was held in Philadelphia last week. Another is scheduled May 21 in Chicago. *(See related story, page 12.)*

Some themes already are emerging from the hearings and a related battle to repeal the 4.3-cents-per-gallon portion of the gas tax devoted to deficit reduction.

Highway groups are pushing their HOTTEA proposal, which would focus money on improving the National Highway System and maintaining the Interstate Highway System and bridges.

The role of MPOs in setting transportation policy is being questioned by members of Congress, who prefer to decide for themselves where federal highway money should be spent.

And some members of Congress want to drastically reduce the federal role in transportation and cut the gas tax.

At a May 2 hearing, Transportation Secretary Federico Peña provided an overview of the broad themes DOT will pursue as it prepares its proposal for presentation next February. Calling a recent Federal Highway Administration study finding a $17 billion annual shortfall in the maintenance of the nation's highway system a "wake-up call," Peña stressed the need for continued emphasis on intermodalism and intelligent vehicle systems as a way of maximizing resources and reducing congestion.

Setting the stage for a titanic battle with mass transit backers, highway groups are pushing for increased spending on roads and bridges and denying mass transit access to gas-tax revenue.

Peña and others said a balanced transportation system is needed. "The successor to ISTEA must retain the core elements — the building blocks — that have made ISTEA such a success," argued Peña.

Appealing to Republicans who want to reduce welfare rolls, Atlanta Mayor Bill Campbell said a good public transportation system is vital for people making a transition from unemployment to work.

Peña also defended MPOs, which have come under criticism from House Transportation Committee Chairman Bud Shuster, R-Pa., and others. "There should be no question of turning back," Peña said. "ISTEA's successor must continue to guarantee that investment decisions are the product of a systematic, inclusive planning process — an informed political decision."

John McQuaid, president of the Intermodal Association of North America, said MPOs have not paid enough attention to freight concerns. "In a recent survey, fully 62 percent of MPOs said they have no routine mechanism for receiving input from the freight community," he said. "Moreover, three out of four MPOs have not developed criteria to guide freight project selection."

Overall, MPOs are doing an adequate job, McQuaid said.

While some in Congress want to limit the role of MPOs, others want to drastically increase the role of state and local governments in transportation. The so-called devolutionists want to reduce the federal gas tax and put the federal government in the back seat. Sen. Connie Mack, D-Fla., is preparing legislation limiting federal involvement to maintenance of the interstate highway system, interstate bridges, roads on federal lands and emergency disaster programs.

Last spring, Mack tried to delay designation of the National Highway System until Congress reevaluated the relationship between state and federal governments on transportation issues.

Mack's proposal is seen by opponents as an attempt to obtain more money from the Highway Trust Fund for his home state. Florida is a so-called donor state, paying more into the trust fund in gas taxes than it receives back in federal highway aid.

"The age-old conflict between donor and donee states has once again reared its ugly head," warned Rep. Nick Rahall, D-W.Va. "Some of the donor states are threatening secession, a civil war if you will, over the issue of highway apportionments. This activity is shortsighted and ill serves not only their transportation needs but those of the nation as a whole."

State and local governments are concerned they would lose out if the federal role in transportation were reduced. "I do not believe the 50 state legislatures and governments will raise gas taxes enough to replace any federal highway and transit funds which would be eliminated through a turnback proposal. The result could be a overall net decrease in investment that would be tragic," said Palm Beach County Commissioner Carol Roberts, testifying for the National Association of Counties.

"I would love to see the funding formula changed and my area get more funds," Roberts said. "But what I don't want to see is devolution or turn-back of federal gas tax authority to the states. This country cannot afford to lose the billions of dollars annually which are invested in our transportation infrastructure through the federal gasoline tax." ■

The American Highway Users Alliance

Better roads keep America moving!

Federal Highway Administration Paints Dismal Picture of Highway Conditions

More than a quarter of America's roads are in poor to mediocre condition and national investment in repairs and improvements is not nearly keeping up with the demand, according to federal government's biennial estimates.

In 1993, the Federal Highway Administration found that only 19 percent of the road mileage eligible for federal aid is in good condition. While the number of deficient bridges declined slightly between 1991 and 1993, the study found that 24 percent of the bridges on the interstate system were substandard and 28 percent of the non-interstate bridges were in the same state.

One result is that the extent and duration of congestion is increasing and larger areas of the country are suffering from gridlock. It is also further evidence that the nation's infrastructure is crumbling at an alarming rate.

The Federal Highway Administration, which released the report following an unexplained eight-month delay, called the report a "warning flag" illustrating a "significant shortfall" in strategic investment. The report was released late on a Friday afternoon and received practically no attention in the mainstream press.

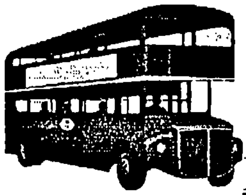
FHWA officials acknowledge that the report may well understate the real growth in highway travel over the next 20 years -- and therefore the need for better roads -- because travel growth estimates in major urban areas were taken from Metropolitan Planning Organizations and are far short of historic trends. For instance, in the largest urban areas state agencies are projecting compounded annual growth of 2.2 percent for the 1993-2013 time frame, while the MPOs predict 1.5 percent. However, the actual growth rate 1983-1993 has been 3.6 percent.

One bright note in the report is the improvement in safety. Figures show that the fatality rate has dropped from 2.58 per 100 million vehicle miles traveled in 1983 to 1.75 in 1993.

In other good news, the report said there has been significant progress in reducing the overall levels of highway-related carbon monoxide, lead, nitrogen dioxide and ozone. "Transportation sources were responsible for most of the emission reductions during the decade," the report said, crediting the federal limits on gasoline volatility; the replacement of older cars with newer, less polluting ones; and the increased usage of unleaded gasoline.

The "Condition & Performance" report has been issued every two years under Congressional mandate since 1968. No administration or Congress has proposed spending levels reflecting the needs identified in the report.

The report will be a backdrop to public policy debates over highway appropriation levels and the reauthorization of surface transportation legislation.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Reauthorization of Federal Surface Transportation Programs

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Authorizing legislation for federal surface transportation programs -- highway, highway safety, and transit -- expires at the end of FY1997. The existing federal framework was created by the Intermodal Surface Transportation Efficiency Act of 1991 (P.L. 102-240), better known as ISTEA. It is likely that the revenue sources associated with the programs, primarily the highway trust fund, will be reexamined as part of the reauthorization debate.[1]

The ISTEA program, and its financial framework, has supporters and detractors. Some highway and/or transit advocates want to see the ISTEA structure changed only at the margins. Any change, in their view, should be combined with an increase in program funding. Others want to see ISTEA simplified in structure, and its myriad formulas reworked to achieve greater "flexibility." A further view wants to reformulate the program in a way that achieves funding "equity" among the states. Finally, several states are calling for the "devolution" of much of the federal program beyond maintenance of the interstate highway system.

It is expected that reauthorization of ISTEA will address a whole range of concerns about the mechanics and effects of ISTEA. A short list of issues that will be addressed would include: funding distribution formulas, the role of metropolitan planning organizations (MPOs) in project approval, transportation "enhancement" programs, the availability of "flexible" funding (funds that can be transferred from one program to another), intelligent transportation system (ITS) funding, the availability of transit discretionary funding, and the regulatory framework of the federal transportation programs.

LEGISLATIVE INITIATIVES

The congressional committees that have exercised jurisdiction for federal surface transportation programs and their financing include: the House Committees on

[1]For a discussion of financing for federal transportation programs see: U.S. Library of Congress. Congressional Research Service. *Transportation Trust Funds: The Off-Budget Debate Continues.* CRS Report 96-989E, by John W. Fischer. Washington. December 6, 1996. 18 p.

Transportation and Infrastructure; and, on Ways and Means; and the Senate Committees on Environment and Public Works; Banking, Housing, and Urban Affairs; Commerce, Science, and Transportation; and on Finance.

The House Committee on Transportation and Infrastructure began formal consideration of the issues that might be addressed in ISTEA reauthorization legislation during the second session of the 104th Congress. This activity included 12 days of hearings on various issues expected as part of the reauthorization debate. The Senate Committee on Environment and Public Works held a hearing on reauthorization issues during the 104th Congress and is expected to hold several more in the 105th Congress.

None of the principal authorizing committees has introduced legislation at this time. None has stated a specific date in the first session of the 105th Congress on which legislation might be introduced. In addition, most Members in leadership positions in the authorizing committees have been cautious in their public statements with regard to the structure of the legislation that might be introduced.

The Department of Transportation (DOT) is expected to put forth its proposals for reauthorization as part of its FY1998 budget submission. Public statements by soon to depart Secretary of Transportation Federico Pena, and by other DOT officials, would seem to indicate that DOT is unlikely to seek major changes in the ISTEA format. Most of the DOT statements to date, speak of a need for the reauthorization to include the "core elements" of the ISTEA program. Some of the specific core elements mentioned for retention have been intermodalism, the need for a balanced transportation system, and possible emphasis on ITS.

Two noteworthy legislative initiatives related to reauthorization were introduced in the 2nd session of the 104th Congress. The first of these was, H.R. 3775, an initiative known as STEP-21 (Streamlined Transportation Efficiency Program for the 21st Century). A STEP-21 bill with some different features was introduced in the Senate as S. 2022. The STEP-21 initiative is viewed by its proponents as a logical follow on to ISTEA. The bill only affects the highway programs of ISTEA. The most significant initiative in the bill is a requirement that each state must receive at least a 95% return on its contribution to the federal highway trust fund (ISTEA provides a guarantee of 90%). Other provisions in the bill are aimed at providing states with greater spending flexibility amongst highway program categories.

The second legislative initiative introduced in the 104th Congress was the Transportation Empowerment Act, H.R. 3840/S. 1971. The approach of this legislation is very different from ISTEA or STEP-21. The legislation would devolve almost all federal highway programs to the states. Federal fuel tax collections for the highway trust fund would be phased down from the current 14 cents-per-gallon to a level of 2 cents-per-gallon. Upon completion of the phasedown, federal highway spending would be limited to interstate system maintenance, maintenance of other roads on federal lands, and maintenance on Indian reservations.

Source: *BNA Daily Labor Report*, December 12, 1996, p. M1-M7

DRAFT PROPOSAL BY TRANSPORTATION DEPARTMENT FOR REAUTHORIZATION OF FEDERAL HIGHWAY AND TRANSIT PROGRAMS, OBTAINED BY BNA DEC. 11, 1996 (TEXT)

THE DEPARTMENT OF TRANSPORTATION'S PROPOSAL FOR REAUTHORIZATION OF FEDERAL SURFACE TRANSPORTATION PROGRAMS

Throughout the history of the Nation, effective and efficient transportation has proven critical to achieving our national goals. In keeping with that history and to prepare us for the 21st Century, we are submitting a proposal for reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA). This Administration has the opportunity to take the next bold step in the tradition of the postal roads, railroads, the Interstate program, creation of a mass transit program, the National Highway System, and Integrating transportation resources. This is a major opportunity to influence the future course of surface transportation and to advance Administration priorities that include:

- mobility of people and goods,
- a healthy economy that is competitive in International markets,
- the safety of Americans travelling on our highways and transit systems,
- technology through development of Intelligent Transportation Systems and High-Speed Rail,
- welfare reform because transportation is critical in providing access to jobs and training.,
- job creation and support in the local communities where they are needed, and environmental protection and enhancement through extension of successful environmental programs.

How the Proposal was Formulated:

The Department conducted extensive outreach, including regional seminars and numerous modal focus group meetings, as well as seeking public comments. All these efforts helped us understand the strengths and shortcomings of the current program and to make adjustments to better serve the Nation. The near unanimous message has been: Build on the strengths of ISTEA, which is legislation that began dynamic change. Our prior unsuccessful experience with Unified Transportation Inrastructure Improvement Program (UTIIF), a major departure from current policy and practice, suggests this is the right course of action.

ISTEA outreach highlighted the need to ensure that the economy is well served by our surface transportation system, improve safety, enhance the environment, promote innovate finance, and encourage the adoption of new technologies. It also focused attention on the importance of internmodal connections, the benefits of flexible programs and of ISTA's enhanced planning and public participation requirements.

The four major themes we heard in outreach were:

— support domestic economic development and strengthen our ability to compete effectively in international markets.

— maximize system performance and return on investments.

— faster partnerships at all levels of government and with the private sector, and provide sufficient flexibility to allow decisionmakers to make the best choices, and

— focus on outcomes for people and communities, particularly improved safety, enhanced environment and a better quality of life.

How the Proposal Responds to Those Themes:

The changes we are proposing in the reauthorization of the surface transportation programs are discussed in these four broad themes that address Administration initiatives. While we are proposing that many of the core programs remain the same, we also are proposing additional program flexibility, significant program restructuring and streamlining, and the creation of selected new programs targeted toward emerging needs.

Economic development and global competition

The Nation's infrastructure is critical for a healthy economy. Transportation Infrastructure affects the cost of moving people and goods and, therefore, the price of our goods in this country and our competitiveness abroad. A recent study found that for a $1 million increase in the stock of the non-local highway network, an average annual production cost savings across all industries of at least $240,000 was achieved. This is an average over the period 1950-1989. Increases in highways stock in the later years continued to produce (albeit smaller) cost savings. When our investment is maintaining the stock we have previously built — the use to which more than 60 percent of Federal highway funds is put — we are ensuring that the amount production cost savings already achieved are maintained as well.

Comprehensive studies document the fact that investment must increase if we wish to maintain the condition and performance of our surface transportation system and protect the efficiencies we have achieved.

To meet these goals, we propose to:

— Retain the interstate maintenance program and make transfer of these funds conditional upon adequate maintenances of the interstate System. This will preserve the major investment this National has made in that System and recognizes the critical economic role of the interstate System.

— Retain the National Highway System (NHS) and transferability of NHS funds, but require States to document the impact of a transfer on the NHS. We also propose the expand eligibility for terminals at intermodal connections, which will move us in the direction of developing a National Transportation System (NTS).

— Tighten transferability of bridge funds to ensure that work is done to improve and repair the Nation's bridges.

— Establish a new border crossing pilot program and create border crossing and trade corridor planning programs to facilitate domestic and international trade.

— Retain the Surface Transportation Program (STP) and expand eligibilities to support mobility for people and goods that is critical to economic viability and international competitiveness in our urban centers and rural areas.

— Provide capital funding or AMTRAK and expand NHS and STP eligibility to include rail passenger capital under certain circumstances.

— Provide funding to selectively support efforts to install high-speed rail infrastructure.

— Restructure transit programs and increase funding to make it easier for metropolitan areas to select transit options that improve mobility in those areas, which is vital to maintaining them as viable commercial centers.

• Maximize system performances and return on investments

President Clinton emphasized the need to maximize performance of existing infrastructure and the return on investment with new projects in his Executive Order, "Principles for Federal Infrastructure Investments." The Department has strived to implement that Order, and this reauthorization proposal continues that effort. Part of our effort to achieve this goal must be to invest in technology that will improve the performance of our transportation system nationwide. We also must take full advantage of capital that can be created in both the public and private sector. Due to the commitment to reinventing government of the Clinton Administration, we have been supported in moving creatively to dramatically expand capital investment for transportation projects, including innovative Finance programs and establishing State Infrastructure Banks. This reauthorization proposal extends innovation substantively and financially.

We propose to:

— Establish a new systems integration incantive program for intelligent Transportation Systems (ITS) that promises to improve transportation system performance nationwide. Clarify broad ITS eligibility or all mainstream programs such as NHS, STP, and transit.

— Expand our innovative finance program to:

• allow State Infrastructure Banks (SIBs) in all States,

• establish a new credit program to expand opportunities or attracting public and private capital, and

• permit financing under SIBs and the credit program to be used on all surface transportation capital investment — both public and private — including intercity passenger and freight rail investment.

— Encourage use of performance management by States, particularly in the safety area.

— Continue a small incentive program for congestion pricing to improve system performance — i.e., efficiency — without adding new capacity.

— Strengthen research and development (R&D) and place increased emphasis on technology deployment and intermodal and multi-modal transportation R&D. Institutionalize an R&D strategic planning process.

• Foster partnerships and provide flexibility for decisionmakers

To ensure best use of resources, we need to give officials in city hall and in the state capitals the flexibility they need to make the best choices for the American public.

We propose to:

— Improve and strengthen MPOs:

• require MPOs and States to provide an opportunity for reviewing MPO institutional structure and representation to reaffirm validity of the current arrangement or to change the representation. Reduce the threshold for MPO redesignation.

• require partners in the planning process to establish a process for distributing STP attributable funds that gives "fair and equitable" treatment to central cities over 200,000 population.

• ensure that urban areas get their appropriate share of obligation authority on a timely basis.

— Strengthen the involvement of rural communities in the planning and programming of Federal transportation funds by requiring that States devote a portion of their Federal planning funds to the support and improvement of local rural transportation planning.

— Merge FHWA and FTA planning and streamline the State and local planning requirements by grouping the factors into major categories.

— Expand eligible uses of the major programs, including NHS, STP, and transit programs, to include eligibility for ITS, for passenger rail, and for private transportation (under established criteria) to give State and local officials more flexibility to make wise choices.

• Focus on outcomes for people and communities — improved safety, enhanced environment, and a better quality of life.

Good and reliable transportation is a critical factor in ensuring access to jobs, health care, education, and in making possible the social contacts that make communities livable and contribute to our quality of life.

Transportation safety improvements are critical to the health of our people and to achieving substantial savings in Medicare, Medicaid, and taxes for every household in America. Transportation crashes result in costly injuries, productivity losses, lost travel time, and increased congestion, placing a huge burden on our economy — over $150 billion annually. The bill for motor vehicle crashes funded by public revenue cost taxpayers $13.8 billion in 1994, the equivalent of $144 in added taxes for each household. Reversing this trend, particularly with continued, steady increases in travel, will be a challenge requiring Federal leadership.

We propose to:

— Reconfigure existing NHTSA, FHWA, and FRA safety grant programs into three major safety programs — (1) Consolidated State Highway Safety Program, (2) Restructured Motor Carrier Grant Program, (3) Flexible Highway infrastructure Safety Program (in lieu in the current 10 percent set-aside from the STP) — and encourage integrated safety planning. These more flexible grants would increase the ability of officials to allocate funds to areas of highest priority and payoff. It will also encourage performance-based management and a focus on results — a reduction in transportation injuries and deaths.

Under the Consolidated State Highway Safety Program, for example, there would be incantive grant programs to encourage States to develop stronger law and programs addressing: drunk and drugged drivers, improved safety belt and child seat use, and State safety data collection to improve program effectiveness.

— Expand Trust Fund support to DOT's surface vehicle safety programs, research and technology, consumer information, and safety data, and continue support to behavioral safety programs, including research, demonstration and technical assistance.

— Retain the current Congestion Mitigation and Air Quality (CMAQ) program (but consider changes if the standards are changes.)

— Consolidate and continue transit programs.

— Continue funding for the Transportation Enhancements program and ensure that projects are linked closely to transaction purposes. Continue the Scenic Byways and Recreational Trails programs.

— Retain highway beautification and funding eligibility for projects to improve accessibility for disabled travelers, and emphasize community development and livability.

Flexible, creative surface transportation programs will allow State and local officials to tailor transportation to meet changing and challenging demands. As we face the 21st Century, we must craft an aggressive, forward-looking transportation program — one that responds to a variety of needs and challenges. If we are successful, we have the potential to improve economic opportunity and security and a better quality of the life for all Americans.

A detailed description of the proposed program structure follows. It includes a table that shows the proposed new program structure, a discussion of the current eligibilities and flexibility for each of the major program categories and proposed changes in those eligibilities and flexibility.

ISTEA REAUTHORIZATION PROGRAM STRUCTURE PROPOSED CHANGES IN ELIGIBILITIES AND FLEXIBILITY

This summarizes some of the key concepts for changes in eligibility and flexibility that would go hand-in-hand with a new program structure. These changes would both provide more flexibility to state and local governments, and accommodate and advance key goals and values, particularly intermodalism.

1. Interstate Maintenance (IM) — Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability;

- May be used for capital projects on the interstate System — projects to rehabilitate, restore, and resurface the Interstate. Reconstruction of bridges, interchanges and over crossings along existing Interstate routes eligible.
- Capacity expanding projects not eligible except for HOV and auxiliary lanes (e.g., truck passing lanes).
- 20% of IM funds can be transferred to NHS or STP at state discretion. Up to 100% can be transferred if DOT agrees to state certification that it is adequately maintaining the Interstate System.

IM — Changes:

- Retain as separate program, with existing eligibilities, but tighten transferability by making all transfers conditional upon adequate maintenance of Interstate System pavement and bridges.

II. NHS — Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

- May be used on designated NHS routes — only 4% of highways — and highway access roads for 1,399 selected intermodal terminals.
- May be used for capital expenses and for "preventive maintenance," as well as for traffic operations on designated NHS routes, but not for routine maintenance, or for overhead/administrative expenses unless related to a specific project.
- A state may transfer up to 50% of its NHS funds to the STP without Federal approval.
- A state may transfer up to 100% of its NHS funds to the STP if approved by the Secretary of Transportation as being in the public interest.
- May be used for safety improvements to rail highway grade crossings on NHS routes and NHS intermodal terminal access.
- A state may use NHS funds on a non-NHS facility (roads adn transit) if the facility is in the same corridor as a fully-access controlled NHS route, if it is in proximity to the NHS route, if the improvements will improve the level of service on the fully access controlled highway and improve regional travel; and if the improvements are more cost effective than an improvement to the fully access controlled NHS route.

NHS — Changes:

- Allow NHS funds to be used on publicly owned intercity passenger rail capital improvements on the same basis as now allowed for non-NHS highways and transit facilities (see conditions listed above).
- For selected NHS intermodal connectors, allow NHS funds to be used for construction or capital improvement in publicly owned rail connections.
- For selected NHS intermodal connectors, allow NHS funds to be used on publicly owned intercity bus and rail terminals.
- Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services are fully eligible. (In general, equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, as long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would else be eligible. Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit — e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.
- Continue NHS transferability provisions, but require states to provide a written statement justifying the transfer of any funds from the NHS and documenting the impact of the transfer on the performing of the NHS — including physical conditions, operational performance, and safety performance.

III. STP — Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability;

- May be used on improvements to only 25% of highways and bridges (except bridges and safety improvement projects are not restricted to only Federal-aid roads) and 100% of transit systems in the United States.
- May be used or capital, "preventive maintenance," and traffic operations, but not for transit operations.
- May also be used on highway and transit safety improvements and programs, including rail-highway grade crossings.
- May be used on "Transportation Enhancements" — including bikeways and pedestrian facilities, historic preservation of railroad stations and canals, and preservation of abandoned railway corridors, among others. (NOTE: ALL STP program funds may used for enhancements, not just the 10% set-aside for enhancements.)
- May be used for highway and transit R&D and tech transfer, and surface transportation planning programs generally.
- May be used on wide range of ITS capital, for highways and transit, and for ITS preventive maintenance and ITS operations.

STP—Changes:

• In general, recast STP as a flexible, multimodal program which states and MPOs may use on any surface transportation infrastructure project (except local streets and roads not now eligible, and bicycle/pedestrian projects, which would be limited to existing eligibilities on the Federal aid system) regardless of mode, private as well as public, which improves efficiency, safety, or capacity.

• Projects would be for investment in infrastrucare only, except that (a) current STP eligibilities would be retained for public transit vehicles, transportation enhancements, traffic operations, and preventive maintenance; (b) non-intrastructure safety improvements could be permitted (e.g., driver behavior and safety enforcement programs); and (c) new eligibility would be provided for publicly owned rail passenger vehicles and local rail freight assistance (details to be worked out).

• States and localities could use STP funds on privately owned infrastructure if one of the following two criteria is met: (a) the infrastructure is used by more than one competitive carrier; or (b) the infrastructure is under the satisfactory continuous control of a public entity (this parallels an existing FTA provision).

• Retain existing sub-state distribution requirements, including those for urbanized areas over 200,000 population, and the special rule for areas of less than 5,000 population.

• Ensure that capital, operations, and maintenance costs for all intrastructure-based ITS technology and services are fully eligible. In general, equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, as long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligible. Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit — e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.

STP Enhancements Program Set-Aside—

IV. STP Enhancements Program Set-Aside — Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

• ISTEA defines the following 10 areas as Enhancements: "facilities for pedestrians and bicycles, acquisition of scenic easements and scenic or historic sites, scenic or historic highway programs, landscaping and other scenic beautification, historic preservation, rehabilitation and operation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals), preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails), control and removal of outdoor advertising, archaeological planning and research, and mitigation of water pollution due to highway runoff."

• No transferability to other purposes permitted.

Enhancements—Changes:

• Consider expanding eligibilities somewhat to encompass other worthy environmental activities, while also clarifying that Enhancement projects must have some nexus with the transportation system.

V. CMAQ—Current ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

• CMAQ is the most flexible ISTEA program both legislatively and in actual practice. CMAQ may be used for ANY SURFACE TRANSPORTATION IMPROVEMENT that will help a nonattainment area reach attainment status, including transit, highway, ferry, rail freight, and intercity rail passenger improvements, both capital and operations. Through guidance. DOT has limited the use of CMAQ for operations, however, to ensure that it does not merely substitute for existing operation expenses.

• CMAQ may be used for privately owned or operated ventures, as long as (a) it is normally a public sector responsibility; (b) private ownership or operation is shown to be cost effective, and c) the state is responsible for protecting the public interest and public investment.

CMAQ—Changes:

• No statutory changes in eligibility. Maximum flexibility consistant with CMAQ's [eligible] goal is already in place. (Formula changes are under consideration, however, as they will be for other programs as well.)

• In view of EPA's likely issuance of new Air Quality Standards that would significantly affect nonattainment area boundaries and the number of nonattainment areas, consider including a provision that would "freeze" CMAQ against such changes pending specific action by Congress.

VI. Bridge Programs — Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

• Replacement or rehabilitation of structurally deficient or functionally obsolete highway bridges on any public road. Highway bridges eligible may be over waterways, other topographical barriers, other highways, or railroads. Rail bridges over highways are not eligible.

• A state may transfer up to 50% of Bridge Replacement and Rehabilitation Program funds to the STP or to the NHS Program at state discretion.

Bridge Program — Changes:

• Retain a formula bridge program, but eliminate set-asides for Bridge Discretionary and/or Timber bridge programs and consolidate their funding into the formula program.

• Retain the 50% transtarability, but add a new requirement to prevent abuses by providing that if a state transfers money out of the Bridge Program in a particular year, then a comparable amount will be deducted from the Bridge apportionment in the subsequent year.

• Require states that undertake bridge rehabilitation/replacement projects to ensure the new bridge meets the weight limits they have established.

• Provide minor technical expansions in eligibility (scour countermeasures, etc.).

VII. Section 5309 Transit Discretionary and Formula Capital — Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability.

• Provides capital assistance to eligible transit projects in three categories: construction of new fixed-guideway systems or extensions of existing systems called "new starts," modernization of existing fixed guideway systems called "Rail Modernization," and major bus-related constructed projects or equipment acquisition called "Bus Capital."

• Rail modernization funds are distributed to urbanized areas with fixed-guideway systems in operation for at least 7 years on a formula basis. New Start and Bus Capital funds are distributed by discretion of the FTA or may have amounts "earmarked" by Congress.

• Transferability: None.

Section 5309 Transit Programs—Changes:

• Eliminate Rail Modernization and Bus Capital tiers (merge both into Section 5307 program — see below).

• Remaining Program would be for New Start Transit Projects, with a small discretionary program.

• Expand eligibility to include intercity passenger terminals, both rail and bus, private as well as public.

• Ensure that capital, operations, and maintenance costs for all transit infrastructure-based ITS technology and services are fully eligible. In general, planning, capital, operations, and maintenance costs for all infrastructure-based ITS technology and services for equipment installed by a public sector agency on a public transportation facility or on a publicly owned vehicle to support one of the thirty ITS used services would be eligible for Federal funding, so long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligible Consumer products, equipment installed on private facilities or vehicles would generally not be eligible unless there is a demonstrated public benefit — e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.

VIII. Section 5307 Transit Formula Capital and Operating Assistance—Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

• A formula grant program that makes funds available all urbanized areas to finance transit capital and operating expenses. For operations, or capital projects by decision, up to a specific amount called the "operating cap" may be used. Any amounts in excess of the operating cap may be used only for capital projects.

• Transferability to STP or other modes is limited. No unconditional transferability. In a designated Transportation Management Area (TMA), funds that cannot be used for payment of operating expenses under this section also may be used for highway projects if all needs related to the ADA are met, the MPO approves, and there is a balanced local approach to funding highways and transit.

Section 5307 Transit Assistance — Changes:

• Merge Rail Modernization formula into 5307 formula (maintaining same formula factors and amounts (but using 5307 eligibility and program requirements)

• Add in amounts from Section 5309 Bus Capital Program, using Section 5307 formula.

• Make "preventive maintenance" eligible as in Federal Aid Highway program.

• Allow areas under 200,000 to use funds for any transit purpose (including operating costs, as in the Section 5311 — Rural program), and for intercity passenger rail and bus operations.

• Allow recipients to use funds for intercity passenger terminals and vehicles, both rail and bus, private as well as public, if there is a public benefit.

• Ensure that capital, operations, and maintenance costs for all transit infrastructure-based ITS technology and services are fully eligible. In general planning, capital, operations, and maintenance costs for all infrastructure-based ITS technology and services for equipment installed by a public sector agency on a public transportation facility or on a publicity owned vehicle to support one of the thirty ITS user services would be eligible for Federal funding, so long as the deployment is consistent with the National ITS Architecture and applicable national standards as they are developed. Public sector agency costs associated with delivering the service and maintaining the equipment would also be eligibility Consumer products, equipment installed on private facilities or vehicles would be generally not be eligible unless there is a demonstrated public benefit — e.g., for private transit vehicles and for positive train control software and other intelligent technology for railroads operating on lines with commuter rail service.

IX. Section 5311 Rural Transit Program — Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability

• Provides funding for transit capital and operating expenses in rural areas.

• In addition to local transit, intercity bus planning, marketing, bus shelters, joint-use stops and depots, operations, vehicles, and equipment such as wheelchair lifts are eligible. May be used for privately owned bus services as well as public.

• 5.5% of total funds is available for Sections 9 and 18. Formula is non-urbanized population in each state.

• Transferability: None.

Section 5311 Rural Transit Program — Changes:

• Allow state to use funds for intercity passenger rail service on same basis as for intercity bus service.

• Remove minimum set-aside for intercity Bus Services (but retain eligibility).

• Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services relevant to rural areas are fully eligible. Eligible activities would be the same as ITS eligible activities listed under NHS, STP, Transit Section 5309, and Transit Section 5307, except that in this case the activity would have to be specifically relevant to rural transit.

X. Section 5310 Elderly and Disabled Transit Program — Existing ISTEA Provisions Relating to Eligiblity/Flexibility/Transferability:

• Transit capital equipment for private non-profit corporations and associations providing mass transportation services for the elderly and disabled or public bodies coordinating such service or providing service where no non-profit service is available.

• Fixed minimum for each state and formula based on population of elderly and disabled individuals.

• Transferability: None.

Section 5310 Elderly and Disabled Transit Program — Changes:

• Expand flexibility to allow state to fund intercity passenger rail and bus services for elderly and disabled individuals, including wheelchair lifts and other vehicle and terminal adaptations.

• Expand eligibility to include operating costs under certain circumstances, with new emphasis on innovative solutions to mobility for older Americans.

• Ensure that capital, operations, and maintenance costs for all infrastructure-based ITS technology and services that are relevant to serving needs of elderly and, disabled individuals are fully eligible. Eligible activities would be the same as ITS eligible activities listed under NHS, STP, Transit Section 5309, and Transit Section 5307, except that in this case the activity would have to be specifically relevant to serving elderly and disabled individuals.

XI. NHTSA/FHWA/FRA Safety Programs — Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

• *Section 402 — State and Community Grants* (administered by NHTSA and FHWA) Funds are distributed by legislative formula to States to be used primarily for occupant protection, driving while impaired, speed control, motorcycle safety, police traffic services, traffic records, pedestrian and bicycle safety, and emergency medical services. 40% of these funds must be "passed through" to communities for these programs. FHWA is authorized a separate portion of 402 for "roadway" safety purposes.

• *Section 403 — Safety Research & Development* (administered by NHTSA) — Fund projects (under contract, grants, or cooperative agreements) to universities, private entities, and States for demonstration, research, evaluation, public information, and training projects to improve traffic safety.

• *Section 410 — Alcohol-impaired Driving Incentive Grants (administered by NHTSA)* — Funds States eligible under legislative criteria for activities related to alcohol and drug impaired driving.

• *STP safety set-aside* (administered by FHWA and FRA) — 10% of STP funds are reserved for infrastructure-related safety improvements on highways, and transit/railroad work in relation to highway rail-grade crossings projects. For rail grade crossings, funds may be used only for publicly-owned crossings but on any highway (i.e., not limited to Federal-aid made as the overall STP is).

• *MCSAP* (administered by FHWA) — To partially fulfill statutory obligation of DOT to enforce Federal motor carrier safety laws, MCSAP provides funds to states for state enforcement of Federal or State truck and intercity bus safety and hazardous materials requirements. Enforcement provided through State vehicle and driver inspections and carrier reviews. States may use MCSAP funds to support drug interdiction, vehicle size and weight enforcement, and traffic enforcement. States "may" pass funds to locals. MCSAP funds are also provided for specific programs, including information system development, truck and bus accident reporting, training, research and development, and public outreach.

• Currently there is *very little transferability* of the above types of program funds from one safety purpose to another, *and little flexibility in the use of the funds.* NHTSA grant funds may not be used on infrastructure safety or for MCSAP enforcement purposes. Nor can NHTSA grant funds shifted from one NHTSA program to another (although states can combine monies for specific projects). STP funds may not be used on NHTSA-type driver behavior programs, unless directly related to an "infrastructure" project. MCSAP funds may not be used for NHTSA-type program purposes, nor on infrastructure safety improvements. And none of the safety program funds may be used for non-safety purposes.

Safety Programs — Changes:

• Replace 10% STP safety set-aside with a new Flexible Highway Infrastructure Safety Program. Within this program, retain separate allocations for rail/highway grade crossings and hazard elimination. Hazard elimination funds, could be flexed to non infrastructure activities (e.g., NHTSA behavioral safety activities) if the state has an integrated planning process in place.

• Consolidate the existing NHTSA/FHWA 402 programs.

• Retain NHTSA's alcohol incentives program, and add new incentive programs to address priority issues, such as seat belt usage.

• For MCSAP, reduce the current 3-tiered grant program to 2 categories and eliminate most, if not all, earmarks, with an emphasis on performance based programs.

• Encourage states to develop an integrated safety planning process, with funding incentives.

• In addition to the above formula allocated programs, NHTSA and FHWA would — continued to administer national-level research, licensing, and motor carrier safety activities.

• Ensure all safety-relevant ITS technology and services are fully eligible under the Infrastructure Safety Program described above. Eligible activities would be the same as ITS eligible activities listed under NHS, STP, Transit Section 5309, and Transit Section 5307, except that in this case the activity would have to be specifically relevant to safety.

XII. ITS — Existing ISTEA Provisions Relating to Eligibility/Flexibility/Transferability:

• Existing ITS programs are for research, testing, and technology transfer relating to "intelligent" hardware, software, and operations for transit, highways, and commercial motor vehicles, including trucking and intercity buses, which operate on public highways.

ITS — Changes:

• Retain an ITS R&D program, with these changes (1) add/clarify eligibility for research on positive train control software and other publicly beneficial intelligent technology for railroads, passenger and freight; and (2) delete the Corridors Programs language in ISTEA.

• Create an ITS deployment incentives program aimed at jump-starting more ITS deployment and aimed at systems planning and integration across transportation modes, organizations, and functions.

• This would be a transition program, with awards limited to 50% nonfederal match, and with emphasis on private involvement.

• New ITS capital projects would be expected to be funded out of the NHS, STP, transit, and safety programs, but this program would concentrate on incentivies to integrate existing and new ITS services, e.g., to pay for writing and installing software that integrates ITS service so there is operability across transit and highway services, and across metropolitan areas and states.

XIII. State Infrastructure Banks — Existing provisions relating to Eligibility/Flexibility/Transferability:

• The 10-state pilot program has been expanded to allow DOT to make unlimited SIB designations, and Congress has authorized $150 million in Federal seed funding to be distributed to SIB states, at DOT discretion.

• Statutorily divided between highway account (limited to "highway construction" projects only) and transit account (limited to transit capital projects eligible under Sections 5307, 5309, and 5311 of Title 49).

• SIB funds can be used for loans, loans guarantees, credit enhancement, capital reserves, debt financing security, financing of purchase and lease agreements for transit projects, and other forms of assistance that leverage funds. However, not for traditional group."

SIBs — Changes:

• Permit SIBs to be used on all surface transportation capital investment, regardless of mode. private as well as public, including intercity passenger and freight rail investment, subject to the financial feasibility tests inherent in debt financing.

• Seek authorizations for additional Federal "seed" funds to continue to encourage use of SIBs.

XIV. Federal Credit Program — Existing Provisions:

• None. Handled in an ad hoc way, as were the Alameda Corridor and SR 91 provisions.

Federal Credit Program — Changes:

- Create new authority for credit programs, at both the national level and at the state level. Details still being developed by DOT start.

XV. Border Crossings — Existing Provisions;

- None.

Border Crossing — Changes;

- Create a new pilot program, to support border improvements.
- Also create a new border crossing planning program to support institutional cooperation and planning at the borders.

XVI. Trade Corridors — Existing Provisions:

- None

Trade Corridors — Changes:

- Establish a special planning fund to support trade corridor planning that is multistate in nature.

XVII. Amtrak — Existing Provisions:

- None

Amtrak — Changes:

- Funds for rail passenger system investments, Including investment now funded through the general fund in the Amtrak capital account as well as investment currently funded through the general fund under the Northeast Corridor Improvements Program account.

XVIII. High-Speed Rail Existing Provisions:

- Funds are provided to the Secretary for research development and technology demonstration of high speed ground transportation systems from both the Highway Trust Fund and the general fund.

High-Speed Rail—Changes:

- Funds for high speed ground transportation research development and technology demonstration as well as for pre-construction planning/engineering grants as currently provided by the Swift Rail Development Act, whose authority also expires at the end of FY 1997.

End of Text

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Source: *Congressional Quarterly Almanac*, 102d Congress, 1st Session, 1991, p. 137-151.

Highways, Mass Transit Funded

While president, Congress fought over details, both embraced bill as 1991's only job-creating measure

After months of fighting among lawmakers over how to allocate road funds to states, President Bush on Dec. 18 signed into law a sweeping $151 billion measure authorizing highway and mass transit programs for the next six years.

While Bush and Congress fought over key components, including a failed bid to raise the gasoline tax by a nickel, the president and lawmakers embraced the legislation as the only job-creation measure of the year.

"It moves us closer to our three top domestic priorities: jobs, jobs and jobs," Bush told a gathering of state transportation officials in Dallas, where he signed the bill.

Congress cleared the measure on Nov. 27 after two weeks of an often rancorous conference involving 92 lawmakers representing nine House and Senate committees.

The new law promised dramatic changes in federal transportation policy, as the 44,328-mile Interstate Highway System neared completion. The National System of Interstate and Defense Highways, with its promise of linking the United States through a network of divided four-lane, limited-access highways, had embodied U.S. transportation policy since 1956.

The new law continued in the spirit of the Interstate system by retaining a federal role in maintaining the nation's highway networks. It set up a newly designated National Highway System composed of the Interstate network and primary arterial roads. The system was a key component of the Bush administration's transportation proposal.

Much of the rest of federal transportation policy was shifted to the states. State and local officials were able to transfer up to $65 billion, or 54 percent, of the law's highway funding authority to mass transit.

The law consolidated key federal highway programs into one large Surface Transportation Program, from which states were free to spend funds on nearly any transportation project. It also freed urban areas for the first time to spend federal funds as they pleased. And it gave metropolitan planning organizations new powers to negotiate funds with states.

BOXSCORE

Surface Transportation Reauthorization (HR 2950, formerly S 1204 and S 965). The $151 billion bill authorized highway, safety and mass transit programs for six years beginning in fiscal 1992. Highways received $119.5 billion; mass transit received $31.5 billion.

Report: H Rept 102-404.

KEY ACTION

May 22 — The **Senate** Environment and Public Works Committee approved S 1204, 15-1.

July 25 — The **House** Public Works and Transportation Committee approved HR 2950.

June 19 — S 1204 passed the **Senate** by a vote of 91-7.

Oct. 15 — The **House** Public Works Committee approved revised HR 2950, 52-3.

Oct. 16 — The **House** Ways and Means Committee approved the financing mechanism of HR 2950.

Oct. 23 — HR 2950 passed the **House** by a vote of 343-83.

Nov. 27 — Approved by **House-Senate** conference as HR 2950: **House** approved by a vote of 372-47; **Senate** cleared it shortly afterward by a vote of 79-8.

Dec. 18 — President Bush signed HR 2950 — PL 102-240.

As the bill wound its way through Congress, the sweeping changes in transportation policy it proposed often were overshadowed by internecine fights among lawmakers over how best to divvy up billions of dollars among states.

Ultimately, lawmakers' complaints about money were resolved by tossing aside longstanding formulas for dividing highway funds. Much of the authorized funds was allocated to states in the form of lump-sum payments or through a record number of special road projects, rather than as part of any highway program.

What the Law Did

The legislation injected much-needed funds into state highway and mass transit coffers, mostly from gasoline tax revenues paid into the federal Highway Trust Fund. Highway programs were slated to receive $119.5 billion over six years; mass transit was to get $31.5 billion. Commuters and other road users were affected in the following ways:

- **Road construction and repair.** In addition to the funds allocated to states for highway and bridge work, hundreds of local road projects that were put off by state highway departments received special attention. The authorization included $6.2 billion for 539 priority road projects, most of which were specified by House lawmakers.
- **An economic boost.** Sponsors said 1.1 million jobs would be created and about a million other jobs would be preserved. The administration said the legislation would support 600,000 new and existing jobs in fiscal 1992.
- **Congestion and pollution relief.** The 1990 Clean Air Act amendments required urban areas to meet stringent goals for improving air quality. The surface transportation measure gave cities the resources to meet those goals. A new $6 billion program provided grants to states to find transportation methods that reduced congestion and pollution.

By emphasizing mass transit, metropolitan planning and toll roads, the legislation marked a significant shift away from solving traffic problems with new road construction.

• **Mass transit.** Mass transit systems received their biggest funding increases since the federal government began helping out in 1964. Funding was slated to more than double to $31.5 billion over six years. Also, nearly $5 billion would be authorized for 57 new rail and bus systems.

State transit operators were given new flexibility to spend highway funds on mass transit.

• **Local input.** With construction on the Interstate system nearly completed, lawmakers abandoned federal policies that had left residents powerless to stop freeways from being built through their neighborhoods. Urban areas got much more say over state funding decisions and received money that states could not touch.

• **Gasoline taxes.** A House effort to hike gasoline taxes by a nickel failed, but the legislation still imposed new gas taxes. The 1990 White House-congressional budget deal included a nickel increase that was set to expire after fiscal 1995. The new authorization extended half of that nickel through fiscal 1999.

That meant federal gas taxes were scheduled to drop only to 11.5 cents from 14 cents a gallon in October 1995, not to 9 cents as the budget deal had called for.

• **Safety.** Air bags were required for all passenger cars made after Sept. 1, 1995 — on the driver's side and front-seat passenger side. States received $1.3 billion in grants to improve safety on highways. *(Air bags law, p. 156)*

• **Research.** The authorization included $660 million for research on "intelligent" highways and vehicles in an effort to spur the development of devices such as computer-controlled traffic monitoring and dashboard navigation systems. An additional $700 million was authorized for a prototype "magnetic levitation" train system that would hover at high speeds above an electromagnetic rail.

THE ADMINISTRATION'S PROPOSAL

For lawmakers on Congress' transportation committees, 1991 was destined to be the year that Congress overhauled transportation policy. The Interstate Highway System was nearly completed.

For Transportation Secretary Samuel K. Skinner, 1991 brought another landmark: It was the year Congress paid attention to an administration transportation proposal.

Unlike previous highway bill reauthorization years in 1987 and 1982, Skinner's popularity with lawmakers — and a lot of policy legwork by the agency — gave the administration a chance to truly influence Congress in the most important highway and mass transit authorization bill since the Interstate was formally launched in 1956.

Bush, with Skinner at his side, on Feb. 13 unveiled the administration's ambitious five-year, $105 billion plan to build on and maintain the nation's road and mass transit systems. Federal highway and transit programs were set to expire on Sept. 30.

Despite some trimming down by the White House Office of Management and Budget, the plan looked formidible. Federal efforts would center on a 155,000-mile National Highway System that would better connect the Interstate network with new and existing feeder routes. States would be given more flexibility to spend highway funds on mass transit — in exchange for having to kick in a higher share of funds for road projects.

The administration was less generous with mass transit. The proposal called for transit to receive just $16.3 billion over five years. It also called for a higher local matching share for capital projects, from 80 percent to 60 percent, and proposed doing away with operating assistance for 147 transit systems with populations of more than 1 million.

But Skinner was in for a few surprises. In the next few months, an even more radical plan from the Senate — coupled with a gas-tax increase proposal in the House — pushed Skinner into a strategy of negotiating with lawmakers mostly through veto threats.

Only toward the end of the year, as the recession grew more severe, did the administration back off. Having won on a key point — the National Highway System — and having steered much of the structure and debate over the bill, Bush and Skinner ultimately claimed victory and embraced the legislation as a job-creation measure.

SENATE COMMITTEE ACTION

While the Bush administration grabbed headlines with its ambitious plan to redefine highway spending, New York Democrat Daniel Patrick Moynihan and other key senators kept their heads down and quietly plotted to revolutionize federal transportation policy.

Moynihan's staff on his Environment and Public Works Subcommittee on Water Resources, Transportation and Infrastructure drafted the bill more as a piece of environmental and energy legislation than as a traditional highway bill.

The 1990 overhaul of the Clean Air Act played a large role: The network of congressional staff and environmental lobbyists who worked on that bill saw an opportunity to apply the same goals to transportation policy.

Moynihan, flanked by unlikely rural ally Steve Symms, R-Idaho, and fellow East Coast Sens. John H. Chafee, R-R.I., and Frank R. Lautenberg, D-N.J., unveiled a bill on April 25 that made Bush's sweeping proposal look comparatively timid.

"This will prove to be the most important transportation bill in 35 years," Moynihan said. "We are about to enter a new era." The focus of the bill, he said, was to make the nation's transportation system more efficient by making urban and rural areas compete for federal funds.

Both the Bush plan and the Senate bill would cover five years, cost $105 billion and favor road repair over new construction, as the 44,328-mile Interstate Highway System neared completion.

But that's where similarities ended.

Where Bush sought to expand the federal role with a new, 155,000-mile National Highway System, the Senate plan would have reduced Uncle Sam to a caretaker for the Interstate system and a benefactor for states, granting them money with no strings attached.

"It is a radical restructuring," said Francis B. Francois, executive director of the American Association of State Highway and Transportation Officials, which helped draft Bush's plan. "It basically eliminates the highway-system concept that has been at the heart of the federal-aid highway program since 1921."

The Bush effort preached flexibility for states in spending federal funds. But many lawmakers said the plan fell short by forcing states to pay more and by offering little incentive to shift highway funds to mass transit. The Senate plan, on the other hand, was "flexibility run amok," said one critic from the highway industry.

That flexibility held the key to the Senate bill's widespread support: Urban Democrats such as Transportation Appropriations Subcommittee Chairman Lautenberg appeared on the same bill as highway-oriented rural lawmakers such as Symms and Environment and Public Works Chairman Quentin N. Burdick, D-N.D.

The bill (S 965, later numbered S 1204) proposed to:

• Replace current highway funding programs with a new surface transportation program, from which states could spend $45 billion from fiscal 1992 to 1996 on any surface transportation project.

The federal-state match would be 80-20 to maintain existing facilities or use them more efficiently. That match would be 75-25 for construction of facilities.

Bridges would get $13.3 billion, with similar matching ratios.

• Set aside $5 billion for a new congestion and air quality program that would help cities comply with Clean Air Act guidelines through more efficient transportation programs.

• Provide $14 billion to maintain the Interstate Highway System, with an 80-20 federal-state match. Funds could not be used to add new lanes.

• Provide $7.2 billion to complete the final segments of the Interstate system — principally in Los Angeles and Boston — by the fourth year of the bill.

• Require states to coordinate transportation improvement programs with local metropolitan planning organizations in urban areas with populations of more than 50,000 and to update the plans at least every two years. State governors would have to approve such plans.

A congestion management plan would be required for metropolitan areas with populations of more than 50,000 that did not comply with Clean Air Act requirements.

Any money obligated to the planning group would be redistributed to other states if the Transportation secretary certified that the group failed to meet its responsibilities.

• Provide $750 million for a magnetic levitation demonstration project. Private-sector firms and private-public consortia would compete to design and develop a conceptual train system.

The Senate Banking Committee, which handled the mass transit part of the bill, more or less ignored the administration's proposal. The committee proposed boosting transit spending annually by 7 percent — the same rate that the administration proposed increasing highway spending. Fiscal 1992 spending would be $3.8 billion, rising to $4.7 billion in fiscal 1996. The banking panel also proposed retaining operating assistance and having equal matching shares for highway and transit programs.

On the Fast Track

Moynihan put the legislation on a fast track, in part to trump a request by Bush to Congress after the Persian Gulf War to complete crime and transportation bills within 100 days. "The president said he wanted it in 100 days. I told [Moynihan] that I wanted it sooner than that," Majority Leader George J. Mitchell, D-Maine, said.

The bill's rapid progress gave the road-building industry, the administration and state officials limited time to mount a challenge. Moynihan dealt little with those groups in drafting the bill. Instead, he turned to the Surface Transportation Policy Project, a group that included environmentalists, neighborhood planners, transportation analysts, energy consultants and bicyclists.

The Senate measure took the highway lobby by surprise. At a press briefing held to criticize the bill, some lobbyists complained of being locked out of the process.

"I did not think they would go as far as they did. I don't think anybody did," said Thomas J. Donahue, president of the American Trucking Associations.

The Senate Environment and Public Works Committee on May 22 quickly approved the bill, 15-1, clearing the way for floor action.

The committee approved by voice vote an amendment by Lautenberg that would ban longer double- and triple-trailer trucks from operating outside states that then permitted them.

The amendment would permit tractor-trailer combinations of two or more trailers, with a gross vehicle weight of more than 40 tons, to operate only in the 20 states in which they were already allowed.

The American Trucking Associations opposed the amendment, preferring instead that Congress leave it up to states to decide whether to accept bigger trucks. But the amendment held throughout the bill's progress and ultimately became law.

The committee approved an amendment by Chafee, 12-4, that would allow states to repay owners of billboards that violated the 1965 Highway Beautification Act by amortizing the owners' costs for the billboards over time. A similar measure passed the committee by a wide margin in 1990. But the Chafee amendment to the surface transportation bill would suffer a bruising defeat when the bill went to the floor.

The committee also amended the bill before the markup to address the National Highway System issue. Moynihan agreed to allow the Department of Transportation to study the proposed system for two years and report back with a detailed map of which existing and new highways would make up the system.

The administration was not impressed. In a letter to Burdick, on the day of the markup, Skinner vowed to recommend a veto if Congress did not include the new National Highway System and higher state and local matching shares.

For Moynihan, the legislation was more than just a necessary duty as chairman of the Transportation Subcommittee.

A longtime critic of federal highway policy, with a strong belief that the Interstate system had ruined most urban areas, Moynihan finally saw his chance to shape transportation policy.

In a 1960 essay, Moynihan had called for many of the proposals that appeared in his bill, including complete flexibility for states in spending federal money, a strong role for urban regional planners and an emphasis on self-financing mechanisms such as toll roads.

And one of Moynihan's pet projects — magnetic levitation trains, which could travel at high speeds on an electromagnetic field — got top billing in the legislation.

Funds for States

Moynihan's colleagues did not challenge his radical vision for the future of highway policy. Instead, a more traditional battle occurred over formulas that allocated highway funds to states.

Through the years, some states routinely received far more money from the Highway Trust Fund than they contributed. Alaska's 32-year average was $7.80 in highway funds for every dollar contributed in gasoline taxes, according to the Federal Highway Administration. Montana received $2.57 for every dollar given during that time.

Conversely, since fiscal 1957, a dozen states routinely contributed more in gasoline tax revenues than they received in highway funds: Arkansas, California, Florida, In-

How the Transportation Funding Pie Was Sliced

Below are the 25 states that fared best in the scramble for special road and bridge projects in the six-year surface transportation reauthorization. In all, lawmakers specified a record 539 projects for a total of $6.2 billion, though many states simply received lump-sum amounts of cash for unspecified projects. Critics called the projects pork-barreling, and said they bypassed state planning priorities and favored the most powerful lawmakers. Defenders said the projects were needed to meet local road needs and most were cleared by state authorities.

Most states toward the top of the list are those of key transportation, appropriations and leadership lawmakers. Toward the middle are so-called donor states (including Texas, Virginia, Missouri, Ohio and North Carolina). Members from those states had fought for a higher return of highway funds on their states' gasoline-tax contributions.

Pennsylvania:	$934.8 million
Illinois:	$437.8 million
New York:	$356.5 million
Wisconsin:	$350.5 million
California:	$334.7 million
Arkansas:	$328.8 million
West Virginia:	$311.6 million
Texas:	$270.0 million
Minnesota:	$244.9 million
Maine:	$201.5 million
New Mexico:	$188.8 million
Virginia:	$155.4 million
Missouri:	$152.8 million
Ohio:	$151.4 million
North Carolina:	$147.9 million
Alabama:	$133.3 million
Washington:	$129.3 million
Michigan:	$122.2 million
Iowa:	$110.7 million
Indiana:	$105.2 million
Maryland:	$104.3 million
Florida:	$ 96.5 million
New Hampshire:	$ 93.3 million
Kentucky:	$ 79.4 million
Delaware:	$ 79.1 million

diana, Michigan, New Jersey, North Carolina, Ohio, Oklahoma, South Carolina, Texas and Wisconsin. They were referred to as the donor states.

Such disparity was needed to build a uniform national system that traversed larger and poorer states. Still, complaints about the allocations by lawmakers from donor states increased as the Interstate system neared completion.

Thirty-five senators, representing 19 states that gave more than they got, sent a letter to Burdick on May 13, urging the committee to either find a more equitable funding formula or raise an 85 percent minimum allocation put into law in 1982.

The apportionment method in the Senate bill would average the difference between what a state gave and what it got back over the previous five years.

The committee rejected, by a vote of 4-11, an amendment by Bob Graham, D-Fla., that would have given donor states a higher share of apportioned funds. Backing the amendment were John W. Warner, R-Va., Howard M. Metzenbaum, D-Ohio, and Dave Durenberger, R-Minn., all of whom represented donor states.

Committee members from states that benefited from the existing formula argued that some states always would need help from others to maintain the nation's highways. Montana Democrat Max Baucus said that states often were asked to pitch in to help other states on federal issues. He cited mass transit funding and the 1989 bailout of failed savings and loan institutions.

Symms added that rural Western states included vast acres of federal land and lacked the tax base to maintain federal-aid roads on their own.

"Any federal activity, by definition, is unequal in its impact," Moynihan said. "Is life fair?"

"It's going to be when we get to the floor," Warner responded.

Warner, in alliance with senators from Florida, North Carolina, Ohio and other donor states, introduced an alternative surface transportation bill (S 1121) that included a new allocation proposal. The bill's other components were similar to the Bush proposal and based on recommendations of the American Association of State Highway and Transportation Officials.

SENATE FLOOR ACTION

The fight over how much federal highway funding each state should receive kept floor debate going from June 11 through June 19, when the bill finally was passed, 91-7. *(Vote 101, p. 14-S).*

In the end, the donor-state fight was settled with a promise to spend more money on all states. But the carefully crafted deal, while enough to get the bill through the Senate, would clash mightily in conference with the House, where key lawmakers vowed to rewrite the long-used formulas that were preserved in the Senate bill.

The Senate also overwhelmingly agreed to endorse Bush's proposal for a new National Highway System, removing a major reason for a threatened administration veto. It was a departure from the bill's theme of total flexibility for states, but sponsors managed to keep the bill's commitment to the system a nominal one.

Skinner called the bill "a step forward" but repeated the administration's complaints about the measure.

Donor State Fight

The donor state fight, led by Warner, was upstaged early in the debate by Appropriations Chairman Robert C. Byrd, D-W.Va., who proposed a different approach.

On June 11, Byrd offered an amendment that would reward states that had gasoline taxes higher than the national average. Those that also had per capita disposable income levels below the national average would fare even better. Thirty-three states and the District of Columbia would benefit.

West Virginia would gain $221 million over a four-year period. Wisconsin, Tennessee and Nebraska — and a few donor states such as Ohio and North Carolina — also would each gain at least $200 million under the plan.

To pay for the provision, Byrd said he found a "cushion" of $8.2 billion in highway funds made available in the budget resolution after the Moynihan bill was introduced.

Byrd's amendment carried immediate appeal, in part because Byrd was best positioned to follow through and appropriate the money.

Still, the Byrd plan did not directly address the concerns of the 20-odd donor states. In backroom negotiations, Majority Leader Mitchell intervened with the help of Lloyd Bentsen, D-Texas, the author of the 1982 law that guaranteed that states got an 85 percent return on their trust-fund dollar.

The result was a modified Byrd amendment that would divide the $8.2 billion in extra funds into two accounts: Half would go to the 33 states that would benefit under the Byrd formula, and half would be divided among donor states in a way that guaranteed each more money than they were getting.

The amendment would leave only seven states giving more to the Highway Trust Fund than they got back in transportation projects, Byrd claimed. But even those states would get back at least 98 percent of what they contributed in gasoline taxes.

Reaction from donor states to the Byrd-Bentsen proposal varied. Senators from Florida and Missouri wanted to hold out for wholesale changes in the funding formulas. Others, such as Warner and Bentsen, argued to accept the funding increases, reasoning that there were not enough votes to win formula changes.

Warner and Bentsen offered an amendment, approved on a voice vote, that would order the General Accounting Office to study the formula issue.

"I think the underlying formula is still bad, but the alternative is to get nothing extra if we turn it down," said Phil Gramm, R-Texas.

Still, some key senators remained troubled by the proposal. Minority Leader Bob Dole, R-Kan., called the Byrd plan "absurd and illogical" because not all states financed transportation projects solely through gasoline taxes.

Kansas, Dole said, gets revenues from sales taxes and vehicle registration fees, while dedicating only 33 percent of motor fuel tax revenues to highways. The Byrd method also would reward states that diverted gasoline taxes to non-transportation uses, Dole said.

Also, Republicans expressed doubts about whether the $8.2 billion would come from the Highway Trust Fund or from other programs such as defense when domestic budget ceilings expired at the beginning of fiscal 1994.

The Byrd amendment ultimately prevailed, 89-9, and later attempts to alter it by Dole and Graham failed. *(Votes 95, 99, pp. 13-S, 14-S)*

National Highway System

With hopes of dodging a White House veto threat, the Senate agreed to make a nominal commitment to the administration's proposal for a National Highway System, which would connect the Interstate system and 141,000 additional miles of principal feeder roads.

Such roads constituted 4 percent of all highway mileage but carried 40 percent of the nation's traffic and 75 percent of its goods.

Dave Durenberger, R-Minn., and John B. Breaux, D-La., won an amendment, by voice vote, that would in effect create an interim National Highway System until a study on the system was completed.

States would be required to spend at least 17.5 percent of their funds on Interstate roads and primary highways that connected with those roads. States, in consultation with local and regional officials, also would designate eligible National Highway System roads.

Baucus of Montana objected to an earlier proposal by Durenberger and Breaux that 30 percent of highway funds be applied to the new system. Because their states had fewer primary arterial roads than more heavily populated states in the East, Western senators said the 30 percent requirement would limit their flexibility to use road funds.

The amendment would set aside $22 billion over five years for the National Highway System, including $7.9 billion from the surface transportation account and $14.2 billion from a separate Interstate maintenance fund.

Billboard Lobby

The outdoor advertising industry scored a significant victory on June 12, when senators refused to ban construction of billboards along major federal highways or to make it easier for states to force the removal of existing illegal signs.

The Senate adopted, 60-39, an amendment by Harry Reid, D-Nev., that deleted billboard language put into the bill by Chafee. *(Vote 90, p. 13-S)*

The vote revealed the continued clout of the billboard industry. "They called in their chits," said Hal Hiemstra, policy director of the anti-billboard coalition called Scenic America. "This was a classic example of special interest politics. And it worked."

Reid had called the provisions "punitive and destructive to the outdoor advertising industry" and "a dangerous virus against private property rights."

The vote reaffirmed a decision made by Congress in 1978, when it amended the 1965 Highway Beautification Act (PL 89-285) in a way that made it much harder for states and localities to force removal of billboards along Interstate and primary highways. No longer could states "amortize" illegal billboards, by allowing property owners to keep the billboards up for a certain period before forcing their removal without other compensation.

Another amendment challenged a central tenet of Moynihan's bill. Trent Lott, R-Miss., wanted to continue to require the government to pick up 90 percent of the cost of Interstate maintenance and bridge projects. Moynihan had long complained that such a high federal share only encouraged states to blindly pour more concrete. Despite heavy lobbying by state highway officials, the amendment was narrowly defeated, 53-44. *(Vote 97, p. 14-S)*

Other amendments adopted by voice vote included those offered by:

- Slade Gorton, R-Wash., that required that all newly manufactured passenger cars have full front air bags by Sept. 1, 1995, and that all light trucks have air bags by 1997. The amendment also required drug and alcohol testing for transportation employees.
- Symms, that required the attorney general to certify that any new federal regulation did not violate private property rights. An effort to kill that amendment failed, 44-55. *(Vote 91, p. 13-S)*
- Symms, that eliminated the required distribution of funds and additional planning requirements for urban areas with populations between 50,000 and 250,000 that had exceeded levels of ozone and carbon monoxide.
- Jim Exon, D-Neb., that froze the length limits of trucks with double or triple trailers, as well as weight restrictions.
- Metzenbaum, that created a $31 million highway summer jobs program.

• Don Nickles, D-Okla., that allowed states to use the funds for Amtrak operating subsidies and to convert school buses to alternative fuels.

HOUSE COMMITTEE ACTION

The House put forth the first outlines of its plan for the highway and mass transit reauthorization on March 13, calling for a five-year, $153.5 billion measure that would include hundreds of special road projects for lawmakers.

Excepting those road projects, the bill bore more resemblance to the Bush administration proposal than the Senate bill, particularly because it wholeheartedly endorsed the concept of a National Highway System.

But the bill (HR 2950), unveiled on July 18, had a bumpy ride through the chamber. The Public Works and Transportation Committee reported it on July 25, 49-7, amid uncertain support for a proposed nickel increase in the gasoline tax. On Aug. 1, the bill was pulled from the floor calendar after it became clear the leadership lacked the votes to pass the gas-tax hike.

After summer recess, the House on Oct. 23 passed a revised measure that did not include the nickel tax hike. Instead, sponsors extended part of a 1990 gas-tax increase that was set to expire after fiscal 1995 and stretched the bill's funding over six years instead of five. It would become the framework for the final bill sent to the president.

Public Works Committee

The Public Works and Transportation Committee approved its $153.5 billion highway and mass transit blueprint with hopes that lawmakers would support what Public Works Chairman Robert A. Roe, D-N.J., had dubbed, "A Nickel for America."

Roe had reason to expect the House would go along with the gas-tax hike: The revenues would be used largely to fund 458 special road "demonstration" projects put into the bill for House lawmakers. The projects totaled $6.8 billion.

Roe had made it clear from the start he wanted to trade such special road projects for support on the tax.

If Congress approved the increase, he said in a May hearing before the Budget Committee, "We'll be able to meet these needs." If not, Roe said he would tell colleagues, "We have to cut back, and this is the impact it's going to have on your respective state."

Though less so than the Senate bill, the measure proposed more flexibility for states and regions to choose whether to spend federal funds on roads or mass transit projects.

The House bill was much kinder to the highway lobby by preserving the federal government's traditional emphasis on road building. It cleared the way for $40 billion in spending over five years on the National Highway System, which consisted of new and existing Interstate and primary arterial roads.

States also would be required to steer funds toward 16 regional highway corridors identified in the bill.

The bill authorized $32 billion for mass transit repairs and construction — double the amount sought by the Bush administration in its transportation proposal.

Special Road Projects

Most vital for the bill's support among lawmakers, however, was the raft of special road projects.

The projects were attached to the bill July 25 as part of what was described as a package of "technical corrections." They ranged from a new $4 million bridge over Mosquito Creek in Chattahoochee, Fla., for Public Works Democrat Pete Peterson, Fla., to a $100 million expansion of the road from Fort Worth to Springtown, Texas, into a four-lane divided highway for panel Democrat Pete Geren, Texas.

The number of special projects was about three times that of the last highway reauthorization in 1987, when 152 such projects were authorized at more than $1.3 billion. *(1987 Almanac, p. 331)*

Roe rejected the phrase "demonstration projects," a name first given to projects that demonstrated new road-building techniques but that grew into a euphemism for pork-barreling. Instead, he dubbed them "congressional projects of national significance."

Critics of such projects said they bypassed the traditional highway funding process, which allowed states to choose projects and prioritize how to spend federal road dollars. Lawmakers like Roe said states need not be the sole arbiters of worthy projects, and that lawmakers had a responsibility to meet vital local road needs.

In a July 23 letter to Roe detailing administration objections to the bill, Transportation Secretary Skinner complained that "a significant portion of the funding associated with the tax increase" was for unnecessary highway projects.

Skinner said many of the projects "have not had rigorous evaluation; have little merit in terms of advancing new technology or concepts; do not require significant state or other funding participation and are funded outside the federal-aid highway obligation ceiling of the bill."

While the projects were designed to cast a broad net of support for the bill, the "big four" leaders of the Public Works Committee — and the panel's powerful Illinois delegation — took special steps to ensure that their states fared well. Thirty-eight percent of the project dollars would go New Jersey, California, Pennsylvania, Arkansas and Illinois.

Donor State Complaints

As in the Senate, the biggest struggle during Public Works approval came from lawmakers whose states traditionally did not fare as well in such authorizations.

A fight for more funds was led by Tim Valentine, D-N.C., and Lewis F. Payne Jr., D-Va., in behalf of members from so-called donor states that paid more into the Highway Trust Fund in gasoline taxes than they received in federal highway dollars.

Donor states won an early victory by raising to 90 percent from 85 percent the formula that guaranteed each state a minimum return on what it contributed in yearly gasoline tax revenues.

But donor-state lawmakers complained that the $6.8 billion in special road projects authorized in the bill would be provided outside the minimum allocation formula — giving select states far more highway dollars than they paid in gas-tax revenues.

A subsequent deal struck between the donor states and committee leaders resulted in donor states being promised that the $6.8 billion in project funds also would be divvied up to guarantee each state a 90 percent return on its dollar. Montana, for instance, was slated to receive no special projects but would get $28 million from the special projects fund.

Job Quotas

Among other issues tackled by the panel was a politically charged debate over job quotas that resulted in an unusual defeat for Surface Transportation Subcommittee Chairman Norman Y. Mineta, D-Calif.

He and Gus Savage, D-Ill., offered amendments in the subcommittee July 23 and in full committee that would have split a minority set-aside program into one for women and another for minorities. The program required states to award 10 percent of their federal highway dollars to minority contractors and, since 1987, to women.

Mineta argued that the program was much more successful for female business owners, to the detriment of minorities. Mineta's amendment would have preserved the 10 percent minority program but also would have set up a program reserving an additional 5 percent of federal highway funds for women-owned businesses.

But opponents, led by Bud Shuster, R-Pa., called the amendment an attempt to further impose job quotas on state highway officials.

The amendment failed in both subcommittee and full committee, with 12 Democrats voting against Mineta during the full committee vote, 24-33.

Other provisions in the House bill proposed to:

- Replace existing federal-aid highway programs with five new programs, one of which was the $40 billion National Highway System.

The other new programs included a $13.9 billion "urban mobility" program for roads or transit, a similar $10.6 billion "rural mobility" program and a $13.9 billion "flexible" program for states. Safety programs would receive $3.2 billion over five years.

- Boost by more than 40 percent authority for highway construction spending and draw down the balance in the Highway Trust Fund to $2.3 billion in fiscal 1997 from $11.4 billion in fiscal 1992.
- Provide road, bridge and transit projects with a minimum 80 percent share. Interstate funding would remain at a 90 percent share.

Gas Tax

As the multibillion-dollar bill wended its way through the House, every member clamoring for an offramp or a road for his district knew the deal: You want your project, support the gas tax increase.

But the deal was in jeopardy. Some Democrats on the Ways and Means Committee quietly revolted against the leadership plan, though Chairman Dan Rostenkowski, D-Ill., backed it.

Some lawmakers were embarrassed by the implicit trade-off. Many complained that the bill was not generous enough to their states yet showered those of bill sponsors with the lion's share of projects. Other Democrats worried that raising the gas tax to pay for what looked like pork would give Bush a golden opportunity to veto the bill and sock them once again as inveterate tax-and-spenders.

"Why would we want to be pushing for a relatively regressive tax that the president is insisting he would veto?" asked Ways and Means member Byron L. Dorgan, D-N.D.

Opposition almost killed the gas tax in Ways and Means, but sponsors and House leaders rallied enough votes to pass the measure July 31, 19-17.

Among the converts to the increase were three Republicans, E. Clay Shaw, Jr., of Florida; Dick Schulze of Pennsylvania and Guy Vander Jagt of Michigan. All were urged by their party to vote no, but all were persuaded otherwise because of projects for their districts.

Vander Jagt was under special pressure as chairman of the National Republican Congressional Committee. He said there were three "life or death" projects for his Grand Rapids district contained in the bill. "Politicians understand when you have to vote your constituents' interests," he said.

Still, the victory was Pyrrhic. Though they approved the gas-tax proposal, Ways and Means leaders soon after got into an argument with Public Works bill sponsors over how much revenue the tax would raise.

Public Works leaders had assumed budget scorekeepers would, as in the past, count expected gasoline tax revenues as gross revenues — without taking any deductions for the general Treasury.

But because the revenues raised from the new nickel would be treated under new "pay as you go" rules spelled out in the 1990 budget agreement, Ways and Means members wanted to change a longtime practice of ignoring deductions businesses took off their gasoline-tax payments when calculating revenues into the Highway Trust Fund. The difference between the gross and net figures, Ways and Means estimated, took 1.25 cents away from the nickel increase. Rather than generating $6.6 billion a year, as Public Works had estimated, the tax would raise only $4.7 billion.

That complex accounting dispute only pushed the last nail into the coffin for Roe's Nickel for America. Opposition from rank-and-file Democrats already was strong enough to kill the bill for the summer on Aug. 1.

House Speaker Thomas S. Foley, D-Wash., who early on had supported the gas-tax hike, took some heat for the debacle.

"It's a confrontation that could have been avoided if a little quiet vote-counting had gone on a little earlier," said Timothy J. Penny, D-Minn. "This bill should never have been a last-minute proposition."

The delay made it certain that Congress could not complete action on the legislation by Sept. 30, when authority for states to let highway contracts with federal funds expired. When that date passed, states relied on a surplus of $6.8 billion available to them from the Highway Trust Fund to keep road construction projects going until a new authorization was enacted. Not all states fared well, though, because in some cases those funds could not be shifted toward ongoing road projects.

REVISED HOUSE BILL

After weeks behind closed doors, Public Works leaders emerged on Oct. 10 with a scaled-back $151 billion surface transportation bill (still HR 2950) that would stretch funding authority over six years rather than five.

Instead of the nickel gas-tax increase, the bill extended for four additional years half of a 1990 nickel gas-tax increase that was set to expire after fiscal 1995. The federal gas-tax rate of 14 cents a gallon therefore would decrease to only 11.5 cents per gallon after fiscal 1995.

The Public Works panel approved the revised bill on Oct. 15, 52-3. The Ways and Means panel on Oct. 16 approved the financing mechanism.

Sponsors achieved much of the savings by cutting funding by 30 percent for most of the special road and bridge projects in the original bill. About 20 projects of $1 million or less were the only projects to escape reduction.

Funding levels for the highway formula program were cut to $119 billion, rather than the $122.8 billion under the original bill. Spending authority for mass transit remained at $32 billion, but, as with all programs, the money would stretch over six years rather than five.

"We're not disappointed," Roe said. "But if we had more resources we'd be able to do a better job."

But the new House bill did not pave over all problems. The revised bill still faced a potential floor fight over state funding formulas, a stormy conference with the Senate and a possible veto.

Donor-state lawmakers posed the most immediate threat to the new bill. Roe said the revised bill treated the 20-odd donor states better than the previous measure, by increasing the spending pool from which donor states were promised at least a 90 percent return on every dollar paid into the fund.

Many lawmakers still complained that the formulas shortchanged their states. Ultimately, however, those from donor states such as Florida, North Carolina and Virginia, led by Rep. Charles E. Bennett, D-Fla., did not oppose the revised bill.

Skinner indicated he still would recommend a veto unless changes were made, including making states pay more than the 20 percent share of construction costs provided in the bill. The administration also opposed the raft of special road projects, which Skinner labeled "paving America with pork."

HOUSE FLOOR ACTION

On Oct. 23, the House passed the six-year revised bill, 343-83, but only after proponents muzzled opposition and deflected attacks on taxes and special road projects.

House proponents rallied a wide vote margin — far more than the two-thirds needed to override a threatened veto.

But a bruising conference with the Senate lay ahead, and the White House continued to sound its opposition to the House bill, largely to ensure that the administration remained a key player in the conference committee.

Skinner complained that Congress' delay in enacting a new highway bill already had cost 12,000 jobs and was hurting the economy.

The administration also criticized the bill's 2.5-cent gas-tax extension, high federal matching levels and authorization for 489 special highway projects.

The statement said the projects — which included $1.2 billion for 20 regional highway corridors — could cost more than $73 billion.

The bill moved past the House floor smoothly, mostly because controversial issues like the gas tax and complaints from donor states were ironed out beforehand.

But the bill's easy ride owed as much to the tight rein the Rules Committee kept on items open to floor debate as it did to working out early agreements on the bill's most volatile issues.

Despite Republican protests, the Rules Committee limited floor debate to only a dozen amendments and kept 41 others from being raised. Many of the amendments squelched by the panel dealt with potentially explosive issues that had tied up highway bills in the past. Among them were a limit on billboard construction, a repeal of the national speed limit, a weakening of motorcycle helmet laws, a strengthening of drunken-driving laws and a funding cut for some road projects.

"This rule is truly unprecedented, unjustified and unfair," said Gerald B. H. Solomon, R-N.Y., ranking member on the Rules panel. "What is this House coming to when a committee's bill is treated as almost sacrosanct, beyond the reach of members on this floor?"

Even sponsors agreed they had the parliamentary advantage. "We were helped immensely by the rule we had," Mineta conceded after the vote.

Republicans, including Rules Committee member Bob McEwen of Ohio, Robert S. Walker of Pennsylvania and Dan Burton of Indiana, opened their assault on the bill by attacking the rule.

The Rules Committee had denied Burton's attempts to cut seven special road projects slated to cost $67.1 million.

In protest, Republicans forced three procedural roll call votes. The rule ultimately was adopted, 323-102. *(Votes 331-334, pp. 80-H, 82-H)*

Tom DeLay, R-Texas, another bill antagonist, waged a one-man campaign against the mass-transit spending levels authorized in the measure. Apart from the $32 billion provided for mass transit, the bill allowed states to transfer up to $49 billion from highway spending to mass transit projects.

The Rules Committee had shot down four DeLay amendments that would have cut such transit funds.

Special Road Projects

After lawmakers adopted the rule limiting controversial amendments, the bill progressed with few major hitches — other than frequent eruptions by Walker, Burton and others over the bill's raft of special projects.

Though they accounted for only 3.5 percent of the authorized funding included in the bill, the $5.4 billion authorized for specific road projects was a focal point of floor debate and administration opposition.

"This is a Democratic bill, and it has a Democratic tax increase in it ... in order to build pork barrel projects in favored congressional districts," said Texas Republican Dick Armey.

Walker lambasted special treatment the bill gave a New Jersey highway project that was authorized in 1987 — a project in the district of Public Works Chairman Roe. The bill allowed the governor of New Jersey to waive "any and all federal requirements" as long as they were deemed in the public interest.

Under the provision, the governor could waive an environmental impact study due on the project in 1992 and "hand this project to a group of his cronies and violate all federal contracting procedures," Walker said. "This is outrageous, and we ought not to be doing it."

The appeal prompted a tongue-lashing from Roe. He branded Walker and other opponents as "princes of darkness" bent on trying to "belittle" and run down those seeking to help their districts with road projects.

"I resent any other members of this body coming and telling me about my district," Roe said. "You could not hurt me if you hit me with a baseball bat because you people are princes of darkness. Princes of darkness is what you are."

Public Works leaders scored a final parliamentary victory by thwarting a planned assault on the proposed extension of the 2.5-cents-a-gallon gas tax.

Under House rules, lawmakers had only one chance to send a bill back to committee for an overhaul. And Bill Archer, R-Texas, an opponent, was expected to offer such a motion to kill the gas-tax extension.

But ranking Republicans on the Public Works Committee foiled that attempt by offering the motion themselves. Bill cosponsor and key panel Republican Shuster offered a watered-down motion that cleared the way for quick House passage. *(Vote 338, p. 82-H)*

Walker, outfoxed by a fellow Pennsylvania Republican, complained bitterly, contending that only bill opponents were able to offer such motions. But Majority Leader Richard A. Gephardt, D-Mo., a bill supporter, was the presiding officer and ruled in Shuster's favor.

Other amendments were offered by:

- Anthony C. Beilenson, D-Calif., to allow states to require contractors to guarantee their work, lifting a federal ban on such warranties. The amendment passed, 400-26. *(Vote 336, p. 82-H)*

Despite that lopsided vote in favor, conferees dropped the provision in conference in exchange for language vowing to study the issue.

- Del. Eleanor Holmes Norton, D-D.C., to set separate contracting goals for businesses owned by minorities and those owned by women. Businesses owned by women would be eligible for at least 5 percent of highway contracts. Under existing law, both groups shared at least 10 percent of highway contracts. The amendment failed, 133-295. *(Vote 335, p. 82-H)*
- Walker, to kill a provision that would create a new "Office of Intermodalism." Walker said the office, which would help link various transportation systems, would make it federal policy to force people out of their cars.

The amendment failed, 69-348. *(Vote 337, p. 82-H)*

CONFERENCE ACTION

House and Senate negotiators began reconciling the two sweeping highway and mass transit authorization bills on Nov. 7, amid concern that action might not be completed before Congress adjourned for the year.

Both the five-year, $124 billion Senate measure and the six-year, $151 billion House bill would recast transportation policy in the wake of the nearly finished Interstate Highway System. But the differences between the bills were wide in many areas.

Complicating the task was the fact that the conference included a wider array of lawmakers than any previous highway authorization effort. Holding sway over select provisions were the chairmen and key members of the House Ways and Means, Energy and Commerce, Interior, Science, Merchant Marine and Judiciary committees. In total, there were 66 House and 26 Senate negotiators.

The involvement of members from so many House panels resulted in large part from the fact that the focus of both bills was on "intermodal" transportation — a concept that sought to better coordinate various transportation systems.

By emphasizing linking highways with seaports, rails and airports, the Public Works panel was forced to reluctantly include more committee members in the conference.

For example, the Science and Energy and Commerce panels had jurisdiction over research and rail transportation issues, respectively. The Merchant Marine panel oversaw seaports and wetlands preservation, both of which were eligible for transportation funds.

As the conference got under way, state highway officials grew restless. Already about 10 states had run out of authority to issue new highway contracts, and the number was expected to grow to a majority of states by the end of the year.

Concerns about state transportation programs came against a backdrop of continuing threats from the Bush administration to veto either bill. But it was increasingly more difficult for Bush to reject such domestic legislation in the face of public displeasure with the lingering economic recession, as was seen in the recent midterm elections. Also, both bills were passed with more than enough votes to override a veto.

On Nov. 14, negotiators agreed to the House bill's six-year, $151 billion scope and vowed to work through the weekends to send a final bill to Bush before Thanksgiving adjournment.

But negotiations proceeded at a snail's pace, as conferees traded accusations that the other side was stonewalling, failing to show up for meetings and getting bogged down in details. House Speaker Foley and Senate Majority Leader Mitchell kept the pressure on conferees to edge the bill toward completion.

Amid fears of a protracted recession, the Bush administration softened its harsh veto rhetoric and began to work closely with negotiators.

"The gas tax in and of itself is not enough to warrant a veto," Skinner said. A veto, he added, "is obviously not our first choice. Our first choice is to get a bill that everybody can live with."

By adopting the House funding levels, conferees boosted mass transit programs by $11 billion over the Senate measure — though the funding would be stretched over six years rather than five. Highways would receive $119 billion, rather than $103 billion in the Senate bill.

Conferees also accepted a House provision that guaranteed that states got back in highway projects at least 90 percent of what they paid into the Highway Trust Fund in annual gasoline taxes. States had been guaranteed a return of at least 85 percent.

Negotiators also agreed to a House provision that required the federal government to pay 80 percent of transportation project costs. Under the Senate bill, the government would pay only 75 percent of the cost of road projects that added new lane capacity for single-occupant vehicles.

In exchange, Senate sponsors Moynihan and Symms and others were poised to win on an issue crucial to senators: That states and urban areas be given much more flexibility to spend federal transportation money as they chose.

The decades-old rural, urban and primary highway "system" concept was headed for the dust bin.

The Interstate Highway System and the new 155,000-mile National Highway System to be made up of the Interstate network and primary feeder routes would be adopted to replace the old system.

To substitute for all other highway programs, House negotiators proposed a scaled-down version of the Senate proposal for a broad Surface Transportation Program that would allow states to spend federal money on any transportation program they chose.

The final bill authorized $119.5 billion for highways and $31.5 billion for mass transit through fiscal 1996. It marked a 39 percent average annual increase in highway spending over the previous five-year authorization period.

Gone was much of the federal control that had long dictated how transportation funds were spent. States and urban areas got unprecedented flexibility to spend money on roads, transit or other programs. For the first time, urban areas got freedom to spend funds without interference from state legislatures.

For the Bush administration, Congress' agreement to create the National Highway System was a key victory.

But even toward that system, the bill focused federal dollars on maintaining the nation's road networks instead of pouring more concrete, helping to improve mass transit systems and increase ridership, reducing traffic congestion and making the transportation system more efficient.

"This is the first transportation legislation of the post-Interstate era," said Moynihan. "It marks the transition from system building to system performance."

The bill also held out the promise of jobs at a time when the economy continued to falter. Sponsors said the measure would provide funds for up to 2 million new and existing jobs. The administration, eager to embrace the bill as a job creator on the eve of an election year, said 4 million jobs would result.

Highway Program Structure

Two new programs made up the core of the bill and both of them offered states wide flexibility to shift funds from roads to mass transit.

The bill expanded upon the Interstate network with the new National Highway System, which received $38 billion, including $17 billion for Interstate maintenance. States would have power over spending those funds, with cooperation from metropolitan planning groups. Half of the funds devoted to the system could be shifted to mass transit by states, and another 50 percent if the Transportation secretary approved.

In two years, Congress would have to approve a final road map for the system submitted by the Transportation Department.

A $23.9 billion Surface Transportation Program would be available for roads, mass transit, bridges, bicycle paths and other purposes. Each state would divide 62.5 percent of those funds among urban areas with populations of at least 200,000. The remainder could be spent anywhere in the state.

Those restrictions represented a compromise forged with Western senators, who wanted control left at the state level because their states had few large urban areas.

"We are going to have maximum flexibility for our state departments of transportation to put these funds where they're needed," said Symms of Idaho.

Other core programs included $7.2 billion to complete the Interstate system, $16.1 billion for the nation's bridges and a new $6 billion program that would provide grants to urban areas that were having trouble complying with federal clean-air rules.

Cash Categories

As was the case through the entire debate over the bill, lawmakers were most at odds when deciding how much cash each state should get. But beyond that battle, negotiators also had to overcome wide philosophical differences between the House and Senate over how to revise highway funding formulas for a post-Interstate era.

The House bill proposed rewriting longstanding formulas and distributing funds to states based on highway usage factors such as fuel consumption and vehicle miles traveled. This was done to ensure the political support of so-called donor states that paid more into the trust fund than they received in highway dollars.

The Senate bill took a completely different approach to distributing funds. Chief author Moynihan opposed usage-based formulas on the grounds that they would encourage fuel consumption. Instead, the bill based each state's funding levels on an average of its highway receipts over the previous five years.

In conference, negotiators blended aspects of both formula options. But lawmakers also decided that the only way to make states happy was to allocate most of the funds not as part of any highway program, but in the form of special road projects or lump-sum payments.

The no-strings-attached cash was used to address a chorus of complaints from lawmakers that their states were being treated unfairly.

The House reduced to $4 billion the price tag for the special projects included in its bill. Most programs were cut by equal amounts across the board.

Senate negotiators tacked on project funding of their own, adding about $2.2 billion, divided roughly evenly among 16 key states. States would be free to choose how to spend most of those funds. In total, 529 special projects were given funding authority by both chambers.

Also thrown into the projects category was another $1 billion in what was euphemistically called an "equity adjustment" for the home states of key lawmakers from Maine, West Virginia, Arkansas, Pennsylvania and others. When asked the purpose of the funds, Surface Transportation Chairman Mineta gestured as if he were doling out a stack of imaginary dollar bills.

It was just one of several provisions added as cash cows for states whose lawmakers complained bitterly that they had been treated unfairly in past years. Other categories authorized:

- $5.2 billion to ensure that donor states such as Florida, Virginia and Michigan would receive a 90 percent return on their gas tax contributions.
- $4 billion to begin reimbursing states for building toll or other roads before the Interstate was begun in 1956, if those roads became part of the Interstate system.

Moynihan had won a provision in the Senate bill that called for a study of a 1958 federal commission recommendation suggesting such a reimbursement. But in conference, Moynihan upped the ante and got negotiators to agree to a provision that would clear the way for payments to begin. The change would net New York $675 million over six years. Total reimbursement costs were expected to exceed $47 billion.

Other states that would benefit most from the payback program included California, Connecticut, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Ohio, Pennsylvania and Texas.

To help win support for the provision, 27 other states that had no such roads were promised at least $20 million each from this fund over six years.

- $1.9 billion for Western states for roads that traversed federal lands.
- $3 billion in "bonus" allocations for 19 donor states — a provision won by Bentsen when the Senate passed its bill. Also, nine donor states would share $415 million more.
- $1.7 billion to be divided among states that, for various reasons, were worse off from the conference agreement than they would have been under either the House or Senate bill.

Cash-and-Carry

The patchwork of cash-and-carry provisions marked a departure from the longstanding method of allocating federal highway funds based on such factors as a state's population density, fuel consumption and lane miles.

Lawmakers used the traditional funding formulas only

Continued on p. 150

Transportation Reauthorization Provisions

Following are provisions of the Surface Transportation Efficiency Act of 1991 (HR 2950 — PL 102-240) as cleared by Congress on Nov. 27 and signed into law by President Bush on Dec. 18.

SPENDING AND FINANCES

Spending Levels

• **Scope and cost.** Authorized $151 billion over six years for highway, mass transit, highway safety and other surface transportation programs. Highway and highway safety programs were authorized $119.5 billion and mass transit $31.5 billion.

• **Declaration of policy.** Established as U.S. policy the development of "a national intermodal transportation system that is economically efficient, environmentally sound, provides the foundation for the nation to compete in the global economy and will move people and goods in an energy-efficient manner."

The policy stressed the creation of a national highway system, composed of existing and new Interstate and primary arterial roads. It also emphasized public transportation as a way to improve air quality, conserve energy and improve mobility for the elderly and those with disabilities. The policy was required to be posted in all Transportation Department offices.

• **Obligation ceiling.** Recommended that spending from the Highway Trust Fund be raised from the $14.5 billion fiscal 1991 limit to $16.8 billion in fiscal 1992, $18.3 billion for fiscal 1993, $18.4 billion for fiscal 1994, $18.3 billion for fiscal 1995, $18.4 billion for fiscal 1996 and $18.3 billion for fiscal 1997. Appropriators set the actual spending limits.

• **Federal matching share.** Required a federal matching share of 80 percent for most programs. States put up 20 percent of the authorized federal cost for each road, transit or safety project. A federal share of 90 percent was provided for remaining Interstate construction projects.

Financing

• **Motor fuels tax.** Maintained a 14-cent-a-gallon gasoline tax through fiscal 1995. After that, half of the 1990 nickel increase for highways and transit that was slated to expire after fiscal 1995 would be extended through fiscal 1999. The provision would keep gasoline taxes at 11.5 cents and would not allow them to drop to 9 cents a gallon as had been planned.

Most funding for federal transportation programs came out of the Highway Trust Fund, which was fed by taxes on the sale of motor fuels. The 1990 budget-reconciliation law increased gasoline taxes by 5 cents to 14 cents a gallon until the end of fiscal 1995 but directed that only 2.5 cents of that increase go toward highways and transit. The other half was used to reduce the budget deficit.

HIGHWAYS

Highway Programs

• **National highway system.** Authorized $38 billion for a 155,000-mile national highway system, consisting of the Interstate highway network and major primary roads. The amount included $17 billion for maintenance of the Interstate system.

The Transportation secretary would select eligible segments and submit them to Congress, which would have to approve the system by Sept. 30, 1995, or lose the funds.

States could transfer 50 percent of their highway system funds to mass transit, and an additional 50 percent if the secretary certified that such a transfer was in the public interest.

• **Surface transportation program.** Consolidated all other highway programs, other than for the Interstate system, into one $23.9 billion Surface Transportation Program to provide funds for roads, mass transit and other transportation projects.

Road projects eligible for funding included construction and rehabilitation projects, earthquake-proofing and operational improvements for bridges and highways. Interstate highways and bridges on and off the federal aid system were eligible for additional funds.

Funds also could be used to cover capital costs for mass transit, passenger and high-speed rail and publicly owned bus terminals and facilities. Money also could be spent on passenger rail or magnetic levitation service provided by public or private carriers; car pool projects and related parking facilities; bicycle programs; transportation safety; research and planning programs; and transportation control measures required under the 1990 amendments to the Clean Air Act.

• **Interstate Highway System.** Authorized $7.2 billion to complete the Interstate Highway System, begun in 1956, from fiscal 1993 through fiscal 1996. States would receive funds based on their share of costs to complete the system, except for Massachusetts, which was authorized $2.55 billion over four years to complete Interstates 90 and 93 in downtown Boston. The law also authorized $17 billion to maintain the Interstate system as part of the National Highway System.

• **Bridges.** Authorized $16.1 billion to rebuild and replace obsolete and deficient bridges. Of that amount, $349.5 million was to go into a discretionary program to allow the Transportation secretary to direct funds to specific bridges. Timber bridges were guaranteed $50.5 million of the discretionary amounts.

• **Urban-rural mix of funds.** Required states to devote 20 percent of their Surface Transportation Program funds to safety and transportation enhancement programs. At least 62.5 percent of the remaining 80 percent of funds was to be divided among urban areas of at least 200,000 residents and other less populated areas in amounts equal to the proportion of their population. The remaining 37.5 percent of funds would be spent on projects regardless of population.

• **Minimum allocation.** Authorized $3 billion for the "bonus minimum allocation" program designed to ensure that each state received the highest possible return on its contributions to the Highway Trust Fund. That came atop the standard minimum allocation program, for which the law authorized $5.2 billion to ensure that each state received a 90 percent return on its gasoline tax contributions.

The law changed the calculation for the base amount of the minimum apportionment formula to give states more funds. The new base included all payments to states for Interstate construction, substitution and maintenance, bridge and surface transportation programs as well as prior years' discretionary allocations from those programs.

Future discretionary road grants and special road project funding were excluded from the minimum allocation formula.

• **Other apportionment formulas.** Combined the Senate proposal to average each state's allocation over the past five years with some new factors from the House bill, as well as lump-sum payments to states.

Longstanding formulas would no longer be used to allocate most funds. Instead, they were largely replaced by several lump-sum cash payments to states.

States would divide a total of $4 billion, authorized for fiscal 1996 and 1997, to begin reimbursing them for segments of the Interstate system that were constructed without federal assistance before the program began in 1956. States standing to benefit the most included New York, California, Connecticut, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Ohio, Pennsylvania and Texas. Even states with no such roads would get a minimum of $20 million each from this program.

Western states would receive $1.9 billion for roads that traversed federal lands. Another $1.7 billion would be divided among states that, for various reasons, were worse off from the conference agreement than they would have been under either the House or Senate bill.

• **High-priority corridors.** Authorized $2 billion for 21 high-priority corridors that were deemed regionally and nationally important. Those corridors would be part of the national highway system.

• **Special road projects.** Authorized $6.2 billion for 539 special road projects in lawmakers' districts and states. That amount included $4 billion in projects chosen by House members and $2.2 billion in Senate funding to states for unspecified projects.

Spending for most projects would be made through the trust fund, with some projects funded through general revenues. In most cases, the federal government would pay 80 percent of the costs.

The special road projects were initiated by House lawmakers, but during the conference, House proponents reduced funding for their projects to make room for the requests of senators. Most senators applied funds to their states in lump-sum form, while others chose specific projects.

House bill sponsors, including Robert A. Roe, D-N.J.; Norman Y. Mineta, D-Calif.; John Paul Hammerschmidt, R-Ark.; and Bud Shuster, R-Pa., came away with about 36 percent of all road projects specified by the House.

The states of several key senators also came out big winners during the conference committee. West Virginia, home of Democratic Appropriations Chairman Robert C. Byrd, received more than $200 million in special road projects. Maine, home of Majority Leader George J. Mitchell, D, received $134.5 million for a special bridge repair project. The Kennedy Expressway in Illinois received $175 million in special road funds.

- **Bicycles and pedestrian walkways.** Allowed federal transportation funds to be used to build bike and pedestrian paths along federal-aid highways, roads, trails or parkways.
- **Metric system signing.** Repealed the prohibition for the placement of metric signs along federal-aid highways.

Metropolitan and Statewide Planning

- **Metropolitan planning.** Required that urban areas of more than 50,000 residents establish metropolitan planning groups to coordinate various transportation modes.

Each group would work with states to develop a transportation improvement program that encompassed all federal transportation projects within a metropolitan area. The plan would have to conform with a long-range transportation plan and state efforts to comply with the Clean Air Act. The program would be updated every two years. Planning factors would include energy conservation; social, economic and environmental effects; enhancing transit services; and long-range transportation needs. Areas with populations of 200,000 or more were deemed transportation management areas and would have stricter planning requirements.

- **Statewide planning.** Required states to develop plans for an intermodal, or mixed transportation, system. Plans would include long-range outlooks and a transportation improvement program, and would be coordinated with metropolitan planners.

In developing such plans, the states would have to allow public involvement and consult with Indian tribal governments that had jurisdiction over lands within the state.

Safety

- **Highway safety grant programs.** Authorized $1.3 billion for National Highway Traffic Safety Administration grant programs from the trust fund. A House provision setting up new mandatory safety programs for drunken driving, speeding, motorcycle safety and other items was dropped, and listed only as priority items to be considered when making grants.

The Transportation secretary also would have to establish a national uniform data collection and reporting system of traffic-related deaths and injuries.

- **Impaired driving enforcement.** Set up a new program that authorized $125 million for grants to states that adopted alcohol- and drug-impaired driving enforcement programs.

A state would be eligible for a basic grant if it met the following five requirements: revoked drunken driver's licenses; set up sobriety checkpoints; set a 0.1 blood-alcohol content level standard for drunken driving, reduced to 0.08 after three years; stepped up enforcement of 21-year-old drinking age laws; and established laws preventing drugged driving. Grants would be given only to states that made it unlawful to possess open containers of alcohol in the passenger area of a motor vehicle (excepting charter buses) while on the road and that revoked license plates and registrations of repeat drunken-driving offenders. Videotaping drunken drivers also would be a supplemental grant criteria.

- **Other safety programs.** Authorized from general funds $291 million through fiscal 1995 for the traffic and motor vehicle safety program and $27.4 million for the motor vehicle information and cost-savings program.
- **Motorcycle helmet and safety belt use.** Required states that did not have motorcycle helmet and safety belt laws in effect during fiscal 1994 to spend 1.5 percent of their highway funds for highway safety programs. States that failed to enact such laws by fiscal 1995 would have to spend 3 percent of their highway funds on safety programs.

The law also authorized $100 million for incentive grants to states that adopted motorcycle helmet and safety belt laws.

- **Air bags.** Required that passenger cars made after Sept. 1, 1996, be equipped with driver and front-seat passenger air bags. Trucks, buses and multipurpose passenger vehicles would have until Sept. 1, 1997, to have driver's side air bags, and until Sept. 1, 1998, for front-seat passenger air bags.
- **Safety priorities for passenger cars.** Directed the secretary to begin writing safety standards by May 31, 1992, to improve the side-impact protection of cars and reduce head injuries; to reduce the risk of passenger cars, vans and light trucks rolling over; to improve the safety of child booster seats; and to improve safety belt designs and head-impact protection.
- **Rear-seat belts.** Directed the secretary to provide consumers, during fiscal 1993, with information about retrofitting their vehicles with rear-seat, lap-and-shoulder belts.

Tolls

- **Toll facilities.** Provided states up to 35 percent of the cost of building new public toll facilities on roads, bridges and tunnels other than on free segments of the existing Interstate system. Tolls set to expire were allowed to continue. The federal government would pay 80 percent of the cost of converting existing roads and bridges to tolls.
- **Congestion pricing.** Allowed the federal government to pay for up to three years for five unspecified "congestion-pricing" pilot programs to be undertaken locally. The program allowed states to levy tolls on vehicles traveling on congested routes during peak travel periods.

MASS TRANSIT

General Provisions

- **Agency name change.** Renamed the Urban Mass Transportation Administration the Federal Transit Administration.
- **Federal matching funds.** Increased the federal share of funding for mass transit projects from 75 percent to 80 percent for discretionary programs and retained the 80 percent match for formula grant programs. The federal government still would pay up to 50 percent of operating assistance grants.

Wheelchair ramps and other related equipment required by either the 1990 amendments to the Clean Air Act or the Americans with Disabilities Act were eligible for a 90 percent match.

- **Mix of general funds, trust funds.** Increased the proportion of mass transit funds that came out of the mass transit account of the Highway Trust Fund. Of the $31.5 billion authorized for transit programs, $18.2 billion, or 58 percent, would come from the trust fund and the rest would come from the Treasury.
- **Flexibility of highway and transit funds.** Allowed up to $65 billion, or 54 percent, of the federal highway program to be made available for mass transit at the discretion of state and local officials.

Conversely, some formula grant funds in urbanized areas of 200,000 or more would be available for roads or other transportation programs if requirements under the Americans with Disabilities Act were met. Approval of a metropolitan planning organization also would be required.

Discretionary Grants

- **New rail projects and extensions.** Authorized $6.2 billion primarily for new rail and bus projects. Among the 64 new projects designated was authority for $634 million for the New Jersey urban core system and $568.5 million for the San Francisco Bay area rail system.

• **Rail modernization.** Authorized $4.9 billion for rail and fixed-guideway modernization projects. The law restructured the way grants were awarded to reflect the growing number of aging rail systems.

• **Buses and bus facilities.** Authorized $2.3 billion for the replacement, rehabilitation and purchase of buses and related equipment and the construction of bus-related facilities.

• **Criteria for new starts.** Spelled out new factors to be used by the Transportation secretary in deciding where to spend money for new rail systems. Among them, the results of alternative analysis and preliminary engineering studies, cost effectiveness and whether a project was supported by an "acceptable degree of local financial commitment" would have to be considered before a proposed project could go forward.

The alternative analysis requirement could be waived if a small portion of total costs was sought from the federal government or if the project was needed to help a state comply with air quality plans.

The social, environmental and economic impacts of proposed projects would also be taken into consideration before they could go forward.

Formula Grants

• **Capital and operating grants.** Authorized $16.2 billion for capital grants and operating assistance and $941.7 million for rural transit programs.

• **Urban-rural funding proportion.** Increased the amount of formula funds available for rural transit systems to 5.5 percent from 2.9 percent.

The law directed that urbanized areas of less than 200,000 but more than 50,000 would be guaranteed a minimum 8.8 percent share of formula grant funds, up from 8.6 percent. Areas with more than 200,000 would receive at least 85.6 percent of formula funds, a slight decrease from 88.4 percent under previous law.

• **Operating assistance.** Retained federal operating assistance for all mass transit systems. The administration proposed doing away with operating assistance for urban areas of more than 1 million.

The amount of operating assistance available to transit systems was indexed to inflation. This was the case for all urban transit systems, not just those in areas with populations under 200,000, as was past practice.

• **Research, planning and administration.** Authorized $478.4 million for national- and state-level research, planning and training and $304.5 million for expenses of the Federal Transit Administration.

• **Programs for elderly, disabled.** Authorized $428.3 million for transit programs to aid the elderly and disabled. Funds would be available for operating expenses as well as capital expenses.

OTHER ISSUES

Research

• **Highway research.** Authorized $240 million for an applied technology program for highway, transit and mixed transportation systems to speed up and deploy advanced highway-building technologies.

• **Intelligent vehicle-highway systems.** Authorized $659 million to launch a new program to use high technology to help solve traffic congestion and safety problems along highways. The money would go toward installing high-tech devices along highway corridors selected by the Transportation secretary.

Such systems would include computer-controlled traffic monitoring and communication systems between transportation networks and vehicles. The systems would seek to make travel on existing roads, bridges and tunnels more efficient.

Half of the program funds would go to highly congested areas and those with air quality problems. The federal government would pay 80 percent of the cost of such technologies and all of the cost of especially innovative projects to be determined by the secretary.

• **High-speed ground transportation program.** Authorized $700 million to design and build magnetically levitated train systems along federal aid highways, including the Interstate system. Another $50 million would go toward grants to develop all forms of high-speed ground transportation, including steel-wheel rail. And $25 million would be authorized for broader research in the area.

A prototype magnetically levitated train system, which rode on an electromagnetic cushion, would be slated for operational testing within three years of enactment. The federal government would pay 75 percent of its cost. The project would be at least 19 miles long and contain at least one track-switching mechanism.

A national design program for magnetic levitation trains would be established, jointly managed by the assistant secretary of the Army for civil works and state and federal transportation agencies. The initial plan would be submitted to Congress by Jan. 15, 1992, and updated annually.

• **Bureau of Transportation Statistics.** Authorized $90 million to create an office to collect data on the performance of the nation's transportation network and to produce biannual estimates of the productivity and use of the systems.

Trucking Initiatives

• **Length and weight limits on trucks.** Limited the use of longer-combination vehicles on the Interstate system to states that allowed them before June 1, 1991. Such trucks were defined as having two or more trailers or semi-trailers that weighed more than 80,000 pounds. Included were triple-trailer combinations, long double combinations and so-called Rocky Mountain doubles that consisted of one long and one short trailer.

The law left it up to each state to determine which longer-combination vehicles could use its roads. But the Transportation secretary could challenge a state's assessment of its vehicle length and weight laws.

States would be allowed to further restrict the use of longer-combination vehicles above and beyond the federal limits.

• **Motor carrier safety assistance.** Authorized $479 million for grants to enforce federal and state trucking regulations, to train truck inspectors to enforce new rules governing hazardous materials, to fund state truck and bus accident data programs and to fund research, development and administrative functions.

• **"Bingo cards."** Repealed a law that allowed states to require truckers to be certified. The law had forced truckers to carry so-called bingo cards in their cabs with stamps from each state in which they were certified to travel.

Environmental and Scenic Issues

• **Congestion mitigation and air quality improvement.** Authorized $6 billion over five years for a program to reduce congestion and improve air quality.

Funds would be available to areas that failed to meet air quality levels under the 1990 amendments to the Clean Air Act. Metropolitan planners would select eligible programs, and the federal government would pay no more than 80 percent of the costs.

Eligible projects included those likely to contribute to an urban area's compliance with the standards and those approved as part of a state's implementation plan under the Clean Air Act.

Projects that expanded road capacity for single-occupancy vehicles would be specifically excluded unless they had designated lanes for high-occupancy vehicles during rush hours.

• **Controls on outdoor advertising.** Authorized states to use any federal aid highway funds to remove illegal signs and justly compensate sign owners for those signs. The provision also applied to signs located along Interstate and primary system roads designated as scenic byways by the states. Sign owners would have 90 days from enactment to remove their illegal signs. If not, the state would remove the billboards and charge the owner for removal costs.

Also, $3 million in authorized funds for the scenic byways program would be available to states for billboard removal.

• **Scenic and historic byways.** Authorized $30 million over three years for a program to establish national scenic and historic roads. The Federal Highway Administration would provide technical assistance to state agencies responsible for the roadways and would provide grants to the same agencies for planning, design and development of the scenic road program.

Ten percent of these authorized funds would be available to states for billboard removal.

• **National Recreational Trails Fund.** Set up a trust fund with revenues from the excise tax on recreational fuels to help promote the use of recreational trails in states.

Fuel taxes paid into the Highway Trust Fund from outfitters and guides, snowmobile excursion operators, motorcross racing establishments, ski lodges and other commercial users had been refunded through tax credits. Those tax credits were repealed and the revenues instead put into the trust fund.

Half of trust fund revenues would be divided equally among states and the other half distributed based on recreational use. States with the highest demand for recreational trails would get the most revenues.

Miscellaneous

• **Speed limit sanctions repeal.** Repealed a 1987 law requiring federal monitoring of state speed-limit compliance. The requirements would be eased by mandating that states only submit data and certify that speed limits were being enforced. States that failed to meet those requirements still would be subject to the loss of federal highway funds.

The law made permanent the ability of states to raise the speed limit to 65 mph on certain non-Interstate highways built to Interstate standards and located outside of urban areas.

• **Documentary.** Authorized $2 million for a film documentary examining the health of the nation's infrastructure, with cooperation from a public television station to be chosen.

• **State compliance with driver's license suspensions.** Required a federal study of state efforts to comply with a 1991 law requiring that convicted drug offenders' driver's licenses be suspended.

• **Office of intermodalism.** Created an office, within the Office of the Transportation secretary, to coordinate all modes of transportation, as a way to achieve more efficient and productive transportation methods. The director would be required to develop an intermodal transportation data base with states and metropolitan planning organizations. The office also would oversee research on intermodal transportation. ■

Continued from p. 146

as a starting point for the computer programs of their staffs. The final chart showing how each state would fare that was adopted by negotiators was labeled "26A" — a title that greatly understated the numerous unofficial charts floating around Capitol Hill the week of Nov. 25.

"We had a saying in the committee," said Lautenberg of New Jersey. "I send a formula to the computer and ask for its immediate consideration."

Some longstanding factors used to calculate formulas would remain intact, though, including those for Interstate construction and maintenance, bridges and roads on federal lands. Spending for those programs would continue to be allocated according to factors such as a state's lane mileage, population and project completion costs.

The new highway categories allocated money using a blend of House and Senate formula proposals. The National Highway System, the Surface Transportation Program and a congestion-relief program relied on House-proposed factors such as diesel fuel consumption and vehicle miles traveled as well as the Senate option of averaging what a state received in funding over the past five years.

Other key provisions included in the final bill:

• Authorized $4.9 billion primarily for new rail projects, designating 57 new rail and bus projects. It also would authorize $4.9 billion for rail and fixed-guideway modernization programs, $2.4 million for buses and related materials, $17.4 billion for capital grants and operating aid, $918 million for rural transit programs and $717 million for research and planning.

• Required that urban areas of more than 50,000 residents establish metropolitan planning groups to coordinate various transportation modes.

Each group would work with states to develop a transportation improvement program for the metropolitan area, which would conform with clean-air guidelines and be updated every two years.

• Froze the length and weight limits for multi-trailer trucks at those allowed by states as of June 1, 1991. Such trucks had two or more trailers weighing a total of more than 80,000 pounds.

• Allowed states to spend no more than 10 percent of a $180 million scenic highways account to remove illegal billboards along such roads.

• Set up a trust fund from revenues generated by the excise tax on recreational fuels to help promote the use of recreational trails.

• Required states that did not have motorcycle helmet and safety belt laws in effect during fiscal 1994 to spend 1.5 percent of their highway funds for highway safety programs.

• Authorized $2 million for WETA-TV in Washington, D.C., to begin work on a documentary examining the health of the nation's transportation systems.

Negotiators dropped from the bill provisions that would have allowed states to require contractors to guarantee their work, begin a tree-planting program along highways and make it more difficult for the government to seize private property when building roads.

FINAL ACTION

After two weeks of an often rancorous conference, the Senate on Nov. 27 cleared the measure for Bush, 79-8, in the early morning hours before Congress adjourned for the Thanksgiving recess. *(Vote 277, p. 36-S)*

"This will touch the lives of everyone," Roe said as the House adopted the final bill, 372-47, and sent it to the Senate. "With this bill we are rebuilding America." *(Vote 440, p. 106-H)*

There was much congratulating but little floor debate in either chamber as the conference report was adopted.

Members from donor states had given up their last-minute efforts to extract more money from the bill.

"We will come back and try to get parity, eventually. But in the meantime, America needs this bill and so does Florida," said Rep. Lawrence J. Smith, D-Fla. The Florida delegation had led the charge against mostly Western states that received far more in highway construction projects than they contributed in taxes to the Highway Trust Fund.

Skinner on Nov. 26 praised the bill as "a constructive compromise" and said he would recommend that Bush sign it.

Despite earlier veto threats, the administration worked closely with lawmakers toward the end of the conference and Skinner took pains to identify himself with the process.

He emphasized that many aspects of the final bill originated from the transportation proposal he unveiled early in the year. Those included the bill's 155,000-mile National

Highway System, incentives for private-sector investment, toll roads and greater flexibility for states in spending federal road dollars.

He downplayed provisions remaining in the bill that had been vigorously opposed by the White House, including a 20 percent state share for most programs and the special road projects. The administration wanted states to pay a higher portion of project costs — as high as 40 percent — and branded the projects traditional congressional pork-barreling.

Skinner was apparently chastened by the prospect that failure to renew transportation programs could cost jobs. He conceded that states were not fiscally prepared to pay higher shares for road and transit projects and that 60 percent of the special projects added were along parts of the proposed National Highway System.

"What we have is controlled pork," Skinner said.

Bush signed the bill in Dallas on Dec. 18. Saying Skinner had achieved his goal of heralding in a new era for national transportation policy, Bush named him to replace John H. Sununu as White House chief of staff as of Dec. 16.

One last glitch put a crimp on the legislation, however. The White House Office of Management and Budget said across-the-board cuts of $1.2 billion in highway spending for fiscal 1992 would be needed to make the bill comply with domestic spending ceilings under the 1990 budget agreement.

Most of the excess spending was attributed to a provision put into the bill by Moynihan to authorize funds for renovation of a federal courthouse in the New York City borough of Brooklyn. Though the courthouse was expected to cost only $457 million in the later years of the bill, a complex budget scoring ruling by OMB counted the provision as requiring $1.2 billion in cuts from highway spending in fiscal 1992 to account for the $457 million in actual spending in future years. ■

Drug Testing Required for Transit Workers

A fatal New York City subway crash in August, believed to have been caused by a drunken motorman, prompted lawmakers to push anew for more stringent rules on random drug and alcohol testing for transportation workers.

Appropriators included a provision in the fiscal 1992 transportation spending bill (HR 2942 — PL 102-143) that required new drug and alcohol testing rules for aviation, rail, trucking, bus and mass transit employees performing safety-sensitive jobs. The Transportation Department and the Federal Aviation Administration had one year from the bill's enactment to require the tests. *(Appropriations, p. 603)*

The Senate had passed drug-testing legislation a dozen times since 1987 only to see it die in the House, where intense opposition from organized labor had kept such bills off the floor. The AFL-CIO opposed random testing, contending that it was an invasion of privacy and produced inaccurate results.

But the House, without the usual fight from key drug-testing opponents such as Energy and Commerce Chairman John D. Dingell, D-Mich., passed a non-binding motion Sept. 24 to instruct conferees on the appropriations measure to accept mass transit drug-testing language sponsored by Sen. Alfonse M. D'Amato, R-N.Y. The motion carried by an overwhelming 415-5. *(Vote 273, p. 66-H)*

Conferees, who in 1990 rejected similar D'Amato language, went a step further in 1991. They adopted a broader bill by Sen. Ernest F. Hollings, D-S.C., to mandate random drug and alcohol tests on all transportation workers in safety-sensitive positions. "It's a matter we can't compromise on any longer," D'Amato said. "And the unions understand that."

House appropriators, led by William Lehman, D-Fla., dropped their past opposition and accepted the Senate provision under an Oct. 2 conference agreement.

Since the beginning of 1990, the Bush administration had required random drug tests of about 4 million aviation, trucking and bus employees in safety-sensitive positions. The administration had been considering alcohol-testing rules.

Mass transit workers were not covered by the existing rules. A federal appeals court ruled that the Urban Mass Transportation Administration lacked regulatory authority to impose tests on such workers.

The drug-testing provision in the spending bill codified existing rules that required tests in specific instances. For example, they were required before workers were hired and after an accident, and could be administered for "reasonable cause," on a periodic basis and on a random basis.

The Hollings Measure

In the sixth such vote in five years, the Senate passed a separate drug and alcohol-testing bill (S 676) on May 20 by voice vote. Hollings then urged the House to pass a companion measure to cover aviation, rail, transit and bus workers.

Despite a 1989 Supreme Court ruling that upheld mandatory drug testing for workers with public-safety and law enforcement duties, efforts to extend such screening to others continued to meet with resistance. *(1989 Almanac, p. 325)*

The attitude changed after the Aug. 28 subway crash in New York, which killed five people and injured 171. Hollings said the accident "has jarred our senses and again tragically reminds us that legislation mandating alcohol and drug testing is needed." Police had charged train operator Robert Ray with five counts of murder and said they believed that he was drunk when the accident occurred. Authorities also found a vial with traces of cocaine inside the motorman's cab.

House Resistance

The House resisted drug testing largely because of intense labor opposition that had kept it from coming before two committees that shared jurisdiction over the issue. The Public Works and Transportation panel oversaw issues involving aviation, mass transit and bus employees. Rail workers fell under the purview of the Energy and Commerce Committee.

House lawmakers became more amenable after the subway crash. Despite its heavy workload, the Public Works Committee pushed the issue to the top of its agenda.

Labor groups also became more receptive than in past years. The Transit Workers Union in New York on the day after the accident issued a statement saying, "The transit workers of our city have no fear of drug or alcohol testing."

Peggy Taylor, associate legislative director for the AFL-CIO in Washington, said the union was not against drug testing but considered random testing ineffective and open to abuse by employers. Alcohol tests also posed problems for employers, she said. ■

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CRS Report for Congress

Highway and Transit Program Reauthorization: ISTEA Revisited?

February 6, 1997

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Surface Transportation Program Reauthorization: ISTEA Revisited?

SUMMARY

Authorizing legislation for federal surface transportation programs -- highway, highway safety, and transit -- expires at the end of FY1997. The existing program framework was created by the Intermodal Surface Transportation Efficiency Act of 1991 (P.L. 102-240), better known as ISTEA.

The Act was unique in the annals of federal surface transportation authorizing legislation in several ways. It was the first time that completion of the interstate highway system was not a focus of the legislation. In addition, ISTEA attempted to create an intermodal framework for transportation policy. ISTEA also emphasized an increased state and local role in transportation planning and decision making, which represented a major devolution in decisionmaking from the existing federal/state dominated process. Further, ISTEA provided a significant increase in transferability of funds among programs.

It is expected that reauthorization of ISTEA will address a whole range of concerns about the mechanics and effects of the Act. A short list of issues that will be addressed would include: funding distribution formulas, the role of metropolitan planning organizations (MPOs) in project approval, transportation "enhancement" programs, the availability of "flexible" funding (i.e., funds that can be transferred from one program to another), intelligent transportation system (ITS) funding, the availability of transit discretionary funding, and the regulatory framework of the federal transportation programs.

This report highlights the major issues expected to be considered during reauthorization of federal highway and transit programs, with the exception of highway safety issues. The report references relevant CRS products which congressional offices may order by calling 7-7132. For the most current information about pending legislation, please consult the Legislative Information System (LIS) at http://www.congress.gov.

CONTENTS

Surface Transportation Program Reauthorization: ISTEA Revisited?[1]

From the perspective of the federal government, much of the interest in surface transportation in the second half of this century has been focused on highways. Transit, in all its forms, including buses, subways, and commuter rail, has also become a significant federal program, but it is dwarfed in size by the much larger highway program.

The modern federal-aid highway program dates to the Federal-aid Highway Act of 1956 (P.L. 84-627) and its accompanying revenue title that created the federal highway trust fund. This legislation has been amended on many occasions, and in many ways, over the intervening 40 years. The only constant over the period has been growth. Today's program provides assistance for a much larger system of highways and bridges than envisioned in 1956, when the focus was on creation of the interstate system. Concomitantly, the financial scope of the program has also grown significantly. Highway safety programs, which will not be discussed in detail here, are also incorporated into the surface transportation acts.[2]

The federal transit assistance program is of slightly more recent origin. The Urban Mass Transportation Assistance Act of 1964 (P.L. 88-365) is generally regarded as the starting point for an active federal role in transit policy. Again, the constant in this program has been growth, albeit at a slower pace than its highway counterpart.

As federal surface transportation programs have expanded in size, so, too, has their scope. Recent reauthorizing legislation has included elements such as high-speed passenger rail and magnetic levitation (Maglev). These types of

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[1]This report highlights the major issues expected to be considered during reauthorization of federal highway and transit programs. It will be updated as issues develop throughout the session. Although the report refers to legislation under consideration as of the date on its cover, it is not intended to track particular bills or resolutions through the legislative process. For information about current legislation and its status, please consult the Bill Summary and Status file of the Legislative Information System (LIS)(http://www.congress.gov).

[2]For a discussion of federal highway safety programs see: U.S. Library of Congress. Congressional Research Service. *Reauthorization of the Motor Carrier Safety Assistance Program: Options to Promote Flexibility and Performance.* CRS Report 96-803 SPR. by Paul Rothberg, Amy Higgins, Andrew Drance, and Henry Leventis. Washington. October 4, 1996. 17 p.. and *Motor Vehicle Safety in the National Highway System Designation Act of 1995 (P.L. 104-59).* CRS Report 95-795 SPR. by Migdon Segal, J. Glen Moore, and John R. Justis. Washington. Updated January 25, 1996. 22 p.

initiatives would previously have been considered as outside the bounds of surface transportation legislation.

Funding

Funding for the federal surface transportation programs are derived primarily from the highway account and the transit account of the highway trust fund. These accounts derive their respective funding from specific excise and other taxes. In the case of the highway trust fund, the vast majority of revenues are derived from federal fuel taxes.[3] The overall budgetary status of the trust funds is a contentious issue in its own right, but that matter is the focus of another report.[4]

Program funding, as provided by surface transportation authorizing legislation, contains a confusing mix (for those unfamiliar with the process) of budget authority and contract authority -- the latter, in essence, a form of multiyear budget authority. Contract authority, in turn, provides obligational authority for the funding of trust fund financed programs, such as the federal-aid highway program. This structure is somewhat unique among federal discretionary functions subject to annual appropriations. As a result, changes in spending in transportation appropriations legislation can only be achieved by combining changes in budget authority and placing limitations on obligations. More detailed definitions of these terms can be found in Appendix A at the end of this report.

The ISTEA Framework

The Intermodal Surface Transportation Efficiency Act of 1991 (P.L. 102-240), better known as ISTEA, created a new post-interstate highway framework for federal surface transportation programs. ISTEA provided a 6-year program authorization of approximately $155.0 billion in federal assistance. Historical information on ISTEA program spending is provided in Appendix B of this report.

The Act was unique in the annals of federal surface transportation authorizing legislation in several ways. It was the first time that completion of the interstate highway system was not a focus of the legislation. In addition, ISTEA attempted to create an intermodal framework for transportation policy. ISTEA also emphasized an increased state and local role in transportation

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[3]For a discussion of transportation fuel taxes see: U.S. Library of Congress. Congressional Research Service. *Transportation Fuel Taxes After the 104th Congress.* CRS Report 96-852 E, by Bernard A. Gelb. Washington, October 24, 1996. 6 p.

[4] For a detailed discussion of this issue see: U.S. Library of Congress. Congressional Research Service. *Transportation Trust Funds: The Off-Budget Debate Continues,* CRS Report 96-989. by John W. Fischer. Washington, December 6, 1996. 18 p.

planning and decision making, which represented a major devolution in decisionmaking from the existing federal/state dominated process. Further, ISTEA provided a significant increase in transferability of funds among programs. Finally, the legislation placed a heightened emphasis on new technology solutions to transportation problems.

Major Provisions of ISTEA

The National Highway System (NHS)

The NHS comprises the Nation's principal roads, including the interstate system. The NHS designation, made permanent by the National Highway System Designation Act of 1995 (P.L. 104-59)(NHS Act), establishes a system of approximately 161,000 miles of federal-aid highways eligible for dedicated funding. The NHS is the second largest highway funding category in ISTEA and had a 6-year authorization of $21.0 billion. (See page 5 of this report for additional information about the NHS Act.)

Surface Transportation Program (STP)

The STP is somewhat like a state block grant program that can be used for projects on any portion of the state's federal-aid highway system. Distribution to the states is on a formula basis and there are a number of set-aside programs within the STP (i.e., 10% each for safety construction and transportation enhancement initiatives). STP funds can be transferred to other approved transportation projects, such as transit, if certain guidelines are met. The STP is the largest ISTEA highway program and had a 6-year authorization of $23.9 billion.[5]

Interstate Maintenance Program

This program reserves funds for rehabilitation, restoration, and resurfacing on the interstate system. Except in specific circumstances, these funds cannot be used for new construction. The 6-year authorization for this program was $17.0 billion.

Bridge Replacement and Rehabilitation

This provision continues a federal program designed to provide aid for any bridge on any public road. The ISTEA changed allowable uses of these funds to include bridge painting and seismic retrofitting of bridges. It also creates a

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[5]For a more complete explanation of the STP see: U.S. Library of Congress. Congressional Research Service. *Surface Transportation Program: Background and Flexible Funding Provisions.* Report 95-1120 E, by William A. Lipford. Washington, November 16, 1995. 2 p.

timber bridge category with $400.0 million in funding over 6-years. Total program funding for 6-years is set at $16.1 billion.

Congestion Mitigation and Air Quality Improvement Program (CMAQ)

The CMAQ program provides funding for projects that will assist states and localities in meeting goals set forth in the Clean Air Act. Funding is provided on a formula basis with each state guaranteed a minimum allocation, regardless of whether the state experiences congestion or air pollution problems. CMAQ had a 6-year authorization of $6.0 billion.

Equity Adjustment

Equity adjustment provisions are among the most difficult and controversial provisions to understand in the federal highway program. There are several categories of funds that fall into this grouping. All of these provisions are interdependent, i.e., a change in one category results in changes in other categories. Funding for these programs is determined by the formulas found throughout the ISTEA framework. The largest is the **90% minimum allocation program** which guarantees that each state will receive funding equivalent to 90% of the State's contribution to the highway account of the federal highway trust fund. Funding is determined on the basis of a state's total apportionments and prior year allocations for base ISTEA programs. Another significant category of funding is the "**donor state bonus**" which provides additional funding to states that send more to the highway trust fund by way of revenue than they get back in the form of highway assistance funding. A **reimbursement program** is provided to compensate states for their share of the cost of routes incorporated into the interstate system in 1956. A final adjustment is provided by the **90% of payments guarantee** which is computed after all other adjustments and ensures that each state is receiving an amount equivalent to 90% of its contribution to the highway trust fund.

Planning

ISTEA created a new transportation planning framework that included a much stronger local presence in the creation of transportation improvement plans (TIPs). The legislation provided significant funding for **metropolitan planning organizations (MPOs)** and gave them a specific role in the selection of certain transportation projects. The new planning framework is essentially the same for highways and transit.

Demonstration Projects

ISTEA contained 539 designated highway projects. These "demonstration projects" were viewed as essential expressions of congressional priorities by supporters and as pork barrel items by opponents. Hence, they were, and remain, a controversial feature of the legislation.

Transit

ISTEA did not change the basic structure of the federal transit assistance program administered by the Federal Transit Administration (FTA). The legislation, however, provided transit with significant new funding, increased program flexibility, and provided parity with highway programs vis-a-vis federal/state/local matching fund requirements. The 6-year authorization for transit was $31.5 billion. Slightly less than 60% of overall funding was to be provided by the transit account of the highway trust fund. Remaining funding was subject to general fund appropriations. Transit funding by state is shown in Appendix B, table 3.[6]

Intelligent Transportation Systems (ITS)

Also known as intelligent vehicle transportation systems, these provisions are designed to develop and apply new technology as a means of improving surface transportation, especially in urbanized areas. ITS relies on so called "smart cars and smart roads" as well as other emerging technologies to reduce congestion, improve safety, and otherwise improve transportation management.

Additional Provisions

ISTEA significantly augments the existing federal transportation research environment, well beyond the aforementioned ITS program, for both highway and transit. In addition, the legislation provides new federal authority for toll facilities, funding for high speed rail, and creation of a number of set-asides within programs for "transportation enhancements."

The National Highway System Designation Act

The National Highway System Designation Act of 1995 (P.L. 104-59)(NHS Act) fulfilled the ISTEA requirement that Congress approve the NHS before full-scale operation of the program began. In addition, the NHS Act included a number of what were viewed as technical corrections and perfecting amendments to ISTEA. The NHS Act also provides for experimentation with innovative methods of transportation financing, primarily using State Infrastructure Banks (SIBs). SIBs allow states to deposit a portion of their

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[6]For a further explanation of selected transit program provisions see: U.S. Library of Congress. Congressional Research Service. *Transit: Fixed-Guideway, New-Start Projects Overview and Selected Public Policy Issues.* CRS Report 97-145 E, by Stephen J Thompson. Washington, January 23, 1997. 13 p., and *Federal Transit Administration's Section 5309 Capital Program Funding Under the Intermodal Surface Transportation Efficiency Act of 1991.* CRS Report 96-499 E, by William A. Lipford. Washington, May 21, 1996. 2 p.

federal highway aid in an account and leverage against it through bonding. A pilot program has been operating for two years.[7]

Transportation Infrastructure Needs

A subject of considerable discussion is the physical state of the Nation's surface transportation system. At various times over the last two decades, it has been alleged that the Nation's roads and bridges are crumbling, and that our infrastructure is in a state of crisis. As a result, according to this view, the Nation's future productivity and international competitiveness are at risk. Only significant new infrastructure investment by all levels of government can change this outlook.

There is a contrary view. This view contends that there is no infrastructure crisis, and that, in fact, the Nation's roads and bridges are in better shape today than they have ever been. In this view, the supposed infrastructure crisis is purposefully overblown by those seeking additional spending for infrastructure, mainly highway builders and suppliers.

The Department of Transportation (DOT) and/or the Federal Highway Administration (FHWA) has been submitting reports on the status of the Nation's highways and bridges since 1968 on a periodic basis. The findings of these reports have at times been controversial, primarily due to the methodology used in data compilation. The 1995 version of this report is considered the most complete overview to date.[8] It addresses many of the criticisms leveled at earlier reports and moves toward an intermodal assessment of the transportation system.

The report essentially finds that the condition of most highway and transit infrastructure has improved slightly since 1990, but that serious deficiencies remain. By way of example, the report finds that there were fewer deficient bridges on the interstate system in 1994, 24%, than in 1990, 29%.[9] Similar types of observations are made about highway and transit conditions. On a performance basis, it appears that increased growth in system use is outstripping growth in system capacity, with a concomitant increase in congestion.[10] It should be pointed out, however, that the impact of congestion is not uniform throughout the national system.

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[7]For a detailed discussion of SIBs see: U.S. General Accounting Office. *State Infrastructure Banks: A Mechanism to Expand Federal Transportation Financing.* Report GAO/RCED-97-9. U.S. Govt. Print. Off., Washington, October 1996. 36 p.

[8]U.S. Congress. House Committee on Transportation and Infrastructure. *1995 Status of the Nation's Surface Transportation System: Condition and Performance.* Report of the Secretary of Transportation. Committee Print 104-30. 104th Congress, 2d Session. Washington, U.S. Govt. Print. Off., March 1996. 360 p.

[9]Ibid. p. xxvi.

[10]Ibid. p. xxv.

The data and findings of the FHWA report are being used by the proponents of different views to support their own positions vis-a-vis ISTEA reauthorization. For example, the American Highway Users Alliance, a group with a legacy as a strong proponent of highway improvements, cites the data in the report to claim that "FHWA paints a dismal condition of highway conditions".[11] The Surface Transportation Policy Project, a group that has promoted alternatives to new highway construction, has created its own report using the FHWA data to demonstrate that road and bridge conditions are improving, and that the principal focus of the federal highway program should be on system maintenance.[12] What the above discussion demonstrates is that, even with better data, there remains wide disagreement in interpretation and implications for the possible federal role.[13]

Reauthorization Issues

Critics of ISTEA often start from the premise that the Act is either not as flexible as it seems, in terms of the ability of states to redistribute monies to needed activities, or alternately, as being too flexible. In addition, critics believe that the ISTEA program imposes a host of costs and inefficiencies on states and localities that make transportation projects more expensive than they otherwise would be. Hence, it is argued that the programs should be dramatically restructured or devolved to the states.

Supporters of ISTEA see the existing framework as a basically sound starting point for the continued evolution of federal highway and transit policy. Most ISTEA supporters would like to see incremental changes in the programs depending upon their policy perceptions and constituency, e.g. transit advocates would like to see additional funding for transit.

Formulas

This is potentially the most controversial item in the reauthorization debate. There are formulas associated with almost every item in the highway and transit programs. Simply put, the variables that make up the formulas determine who gets the money and how much they get. In 1991, Congress was unable to agree on how to reformulate many programs during the ISTEA debate. As a result, ISTEA contains formulas that rely on contentious and

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[11]http://www.gohighway.com/feat07.htm. January 23, 1997. p. 1.

[12]Surface Transportation Policy Project. *Crying Wolf: The False "Crisis" of America's Crumbling Roads and Bridges -- and Why Special Interest Highway Lobbyists Like it That Way.* Washington. October 1996. 25 p.

[13]The discussion of highway needs is also taking place on the editorial pages of the nation's newspapers: Samuelson, Robert. J. The Endless Road "Crisis" *Washington Post.* June 26, 1996. p. A21. and Will, George F. Road Work Ahead. *Washington Post.* April 25, 1996. p. A31.

outdated variables, e.g., 1980 census data, post-road mileage, etc.[14] The ISTEA program formulas are interdependent. A change in spending for one category, affects all others.

There is wide agreement that the formulas need to be examined as part of the reauthorization debate. Their is wide disagreement on how this should be done.

Equity

Related to the formula issue is the question of equity. This is the crux of the "**donor/donee**" issue and is the basis of the STEP-21 proposal (discussed later in this report). Many states provide the trust fund with more revenues each year than they receive back. These are the so-called "donor states." The number of states in this category varies by year, or by the grouping of years selected for examination. The status of a state can also be changed by including or deleting transit and other non-highway benefits from the calculation. As a result, there is considerable controversy about how donor/donee status should be measured. An example of one possible approach to measuring donor/donee status, for the highway program only, can be found in appendix B, table 2. Other approaches to measuring donor/donee status could be equally valid.

When the federal interstate highway program was created in 1956, equity was not a major consideration. With the completion of the interstate system, states now view themselves as competitors for the limited funds available from the federal program. The uneven economic resources of states are well documented. Some states, therefore, view the equity issue in the context of seeking what they need, and/or making sure they do not lose what they already have, vis-a-vis their ability to fund their portion of the federal highway system.

Devolution

An alternative to arguing about formulas and equity, which has some congressional and state support, is transferring the federal surface transportation program and its revenue sources back to the states. Proponents of devolution argue that the federal program is an inefficient and expensive filter through which to channel revenues. It is their contention, for example, that federal highway regulations impose additional costs on highway construction that could be used for more actual construction if the program were administered at the state level. Opponents of devolution argue that the existing program has created a coherent national surface transportation system that would be jeopardized by the creation of 50-plus independent programs. In addition, national standards are viewed as important for safety and other reasons, and are not in-and-of-themselves inefficient. Finally, opponents are

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[14]For a detailed discussion of the formula system associated with ISTEA see. U.S. General Accounting Office. *Highway Funding: Alternatives for Distributing Federal Funds.* Report GAO/RCED-96-6. U.S. Govt. Print. Off., Washington. November 1995. 70 p.

concerned that competing priorities in the states would cause many states to be unable to continue the existing level of commitment if the programs were transferred to their control.

Flexibility

One of the principal features of ISTEA was an enhanced ability to transfer funds among programs. Transit and other non-traditional transportation alternatives were viewed as the primary beneficiaries of these provisions because they had access to significant highway funds for, essentially, the first time. The transferability of funds is supposed to give states and localities considerable flexibility in dealing with the specific transportation needs of their locality. Some states and localities have taken particular advantage of these flexibility options.[15] Some highway proponents, however, believe that flexibility has diverted funds from needed highway projects and that the transferability of funds needs to be limited as part of reauthorization.

Enhancements

Ten percent of STP funding is reserved for environmentally related activities. The eligible uses of these funds include activities such as: mitigation of water pollution associated with highways, bicycle facilities, historical preservation, and acquisition of scenic/historic sites. The enhancement program is controversial. Program opponents criticize it for funding items that do not provide real transportation infrastructure. Program proponents support enhancement spending as essential to mitigating environmental impacts of highways, and as a way to provide alternatives to the automobile for local travel.

Planning/Metropolitan Planning Organizations (MPOs)

Experience with the planning framework has been mixed. Some states, particularly urbanized states, have given MPOs a significant role in the planning process. In these instances the view is that local input has improved project selection resulting in more appropriate and more efficient transportation improvements attuned to local needs. Other states, however, view MPOs as just one more bureaucratic hurdle in an already overlong planning process. In their view, planning expertise already exists at the state level and creating it at the MPO level is an inefficient duplication of resources.[16]

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[15]For a discussion of use of the highway flexibility option see: U.S. Library of Congress. Congressional Research Service. *Transit Funding Under the Highway Flexibility Option: A Summary.* CRS Report 95-536 E, by William A. Lipford. Washington, Updated July 10, 1996. 4 p.

[16]For a detailed discussion of planning issues see: U.S. General Accounting Office. *Urban Transportation: Metropolitan Planning Organizations' Efforts to Meet Federal Planning Requirements.* GAO Report GAO/RCED-96-200. Washington. U.S. Govt. Print. Off., September 1996. 59 p.

Intermodalism

ISTEA allows federal highway funds to be used for intermodal projects such as highway links to ports, that had previously been outside the scope of the federal program. Proponents of intermodalism view the experience of ISTEA as positive and want to see the range of eligible activities expanded. Some railroad interests, for example, would like to see rail connections to ports included as eligible activities. Opponents of an expansion of intermodal eligibility are concerned that it is essentially a diversion of funds that should be used to meet existing highway needs.

Transit

The principal reauthorization goal of transit proponents is likely to be protection of the existing program. Transit proponents would, of course, like to see the federal program expanded. Alternately, transit proponents would like to see eligibility for the use of federal funds expanded to a wider range of activities (e.g., some maintenance activities). Over the last few years, transit, unlike highways, has seen some real cuts in program appropriations. Transit operating assistance, for example, experienced a major reduction in FY1996. Opponents of transit, which include several groups in the highway community, are cool to any expansion of the transit program and would instead prefer to see transit flexibility funding and other transit funds reduced.

Amtrak

Congress normally addresses Amtrak issues through separate reauthorizing legislation.[17] Amtrak supporters, however, would like Amtrak-related capital activities to be eligible uses for federal surface transportation funds. The STP is seen as the likely source of this funding. Amtrak supporters view it as a real alternative to highways and believe that a case can be made that localities should have the option of using STP funds for rail transportation projects. The Clinton Administration has referred to this possibility during discussion of draft ISTEA legislation. Opponents of Amtrak eligibility believe that adding Amtrak to the STP would further dilute an already declining balance for needed road improvements. In their view, Amtrak should look to its own legislation for needed funding.

Budget Pressures

Transportation competes for funds with all other domestic discretionary activities as part of the annual appropriations process. The Congressional Budget Resolutions for FY1996 and FY1997, both show total annual transportation spending declining as part of the plan to eliminate the deficit by

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[17]For a discussion of Amtrak reauthorization issues see: U.S. Library of Congress. Congressional Research Service. *Amtrak and the 104th Congress.* CRS Issue Brief 95081. by Stephen J Thompson. Washington. January 10, 1997. Updated continuously.

FY2002. Transportation, and its component programs can, therefore, only increase spending if, alternately, new sources of revenue can be identified and/or spending reductions in other discretionary activities can be agreed upon.

One source of potential revenue that has been discussed for transportation is moving into the highway trust fund the 4.3 cents per gallon fuel tax currently collected for deficit reduction.[18] Contrary to statements by some interest groups, transferring these funds would not constitute a "reversion." This tax has never been assigned to the trust fund, and unlike the fuel taxes for the highway trust fund, the 4.3 cent tax is permanent. A transfer of these funds to the transportation trust funds could certainly allow additional spending for transportation, but these additional expenditures would come at the expense of some other federal activity or activities.

A debate related to ISTEA reauthorization is the budgetary status of the transportation trust funds. In the 104th Congress, the House voted to give the trust funds off-budget status. The Senate took no action on the issue. A renewed effort to move the trust funds off-budget is underway in the 105th Congress. The success or failure of this effort could have an impact on the final authorization contained in a reauthorization bill. It has also been suggested that the off-budget initiative could be linked to reauthorizing legislation.

Legislative Options

The Clinton Administration

The Department of Transportation (DOT) will put forth its proposals for reauthorization shortly after submitting its FY1998 budget proposals. Public statements by then Secretary of Transportation Federico Pena, statements by Secretary of Transportation-designate Rodney Slater, and publication of draft legislation by the Bureau of National Affairs on December 12, 1996, indicates that DOT is likely to keep the "core elements" of the current ISTEA format.

STEP-21

Legislation dealing with the equity issue was introduced in the 104th Congress as H.R. 3775, an initiative known as STEP-21 (Streamlined Transportation Efficiency Program for the 21st Century). A STEP-21 bill with some different features was introduced in the Senate as S. 2022. The STEP-21 initiative is viewed by its proponents as a logical follow on to ISTEA. The bills would only have affected the highway programs of ISTEA. The most significant initiative is a requirement that each state must receive at least a 95% return on its contribution to the federal highway trust fund; ISTEA now provides a guarantee of 90%. Other provisions in the bill were aimed at providing states

[18]For further information on the origin of this tax refer to the source listed in footnote 3.

with greater spending flexibility among highway program categories. Over 20 states have expressed an interest in the STEP-21 initiative. A STEP-21 bill for consideration during the 105th Congress is expected late in February 1997.

Devolution

Also introduced in the 104th Congress was the Transportation Empowerment Act, H.R. 3840/S. 1971. The approach of this legislation is very different from ISTEA or STEP-21. The legislation would have devolved almost all federal highway programs to the states. Federal fuel tax collections for the highway trust fund would be phased down from the current 14 cents-per-gallon to a level of 2 cents-per-gallon. Upon completion of the phasedown, federal highway spending would be limited to maintenance of the interstate system, other roads on federal lands, and Indian reservations. This approach has the stated support of the Governors of four states: California, Ohio, South Carolina, and Michigan. In addition, it should be pointed out that there is overlapping support between the STEP-21 and devolution positions, with some groups favoring either as an alternative to a reauthorized ISTEA. A devolution bill for the 105th Congress is expected in mid-February 1997.

Authorizing Committees

The appropriate House and Senate authorizing committees are expected to introduce reauthorization legislation after completing their consideration of ISTEA issues. At the time of this writing both the House and Senate authorizing committees have scheduled several hearings on ISTEA proposals during February and March. Additional hearings, beyond those already scheduled may be held.

Appendix A: Terminology

Budget Authority -- Authority provided by law to enter into obligations that normally result in outlays of federal government funds. The main forms of budget authority are appropriations, borrowing authority, and contract authority.

Contract Authority -- A form of budget authority that permits obligations to be made in advance of appropriations. The federal-aid highway program is largely funded by contract authority.

Limitation on Obligations -- A limit on the amount of federal assistance that may be obligated during a period of time. Used to control the rate of spending in multi-year programs such as the federal-aid highway program.

Obligation -- An order placed, contract awarded, service received, or similar transaction during a given period that will require payments during the same or future period.

Appendix B: Program Funding

TABLE 1. Federal Highway Obligations Under ISTEA, FY1992-FY1996 ($millions)[a]

STATE	FY1992	FY1993	FY1994	FY1995	FY1996
ALABAMA	320.9	280.9	430.7	354.8	328.9
ALASKA	232.1	201.0	219.9	225.1	215.7
ARIZONA	271.2	252.4	267.6	304.5	250.7
ARKANSAS	226.7	229.4	246.2	263.3	260.9
CALIFORNIA	1,904.6	1,781.8	2,165.0	2,158.3	1,781.9
COLORADO	225.5	210.8	290.9	223.4	229.2
CONNECTICUT	331.6	314.8	334.8	364.5	383.0
DELAWARE	70.6	71.3	76.1	79.5	83.0
DIST. OF COL.	98.7	86.0	81.6	105.6	82.5
FLORIDA	649.1	807.9	743.5	745.5	791.2
GEORGIA	443.8	435.0	533.0	665.4	436.4
HAWAII	242.7	251.0	264.5	114.6	119.7
IDAHO	130.0	119.9	125.9	138.5	116.6
ILLINOIS	600.8	638.9	741.9	641.8	816.6
INDIANA	356.6	372.6	390.0	460.7	405.6
IOWA	201.5	221.7	269.5	255.8	226.4
KANSAS	192.5	188.1	218.2	214.4	238.4
KENTUCKY	276.7	234.6	300.6	367.5	279.7
LOUISIANA	242.9	252.1	273.5	274.8	253.9
MAINE	87.4	82.9	147.8	141.6	112.4
MARYLAND	319.4	258.0	382.1	425.2	280.9
MASSACHUSETTS	734.6	947.7	1,042.7	758.9	733.0
MICHIGAN	506.4	476.8	577.2	602.7	511.9
MINNESOTA	302.6	329.0	275.2	345.0	306.7
MISSISSIPPI	229.5	214.1	241.6	212.5	203.5
MISSOURI	364.5	382.3	433.8	467.6	398.6
MONTANA	167.3	166.7	166.9	196.4	167.5
NEBRASKA	151.5	131.7	151.4	150.4	147.1
NEVADA	104.4	130.7	147.8	143.4	125.6
NEW HAMPSHIRE	83.9	74.8	88.1	88.2	103.1
NEW JERSEY	486.4	477.3	576.4	567.5	523.4
NEW MEXICO	183.5	212.5	192.1	201.7	180.9

TABLE 1. Federal Highway Obligations Under ISTEA, FY1992-FY1996 ($millions)[a]

STATE	FY1992	FY1993	FY1994	FY1995	FY1996
NEW YORK	804.6	863.6	1,029.4	1,008.6	1,188.5
NORTH CAROLINA	511.2	443.7	495.7	457.3	521.6
NORTH DAKOTA	106.6	108.9	121.0	127.1	127.2
OHIO	521.9	569.4	675.0	621.2	710.0
OKLAHOMA	236.2	232.3	265.5	265.6	270.8
OREGON	228.9	203.2	226.7	233.2	325.0
PENNSYLVANIA	821.2	688.1	911.7	1,035.1	839.4
RHODE ISLAND	101.6	99.9	115.1	107.9	115.9
SOUTH CAROLINA	233.8	206.0	337.43	207.2	242.9
SOUTH DAKOTA	125.2	102.9	123.2	128.1	130.0
TENNESSEE	307.0	293.9	396.2	373.9	370.2
TEXAS	1,067.3	1,006.7	1,144.3	1,178.9	1,111.0
UTAH	147.4	121.5	148.9	143.1	144.1
VERMONT	77.5	68.1	73.7	78.2	85.8
VIRGINIA	432.7	322.2	477.8	436.9	444.2
WASHINGTON	424.9	388.2	634.3	330.6	449.1
WEST VIRGINIA	313.2	299.1	201.3	442.7	226.9
WISCONSIN	324.5	307.2	363.3	342.9	331.0
WYOMING	125.7	122.5	126.9	131.6	120.3
U.S. TOTAL	18,079.0	17,283.0	20,828.3	19,909.5	20,025.0
AMERICAN SAMOA	4.2	9.3	10.0	1.8	4.4
GUAM	12.1	29.2	18.3	12.5	13.1
PUERTO RICO	78.1	75.3	80.7	75.1	79.9
N. MARIANAS	2.4	3.6	3.9	3.3	3.4
VIRGIN ISLANDS	13.8	18.9	12.6	14.7	19.2
CANADA		23.0	24.6	27.6	4.8
OTHER FEDERAL AGENCIES	175.7	216.6	214.5	193.7	223.3
HEADQUARTERS	83.5	126.8	145.0	647.0[b]	108.3
GRAND TOTAL	18,448.8	18,242.4	20,773.4	20,885.4	20,481.4

[a] Due to rounding, the data may not add to the U.S. total or grand total.
[b] Includes FHWA administrative and research costs and studies.

Source: U.S. Department of Transportation. Federal Highway Administration (FHWA). *Highway Statistics Fiscal Years 1992-1995*. Fiscal year 1996 obligations were taken from Table M79A, FHWA Office of Financial Accounting, Policy and Operations Division.

TABLE 2.

COMPARISON OF FEDERAL HIGHWAY TRUST FUND RECEIPTS ATTRIBUTABLE TO THE STATES AND FEDERAL-AID APPORTIONMENTS AND ALLOCATIONS FROM THE FUND 1/

FISCAL YEARS 1957 - 1995

(THOUSANDS OF DOLLARS)

TABLE FE-221
OCTOBER 1996

STATE	PAYMENTS INTO THE FUND 2/				APPORTIONMENTS AND ALLOCATIONS FROM THE FUND 3/				RATIO OF APPORTIONMENTS AND ALLOCATIONS TO PAYMENTS	
	FISCAL YEAR 1995	PERCENT OF TOTAL	CUMULATED SINCE 7-1-56	PERCENT OF TOTAL	FISCAL YEAR 1996	PERCENT OF TOTAL	CUMULATED SINCE 7-1-56	PERCENT OF TOTAL	FISCAL YEAR 1995	CUMULATED SINCE 7-1-56
Alabama	451,182	2.210	5,808,201	1.945	357,493	1.744	6,696,016	1.948	0.79	1.15
Alaska	40,966	0.201	596,131	0.200	238,302	1.162	4,156,911	1.209	5.81	6.97
Arizona	358,635	1.756	4,154,572	1.391	314,006	1.532	5,184,640	1.508	0.88	1.25
Arkansas	295,636	1.448	3,879,700	1.299	284,629	1.388	3,878,623	1.128	0.96	1.00
California	2,105,036	10.309	30,792,526	10.310	2,081,677	10.154	29,863,744	8.687	0.99	0.97
Colorado	259,442	1.271	3,824,322	1.280	238,668	1.164	5,205,668	1.514	0.92	1.36
Connecticut	208,621	1.022	3,516,197	1.177	393,038	1.917	6,279,129	1.826	1.88	1.79
Delaware	59,206	0.290	884,060	0.296	81,869	0.399	1,343,968	0.391	1.38	1.52
Dist. of Col.	26,282	0.129	540,196	0.181	111,581	0.544	2,291,929	0.667	4.25	4.24
Florida	1,029,755	5.043	13,112,668	4.390	828,598	4.042	11,904,585	3.463	0.80	0.91
Georgia	780,176	3.821	9,442,316	3.162	582,602	2.842	9,041,412	2.630	0.75	0.96
Hawaii	54,298	0.266	764,474	0.256	122,350	0.597	3,042,620	0.885	2.25	3.98
Idaho	110,623	0.542	1,429,763	0.479	180,973	0.883	2,584,288	0.752	1.64	1.81
Illinois	592,063	3.389	12,498,498	4.185	729,893	3.560	14,077,584	4.095	1.05	1.13
Indiana	566,713	2.775	8,085,328	2.707	443,255	2.162	7,099,723	2.066	0.78	0.88
Iowa	232,090	1.137	4,084,741	1.368	252,475	1.232	4,778,747	1.390	1.09	1.17
Kansas	227,879	1.116	3,772,716	1.263	222,449	1.085	4,235,266	1.232	0.98	1.12
Kentucky	397,937	1.949	5,089,822	1.704	299,866	1.463	5,588,878	1.626	0.75	1.10
Louisiana	348,627	1.707	5,440,871	1.822	299,354	1.460	7,058,618	2.053	0.86	1.30
Maine	110,187	0.540	1,624,569	0.544	132,673	0.647	1,859,111	0.541	1.20	1.14
Maryland	342,814	1.679	5,207,922	1.744	453,620	2.212	7,996,887	2.326	1.32	1.54
Massachusetts	368,465	1.804	6,030,401	2.019	787,930	3.843	10,326,453	3.004	2.14	1.71
Michigan	686,643	3.363	11,047,034	3.699	636,385	3.104	10,093,973	2.936	0.93	0.91
Minnesota	287,805	1.409	5,295,978	1.773	347,546	1.695	6,848,994	1.992	1.21	1.29
Mississippi	267,921	1.312	3,757,577	1.258	217,920	1.063	3,843,984	1.118	0.81	1.02
Missouri	529,410	2.593	7,714,392	2.583	444,719	2.169	7,507,268	2.184	0.84	0.97
Montana	100,232	0.491	1,442,775	0.483	192,550	0.939	3,541,698	1.030	1.92	2.45
Nebraska	160,156	0.784	2,423,100	0.811	149,417	0.729	2,861,488	0.832	0.93	1.18
Nevada	137,835	0.675	1,481,670	0.496	134,909	0.658	2,392,847	0.696	0.98	1.61
New Hampshire	79,281	0.388	1,149,132	0.385	94,027	0.469	1,659,907	0.483	1.19	1.44
New Jersey	567,557	2.780	8,732,388	2.924	584,365	2.850	9,038,201	2.629	1.03	1.04
New Mexico	195,279	0.956	2,360,450	0.790	200,750	0.979	3,300,588	0.960	1.03	1.40
New York	899,841	4.407	14,968,230	5.012	1,097,971	5.356	18,225,346	5.301	1.22	1.22
North Carolina	636,227	3.116	8,635,017	2.891	523,951	2.556	7,487,096	2.178	0.82	0.87
North Dakota	74,202	0.363	1,095,880	0.367	140,621	0.686	2,146,783	0.624	1.90	1.96
Ohio	754,572	3.695	13,330,496	4.463	708,641	3.457	12,433,900	3.617	0.94	0.93
Oklahoma	346,576	1.697	5,133,132	1.719	275,192	1.342	4,476,186	1.302	0.79	0.87
Oregon	268,846	1.317	3,911,576	1.310	254,296	1.240	4,730,564	1.376	0.95	1.21
Pennsylvania	878,613	4.303	13,669,697	4.577	1,068,686	5.213	15,892,146	4.623	1.22	1.16
Rhode Island	55,010	0.269	963,396	0.323	116,810	0.570	2,176,359	0.633	2.12	2.26
South Carolina	382,096	1.871	4,612,922	1.545	198,180	0.967	4,159,438	1.210	0.52	0.90
South Dakota	75,009	0.367	1,165,427	0.390	139,918	0.682	2,305,328	0.671	1.87	1.98
Tennessee	493,603	2.417	6,879,623	2.303	402,426	1.963	7,031,446	2.045	0.82	1.02
Texas	1,648,531	8.073	22,928,871	7.677	1,293,611	6.310	19,862,498	5.777	0.78	0.87
Utah	159,286	0.780	2,064,339	0.691	153,762	0.750	3,550,613	1.033	0.97	1.72
Vermont	57,620	0.282	730,082	0.244	86,531	0.422	1,638,362	0.477	1.50	2.24
Virginia	568,940	2.786	7,547,141	2.527	420,158	2.049	8,896,048	2.588	0.74	1.18
Washington	366,410	1.794	5,398,583	1.808	291,689	1.422	8,736,024	2.541	0.80	1.62
West Virginia	161,966	0.793	2,431,192	0.814	243,195	1.186	5,007,164	1.456	1.50	2.06
Wisconsin	420,103	2.057	5,988,514	2.006	376,713	1.838	5,364,708	1.560	0.90	0.90
Wyoming	93,151	0.456	1,225,987	0.410	139,494	0.680	2,445,928	0.711	1.50	2.00
Total	20,419,365	100.000	298,664,594	100.000	20,371,503	99.369	342,149,683	99.522	1.00	1.15
American Samoa	-	-	-	-	4,256	0.021	45,014	0.013	-	-
Guam	-	-	-	-	14,368	0.070	120,318	0.035	-	-
N. Marianas	-	-	-	-	4,236	0.021	29,180	0.008	-	-
Puerto Rico	-	-	-	-	87,799	0.428	1,325,611	0.386	-	-
Virgin Islands	-	-	-	-	18,728	0.091	124,046	0.036	-	-
Grand Total	20,419,365	100.000	298,664,594	100.000	20,600,890	100.000	343,793,852	100.000	1.00	1.15

1/ Payments into the Fund include only the net tax receipts deposited in the Highway Account of the Federal Highway Trust Fund. Excluded are motor fuel taxes transferred to the Mass Transit Account of the Highway Trust Fund (1 cent per gallon from April 1, 1983 through November 30, 1990, 1.5 cents per gallon thereafter); the 0.1 cent per gallon dedicated to the Leaking Underground Storage Tank Trust Fund beginning January 1, 1987; and the tax designated for deficit reduction (2.5 cents per gallon from December 1, 1990 through September 30, 1993, 6.8 cents thereafter); and the tax from motorboat use of gasoline transferred to the Aquatic Resources Trust Fund and the Land and Water Conservation Fund. Apportionments include fiscal year 1996 Interstate construction funds apportioned during fiscal year 1995.

2/ Total Federal Highway Trust Fund receipts are reported by the U.S. Department of the Treasury. Payments into the Highway Trust Fund attributable to highway users in each State are estimated by the Federal Highway Administration. Includes revenues from highway-user taxes only. Payments into the Fund are overstated by $1.59 billion due to a fiscal year 1994 error by the Treasury Department in reconciling estimated deposits to the actual tax revenue. The $1.59 billion was credited to the Fund in fiscal year 1995.

3/ Includes all funds apportioned or allocated from the Highway Trust Fund except for the following programs: Indian reservation roads, highway safety information, and local transportation assistance. These programs are either administered by other Federal agencies or are treated as administrative funds and cannot be easily attributed to individual States. Obligations are used to represent allocations for alcohol safety incentive grants and the Woodrow Wilson Bridge.

TABLE 3. Federal Transit Obligations Under ISTEA, FY1992-FY1995 ($ millions)[a]

STATE	FY1992	FY1993	FY1994	FY1995
ALABAMA	22.1	20.5	18.1	16.9
ALASKA	1.5	5.9	5.7	5.9
ARIZONA	12.0	57.1	17.7	68.5
ARKANSAS	6.8	6.2	10.1	7.3
CALIFORNIA	461.5	709.6	346.8	1,210.9
COLORADO	23.9	32.3	28.7	37.5
CONNECTICUT	80.4	46.5	82.4	72.7
DELAWARE	2.4	3.0	6.9	9.9
DISTRICT OF COLUMBIA	64.8	58.5	100.6	92.6
FLORIDA	99.9	150.5	172.3	176.8
GEORGIA	103.1	70.6	55.9	103.8
HAWAII	42.6	40.3	22.1	21.4
IDAHO	2.8	7.4	6.7	4.3
ILLINOIS	271.2	270.0	323.2	406.2
INDIANA	26.4	36.5	36.4	50.2
IOWA	17.2	9.0	21.4	32.7
KANSAS	7.8	9.5	7.9	17.8
KENTUCKY	17.0	25.1	22.5	16.8
LOUISIANA	37.2	18.8	41.5	44.3
MAINE	3.6	3.0	6.1	43.4
MARYLAND	90.9	96.3	91.9	122.7
MASSACHUSETTS	129.7	116.7	289.6	226.1
MICHIGAN	57.7	60.5	93.8	93.6
MINNESOTA	22.7	37.1	35.1	44.2
MISSISSIPPI	6.6	7.0	8.1	4.8
MISSOURI	51.7	67.1	67.9	58.9
MONTANA	3.6	3.6	1.8	4.0
NEBRASKA	8.4	9.8	8.8	5.6
NEVADA	3.6	4.2	14.1	26.6
NEW HAMPSHIRE	3.4	3.2	4.9	4.1
NEW JERSEY	134.1	293.1	358.4	551.4
NEW MEXICO	4.4	8.3	14.9	7.1
NEW YORK	890.0	732.9	995.1	964.8

TABLE 3. Federal Transit Obligations Under ISTEA, FY1992-FY1995 ($ millions)[a]

STATE	FY1992	FY1993	FY1994	FY1995
NORTH CAROLINA	21.5	28.4	18.9	62.9
NORTH DAKOTA	2.0	2.6	3.0	3.0
OHIO	90.5	123.0	117.1	163.6
OKLAHOMA	11.5	11.4	11.1	16.8
OREGON	33.1	97.7	115.4	167.4
PENNSYLVANIA	194.6	223.7	259.3	539.9
RHODE ISLAND	9.6	12.2	14.1	14.0
SOUTH CAROLINA	12.6	8.9	19.1	12.5
SOUTH DAKOTA	2.1	2.2	5.3	3.8
TENNESSEE	19.9	35.2	31.2	54.6
TEXAS	119.4	404.6	128.7	348.8
UTAH	14.7	30.9	18.2	35.1
VERMONT	2.1	6.8	3.6	7.9
VIRGINIA	26.5	6.3	47.4	46.6
WASHINGTON	45.7	75.9	77.6	55.7
WEST VIRGINIA	5.1	4.9	9.6	17.7
WISCONSIN	30.5	46.8	40.4	55.4
WYOMING	2.1	1.5	2.6	2.0
U.S. TOTAL	3,352.3	4,142.8	4,239.7	6,161.8
AMERICAN SAMOA	.1	.2	.1	.2
GUAM	.0	.6	.3	.3
PUERTO RICO	21.0	18.7	20.1	21.3
N. MARIANAS	.2	.1	.1	.2
VIRGIN ISLANDS	3.0	40.3	1.7	.2
GRAND TOTAL	3,376.4	4,202.7	4,262.0	6,184.0

[a] Due to rounding, the data may not add to the U.S. total or grand total.

Source: Federal Transit Administration. *Grant Assistance Programs Statistical Summaries, Fiscal Years 1992-1995.*

Clinton Presidential Records
Digital Records Marker

NATIONAL JOURNAL'S
CongressDaily/A.M.

WEDNESDAY, APRIL 23, 1997

Gramm Voices Worry On GOP Resolve In Budget Talks

As budget negotiators prepare to resume talks sometime this week, **Sen. Phil Gramm**, R-Texas, said Tuesday he is worried that GOP negotiators are prepared to compromise on core

BUDGET

Republican principles in an effort to cut a deal. "I'm concerned not only about the president," Gramm told reporters. "I'm concerned about our negotiators." It was unclear whether budget talks would resume today or later in the week, in an effort to give the parties more time to meet among themselves. Republican leaders had set a mid-week deadline for deciding whether they needed to abandon the talks and move a budget resolution on their own — but if the talks do not resume until later in the week, that deadline could slip. Meanwhile, Gramm and several conservative Republican senators Tuesday released a letter to **Senate Majority Leader Lott**, saying they would oppose any budget deal that violated five key principles.

The budget deal must include real tax cuts, lead to steadily declining deficits, include no legislative fix for the Consumer Price Index, include responsible levels of discretionary spending and use only CBO economic assumptions, the senators said. Gramm told reporters he is concerned that Republican negotiators are falling into the trap of concentrating on entitlement program reform, while ignoring the administration's insistence on domestic discretionary spending increases. "If we spend it, we can't give a tax cut," he said. Discussing the letter, **Sen. Sam Brownback**, R-Kan., said, "To me, these are basic principles and they shouldn't be violated." Gramm also said he is worried that Republicans may be willing to change the CPI in an effort to help balance the budget. "From a politician's point of view, the CPI is magic," Gramm said, adding it would allow Congress to cut spending on large, popular programs without actually having to vote on specific spending cuts.

Continued on Page 5

SCHEDULE

SENATE

Convenes at 10 a.m. to begin consideration of the Chemical Weapons Convention treaty.

HOUSE

Convenes at 2 p.m. to resume consideration of the 21st Century Patent System Improvement Act. The House also is expected to consider five bills under suspension of the rules.

SENATE COMMITTEES

APPROPRIATIONS

DEFENSE, MEDICAL PROGRAMS

Defense Subcommittee hearing on FY98 appropriations for Defense Department medical issues. ***Witnesses:*** Ronald Blanck, surgeon general, Army; Harold Koenig, surgeon general, Navy; Charles Roadman, surgeon general, Air Force; Bettye Simmons, chief, Army Nurse Corps; Joan En-

Continued on Page 11

ISTEA, Rivals Promise Fund Hikes

Each new proposal for reauthorization of the Intermodal Surface Transportation Efficiency Act this year will be accompanied by dense charts detailing state allocation percentages and dollar amounts for new highways. While these charts

TRANSPORTATION

may not mean much to policy wonks in the nation's capital, they mean everything to senators and representatives trying to bring home the bacon to their states and districts. According to House and Senate aides, it all boils down to this: 1/100th of a percent equals $2 million. Period. The fight over those 1/100ths of a percent already has become fierce as shifting coalitions of Northeast, Southern, Plains and Western state senators and House members stake out their ground. The prize: $20 billion to $26 billion in highway funds over the next six years. "The first thing [House members and senators] say when they see their percentage is, 'That's not enough,'" said a House aide working on one of the proposals. *CongressDaily* has compiled a chart (see page 7) that compares state-by-state allocations under current law and under the five major ISTEA reauthorization proposals already released.

Each of the competing coalitions trumpet that their plan truly represents the "national interest" of the transportation system, and that the criteria used to determine state allocations is based on the most "objective" factors. The reality is that each coalition only uses criteria — such as a state's population, highway lane miles, diesel fuel consumption, or number of bridges — that will give their own states more money. Cngressional aides and administration officials cautioned there are

Continued on Page 6

NEXTEA

THE NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

SHAPING AMERICA'S SURFACE TRANSPORTATION SYSTEM FOR THE 21ST CENTURY

MARCH 12, 1997

THE NATIONAL ECONOMIC CROSSROADS

TABLE OF CONTENTS

TRANSPORTATION EFFICIENCY ACT

Today, President Clinton will announce the National Economic Crossroads Transportation Efficiency Act (NEXTEA), a six-year, $175 billion investment program to improve America's highways, bridges, transit systems, and railroads; lower the toll in lives and health care costs from motor vehicle crashes; enhance America's environment; and support mobility and economic prosperity. NEXTEA increases surface transportation funding by $17 billion, or 11 percent, over the $157 billion authorized by ISTEA.

■ **"REBUILDING AMERICA" -- $175 BILLION INVESTMENT WHILE BALANCING THE BUDGET**
- Increases funding for core highway programs by 30 percent over ISTEA levels.
- Provides greater flexibility for states and localities to target funds that best meet community needs.
- Expands programs for innovative financing to leverage federal dollars.
- Provides $600 million to deploy intelligent transportation technology to cut travel time and enhance safety.

■ **PUTTING A STRONGER EMPHASIS ON SAFETY**
- Increases funding for the National Highway Transportation Safety Administration by 25 percent to $395 million.
- Increases highway and truck safety funding by $2 billion.
- Increases funding for drunk driving prevention by 60 percent.
- Creates and expands programs to increase the proper use of safety belts and child restraints, reduce drunk and drugged driving, and continue research into building safer roads and vehicles.

■ **PROTECTING THE ENVIRONMENT**
- Increases funding for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) by 30 percent, to $1.3 billion annually.
- Increases Transportation Enhancements funding by more than 25 percent to support bike paths, pedestrian walkways and other community-oriented projects.
- Expands CMAQ eligibility to include regions that fail to meet any new air quality standard.
- Provides greater flexibility for state and local investment in non-polluting modes of transportation.

■ **INVESTING $600 MILLION TO MOVE PEOPLE FROM WELFARE TO WORK**
- Supports flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are.
- Increases incentives for states and localities to provide job training for federally-funded technology and construction projects.

REBUILDING AMERICA

America's prosperity and quality of life are linked to our transportation system's efficiency, which keeps production costs low and maintains our international competitiveness. When President Clinton promised to "rebuild America" five years ago, this system suffered from inadequate capacity, deteriorating infrastructure, and poor connections among different forms of transportation. The President has worked with Congress to make good on his promise, taking advantage of ISTEA to raise infrastructure investment to record levels.

ISTEA SUCCESSES

✔ Under President Clinton, federal transportation infrastructure investment increased 21 percent, to an average of $25.5 billion annually.

✔ Many indicators of highway conditions and performance have stabilized or improved. The condition of bridges and highway pavement, which had been deteriorating, has stabilized. We have kept pace with our transportation system's maintenance requirements and stopped its deterioration.

✔ Transit investment has increased, including over $3 billion transferred using ISTEA's flexible funding provisions. Nearly 26,000 new buses and nearly 600 new rail cars have been bought for state and local transit agencies, and more than 100 miles of new transit lines serving more than 100 new stations are under construction. Transit speeds have improved by an average of about 10 percent.

KEY NEXTEA PROVISIONS

■ NEXTEA builds on ISTEA's successes while helping us to move towards a balanced budget. It would authorize about $175 billion for surface transportation programs from 1998 through 2003, an 11 percent increase over ISTEA. The proposed authorization levels would sustain or expand core programs such as the National Highway System, maintenance of the Interstate Highways, bridge reconstruction, and mass transit.

■ NEXTEA gives state and local officials greater flexibility to target funds towards projects that best meet community needs, including Amtrak and intercity rail passenger facilities. It also increases the tools available to them by making intelligent transportation systems eligible under all major program categories and by expanding innovative finance strategies to cut red tape and to leverage private and nonfederal public resources.

A COMMITMENT TO SAFETY

More than 40,000 Americans die and three million are injured in motor vehicle crashes each year, inflicting a tragic toll on millions of families. In addition, these crashes cost our economy $150 billion annually, including $14 billion paid directly by taxpayers for expenses such as health care and emergency services. Improved safety can help to control these costs.

ISTEA SUCCESSES

✔ Under ISTEA, with its enhanced commitment to safety, highway fatalities have been lower than in decades, averaging about 41,000 annually. Safety belt use has grown from 11 percent of motorists in 1982 to 68 percent last year. Alcohol-related fatalities have decreased from 57 percent of crashes in 1982 to 41 percent in 1995.

KEY NEXTEA PROVISIONS

Our challenge is to continue the progress on safety even as traffic increases. Recently, we have seen warning signs that we may be approaching the limits of progress under ISTEA: the fatality rate has stagnated, increases in safety belt use have leveled off, and the number of alcohol-related deaths has increased. NEXTEA would attack these problems by focusing on three key areas: driver behavior, road design, and vehicle standards.

Safer Drivers

- NEXTEA would increase NHTSA safety funding by 25 percent to $395 million, and fund incentive programs to reduce drugged and drunken driving, to increase safety belt use, and to collect improved data on highway safety to better identify and solve safety problems.

- $9 million annually in financial incentives would be provided for states to increase proper use of safety belts and child restraints.

- NEXTEA would increase funding for drunk driving prevention by 60 percent to $40 million in 1998, and reward states for aggressively reducing drunk driving through administrative driver's license suspensions and revocations, programs to prevent minors from drinking, and effective sanctions for repeat offenders.

- NEXTEA would provide $5 million annually beginning in 1999 in grants to states to prevent drugged driving. A state would be eligible for these grants if it adopted five of nine countermeasures, including zero tolerance laws, administrative license suspension for those driving under the influence, and pre-license drug testing.

Safer Roads

- Under ISTEA, funding was set aside to eliminate road hazards and to make highway-rail grade crossings safer. Grade crossing deaths alone have dropped by 31 percent. NEXTEA would build on this progress by replacing this set-aside with a flexible, six-year, $3.2 billion Infrastructure Safety Program. States would now have the ability to transfer funds to enforcement and behavioral programs if they would have a greater impact on safety.

Safer Vehicles

- States would have increased flexibility for tougher enforcement, such as targeting shippers who encourage truckers to violate rules and increasing penalties for violators. States also would be reimbursed for border enforcement and other high-priority activities that improve trucking safety.

- Under NEXTEA, the freeze on the size and weight of larger combination trucks on Interstate Highways and other routes would continue. We are doing a comprehensive study of this and related issues, and may soon propose additional steps in future safety legislation.

- Much progress on safety has been the result of vehicle design aimed at protecting motorists in crashes. NEXTEA would build on the progress to date with a $45 million annual research program targeted at improving crash avoidance and crash worthiness. In addition, more than a third of intelligent transportation systems research would be focused on collision avoidance systems and other "smart vehicle" technologies that prevent crashes.

- A new focus on performance in safety programs would measure effectiveness by looking at quantifiable results, not at how much money or effort is put into solutions.

INCREASING INVESTMENT THROUGH INNOVATIVE FINANCING

In spite of ISTEA's record investment, the federal government alone cannot meet all of our infrastructure needs. President Clinton recognized this in his January 1994 Executive Order on infrastructure, in which he directed us to cut red tape to speed construction and supplement federal funds by leveraging private and nonfederal public investment.

ISTEA SUCCESSES

- ✔ President Clinton's Partnership for Transportation Investment accelerated 74 projects worth $4.5 billion, including $1.2 billion in investment beyond that available through conventional financing. Projects are advancing an average of two years ahead of schedule, saving interest and inflation costs.

- ✔ Some innovative finance initiatives also advance other national priorities, such as in Missouri and Arizona, where entrepreneurs were given permission to install fiber optic cable within highway rights-of-way in return for reserving part of the cable as the backbone of statewide intelligent transportation systems.

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- NEXTEA would open the State Infrastructure Bank program to all states, increase the federal seed money dedicated to these banks, and allow states to use up to 10 percent of their regular federal-aid highway funds to capitalize their banks.

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ENSURING GLOBAL COMPETITIVENESS

Under President Clinton, America is once again the most economically-competitive nation in the world and its leading exporter, and this is due in great measure to the reliability and low costs of our transportation system. In an increasingly-global economy, keeping transportation efficient is crucial to our continued competitiveness and to taking advantage of the markets opened by NAFTA and GATT.

ISTEA SUCCESSES

✔ Seamless connections among different forms of transportation, such as between trucks, railroads, and seaports, are important for efficiency, and ISTEA-funded projects are making possible these connections. These projects include truck-rail freight transfer facilities in Stark County, Ohio, and Auburn, Maine, and projects in Portland, Oregon and Seattle designed to improve rail and truck access to seaports.

✔ Projects such as the Red Hook barge transfer, which daily takes hundreds of trucks off New York's crowded streets, often have important social and environmental benefits, and ISTEA made them eligible for funding through such flexible initiatives as the Congestion Mitigation and Air Quality Improvement Program and our innovative finance programs.

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■ The proposal would expand funding eligibility to include access to intermodal terminals and water ports. This is a vital change since much international trade -- 98 percent by weight, 50 percent by value -- is shipped through ports. These programs also would make eligible for funding Amtrak and intercity rail passenger and public freight facilities and intelligent transportation systems projects, which can improve the logistics crucial to "just-in-time" deliveries.

IMPROVING ACCESS TO JOBS AND TRAINING

One of the biggest barriers faced by those moving from welfare rolls to payrolls is finding transportation to jobs, training, and support services such as day care. Poverty and welfare eligibility rules mean that few welfare recipients own cars, and public transit often provides inadequate connections to job and training centers. This problem is becoming more serious, since two-thirds of new jobs are in suburbs. To support his comprehensive welfare reform initiative, President Clinton proposes to build on existing transit programs that work with innovative approaches to helping people make the transition to the working world.

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Technology can improve the performance of roads and transit systems and effectively increase their capacity, especially in urban areas where new construction is too expensive or environmentally unsound. Technology also can make travel safe: most automobile crashes involve human error, and advanced collision avoidance systems and highway-rail grade crossing warnings can save hundreds of lives annually. Finally, technology can provide the logistical support needed for such innovations as "just-in-time" deliveries, which are cutting costs and improving productivity at nearly a third of U.S. companies.

ISTEA SUCCESSES

✔ ISTEA established a major federal commitment to intelligent transportation systems (ITS), the application of advanced information and communications technologies to travel. The federal role includes providing seed money for development and deployment, assistance in the creation of technology standards to promote system integration, and the coordination of public and private research efforts.

✔ The first generation of ITS is already being deployed: in Denver, synchronized traffic signals reduced travel times by over 15 to 20 percent, and in Seattle, ramp metering has cut accident rates by more than 60 percent. *Operation TimeSaver*, an initiative to reduce travel times in 75 cities by 15 percent over the next decade, was launched last year. Under this initiative, states may use their federal transportation funds to deploy ITS systems.

✔ Overall federal transportation research and technology investment increased to record levels, $930 million in 1997 alone. Initiatives resulting from this investment include high-performance materials, such as Superpave asphalt, which cost less and last longer, and the application of global positioning satellite systems to aviation and maritime navigation.

KEY NEXTEA PROVISIONS

■ NEXTEA would provide states and localities with ITS training and technical assistance, and fund a $600 million incentive program to help cities integrate their ITS programs and to help rural areas deploy ITS to improve safety. mobility, and commercial vehicle operations. It also would expand the eligibility of all major program categories to include ITS, so technology will always be considered as a strategy for meeting travel demand.

■ NEXTEA would increase overall federal investment in technology research for initiatives including advanced composites for stronger, safer roads and bridges and second-generation ITS technologies such as collision avoidance systems.

STRENGTHENING URBAN COMMUNITIES

Sound transportation is crucial for sustaining economic prosperity and a high quality of life in our cities. Targeted infrastructure investment can reduce congestion and improve connections so businesses can take advantage of the city's proximity to suppliers, support services, markets, and amenities. Such investment also can generate jobs for city residents, directly through construction, and indirectly by attracting new businesses.

ISTEA SUCCESSES

- ✔ ISTEA strengthened the role of cities in the transportation planning process, giving cities greater control over a substantial portion of federal funds and enabling them to choose projects which best met urban needs.

- ✔ Together with the increased flexibility of many programs, this enabled funding to be transferred to such urban needs as transit. Over $3 billion traditionally earmarked for highways was used for high-priority transit projects, most in cities, and overall transit funding increased under ISTEA, reaching a record $6 billion in 1995 alone.

KEY NEXTEA PROVISIONS

- NEXTEA sustains investment in mass transportation by increasing direct federal transit funding to $5 billion a year, by increasing the flexible Surface Transportation Program, and by making Amtrak and intercity rail terminals eligible for funding. Transit programs would be streamlined to make it easier for local officials to select the options that make the most sense for their communities

- NEXTEA includes a six-year, $600 million program to support flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are and to provide access to training and such support services as child care.

- Technology can provide needed additional urban travel capacity with less disruption to established communities and at less cost than new construction. NEXTEA proposes to make intelligent transportation systems eligible under all major programs, and to create an incentive program to ensure that these technologies are fully integrated.

- NEXTEA would further strengthen the role of central cities in regional planning and simplify federal planning requirements.

SERVING RURAL AMERICA

Transportation is as vital to rural areas as it is to cities. Sound transport is vital for shipping raw materials and agricultural products. Tourism, generated by the four in five Americans who drive for pleasure in rural areas, sustains many local economies. And many rural residents rely on transit to reach schools, health care, and other necessary services.

ISTEA SUCCESSES

✔ ISTEA provided over $1 billion for special projects in rural America, such as protecting scenic roadside vistas, preserving historic transportation facilities, and beautifying communities with bicycle and pedestrian facilities.

✔ ISTEA benefitted rural areas with provisions like special transit programs for small communities, transportation enhancements, scenic byways, and set-asides for off-system bridges.

KEY NEXTEA PROVISIONS

■ NEXTEA would strengthen rural communities' involvement in transportation planning by requiring coordination with local rural officials when statewide transportation plans are developed.

■ NEXTEA would increase investment in core programs affecting rural areas, such as the National Highway System, Transportation Enhancements, and Rural Transit Assistance, and expand funding eligibility to include Amtrak and intercity rail and bus, two key lifeline for rural America.

■ NEXTEA would raise authorizations for the Federal Lands Highways Program to $525 million, funding improvements on roads in national parks and forests, Indian reservations, and other public lands.

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03/12/97 10:16:00 AM

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Subject: 1997-03/12 Remarks by Pres re: NEXTEA

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 12, 1997

REMARKS BY THE PRESIDENT
IN ANNOUNCEMENT OF THE
NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

Room 450
Old Executive Office Building

9:55 A.M. EST

THE PRESIDENT: Thank you very much. Secretary Slater, Mr. Vice President, members of the administration, Department of Transportation. Senator Moynihan, thank you for being here. Mayor Schwartz, thank you for being here.

I spent a lot of time in the last few years talking about the need to build a bridge to the 21st century. And usually I'm talking in metaphorical terms that involve -- (laughter) -- balancing the budget, improving education for our children, preserving the environment as we grow the economy. Today we're talking about building bridges and roads and transit systems and highways in more literal terms. But I think it's important also to point out that as we invest in these bridges and roads and transit systems, we are also building a bridge to a cleaner environment. We're building a bridge from welfare to work. We're building a bridge to sustainable communities that can last and grow and bring people together over the long run.

And that is the importance of the legislation that we submit to Congress today. It does the old-fashioned work of investing in America's infrastructure in a very important way, but it also ties those investments to the challenges we face today and tomorrow.

I am proud that even as we have moved toward a balanced budget and cut our deficit by 63 percent in the last four years, we have still increased our federal investment in transportation infrastructure, and I thank the members of Congress who have supported that. (Applause.) I feel compelled to disclose that I did not plant the person in the middle of the audience who started the applause. (Laughter.) But if he's a federal employee he will immediately get a raise. (Laughter.)

Compared to four years ago, our highways and bridges are stronger, 100 miles of new transit lines are under construction, and that is just part of the story. But it is a big part of why our economy has produced almost 12 million jobs in the last four years and one month, including over 1 million new jobs in construction.

Today we're taking the next big step to maintain and modernize our transportation system, and to make sure it is the best in the world. The National Economic Crossroads Transportation Efficiency Act, as Secretary Slater said, known as NEXTEA, authorizes $174 billion over the next six years to improve our bridges, highways and transit systems. It will create tens of thousands of jobs for our people, help move people from welfare to work, protect our air and water and improve our highway safety.

□

I'm especially proud that as we build our infrastructure we are going to help build better lives for people who are moving off welfare. one of the biggest barriers facing people who move from welfare to work is finding transportation to get to their jobs, their training programs, their children's day care center.

There was recently a study of Atlanta, Georgia employment and the community surrounding Atlanta, pointing out that in entry level jobs an overwhelming percentage of those jobs -- for example, in fast food restaurants -- were held full-time by inner-city adults who were low-income people, if they were in Atlanta. If they were in the surrounding communities it was just a little over 50 percent. Why? Because the people who wanted the full time jobs had no way to get there. And you see that repeated over and over and over throughout the country.

This bill provides $600 million over six years to help provide and pay for transportation, so that those who have been told by the Congress in the last session that they have to go to work are, in fact, able to reach the jobs that are out there. And I ask for the support of everyone for that. (Applause.)

For too long, too many people have believed that strong transportation and a clean environment could not go hand in hand. This bill proves that that is not true. NEXTEA provides more than

$1.3 billion a year to reduce air pollution and millions more to preserve wetlands and open space. By helping communities to invest in cleaner methods of transportation, by supporting recreational trails, bike paths and pedestrian walkways, by investing in scenic byways and landscaping, this bill strengthens our infrastructure while protecting and enhancing our precious natural resources. Make no mistake about it, this is one of the most important pieces of environmental legislation that will be considered by the Congress in the next two years. And I think it should be thought of in that way. (Applause.)

This legislation also builds on our progress in making roads safer, increasing highway traffic safety funds by 25 percent, expanding our aggressive campaign to crack down on drunk and drugged driving.

At its heart, therefore, as you can see and as Secretary Slater said, this bill is about more than our roads and our bridges; it's about cutting-edge jobs in commerce, it's about the infrastructure we need to prepare for them, it's about the responsibility of those moving from welfare to work and our responsibility to help them get there. It's about the community we share and the steps we have to take to make it both safer and cleaner for our children.

The chance to reshape America's infrastructure comes along only once every six years. That means that this transportation bill literally will be our bridge into the 21st century. That's why we must work together to pass this legislation, to build on a long bipartisan position of cooperation in transportation policy to move our nation forward. Together we can keep our economy on the right track and ensure that the track itself is strong enough for the enormous challenges and opportunities that lie ahead.

I am excited about this legislation. I applaud all the people in the Department who put it together, and I'm very much looking forward to working with the Congress to make it a reality.

Thank you very much. (Applause.)

END 10:00 A.M. EST

Message Sent To:____

NEXTEA

THE NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

SHAPING AMERICA'S SURFACE TRANSPORTATION SYSTEM FOR THE 21ST CENTURY

MARCH 12, 1997

THE NATIONAL ECONOMIC CROSSROADS

TABLE OF CONTENTS

TRANSPORTATION EFFICIENCY ACT

Today, President Clinton will announce the National Economic Crossroads Transportation Efficiency Act (NEXTEA), a six-year, $175 billion investment program to improve America's highways, bridges, transit systems, and railroads; lower the toll in lives and health care costs from motor vehicle crashes; enhance America's environment; and support mobility and economic prosperity. NEXTEA increases surface transportation funding by $17 billion, or 11 percent, over the $157 billion authorized by ISTEA.

- **"REBUILDING AMERICA" -- $175 BILLION INVESTMENT WHILE BALANCING THE BUDGET**
  - Increases funding for core highway programs by 30 percent over ISTEA levels.
  - Provides greater flexibility for states and localities to target funds that best meet community needs.
  - Expands programs for innovative financing to leverage federal dollars.
  - Provides $600 million to deploy intelligent transportation technology to cut travel time and enhance safety.

- **PUTTING A STRONGER EMPHASIS ON SAFETY**
  - Increases funding for the National Highway Transportation Safety Administration by 25 percent to $395 million.
  - Increases highway and truck safety funding by $2 billion.
  - Increases funding for drunk driving prevention by 60 percent.
  - Creates and expands programs to increase the proper use of safety belts and child restraints, reduce drunk and drugged driving, and continue research into building safer roads and vehicles.

- **PROTECTING THE ENVIRONMENT**
  - Increases funding for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) by 30 percent, to $1.3 billion annually.
  - Increases Transportation Enhancements funding by more than 25 percent to support bike paths, pedestrian walkways and other community-oriented projects.
  - Expands CMAQ eligibility to include regions that fail to meet any new air quality standard.
  - Provides greater flexibility for state and local investment in non-polluting modes of transportation.

- **INVESTING $600 MILLION TO MOVE PEOPLE FROM WELFARE TO WORK**
  - Supports flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are.
  - Increases incentives for states and localities to provide job training for federally-funded technology and construction projects.

REBUILDING AMERICA

America's prosperity and quality of life are linked to our transportation system's efficiency, which keeps production costs low and maintains our international competitiveness. When President Clinton promised to "rebuild America" five years ago, this system suffered from inadequate capacity, deteriorating infrastructure, and poor connections among different forms of transportation. The President has worked with Congress to make good on his promise, taking advantage of ISTEA to raise infrastructure investment to record levels.

ISTEA SUCCESSES

✔ Under President Clinton, federal transportation infrastructure investment increased 21 percent, to an average of $25.5 billion annually.

✔ Many indicators of highway conditions and performance have stabilized or improved. The condition of bridges and highway pavement, which had been deteriorating, has stabilized. We have kept pace with our transportation system's maintenance requirements and stopped its deterioration.

✔ Transit investment has increased, including over $3 billion transferred using ISTEA's flexible funding provisions. Nearly 26,000 new buses and nearly 600 new rail cars have been bought for state and local transit agencies, and more than 100 miles of new transit lines serving more than 100 new stations are under construction. Transit speeds have improved by an average of about 10 percent.

KEY NEXTEA PROVISIONS

■ NEXTEA builds on ISTEA's successes while helping us to move towards a balanced budget. It would authorize about $175 billion for surface transportation programs from 1998 through 2003, an 11 percent increase over ISTEA. The proposed authorization levels would sustain or expand core programs such as the National Highway System, maintenance of the Interstate Highways, bridge reconstruction, and mass transit.

■ NEXTEA gives state and local officials greater flexibility to target funds towards projects that best meet community needs, including Amtrak and intercity rail passenger facilities. It also increases the tools available to them by making intelligent transportation systems eligible under all major program categories and by expanding innovative finance strategies to cut red tape and to leverage private and nonfederal public resources.

A COMMITMENT TO SAFETY

More than 40,000 Americans die and three million are injured in motor vehicle crashes each year, inflicting a tragic toll on millions of families. In addition, these crashes cost our economy $150 billion annually, including $14 billion paid directly by taxpayers for expenses such as health care and emergency services. Improved safety can help to control these costs.

ISTEA SUCCESSES

✔ Under ISTEA, with its enhanced commitment to safety, highway fatalities have been lower than in decades, averaging about 41,000 annually. Safety belt use has grown from 11 percent of motorists in 1982 to 68 percent last year. Alcohol-related fatalities have decreased from 57 percent of crashes in 1982 to 41 percent in 1995.

KEY NEXTEA PROVISIONS

Our challenge is to continue the progress on safety even as traffic increases. Recently, we have seen warning signs that we may be approaching the limits of progress under ISTEA: the fatality rate has stagnated, increases in safety belt use have leveled off, and the number of alcohol-related deaths has increased. NEXTEA would attack these problems by focusing on three key areas: driver behavior, road design, and vehicle standards.

Safer Drivers

- NEXTEA would increase NHTSA safety funding by 25 percent to $395 million, and fund incentive programs to reduce drugged and drunken driving, to increase safety belt use, and to collect improved data on highway safety to better identify and solve safety problems.

- $9 million annually in financial incentives would be provided for states to increase proper use of safety belts and child restraints.

- NEXTEA would increase funding for drunk driving prevention by 60 percent to $40 million in 1998, and reward states for aggressively reducing drunk driving through administrative driver's license suspensions and revocations, programs to prevent minors from drinking, and effective sanctions for repeat offenders.

- NEXTEA would provide $5 million annually beginning in 1999 in grants to states to prevent drugged driving. A state would be eligible for these grants if it adopted five of nine countermeasures, including zero tolerance laws, administrative license suspension for those driving under the influence, and pre-license drug testing.

Safer Roads

- Under ISTEA, funding was set aside to eliminate road hazards and to make highway-rail grade crossings safer. Grade crossing deaths alone have dropped by 31 percent. NEXTEA would build on this progress by replacing this set-aside with a flexible, six-year, $3.2 billion Infrastructure Safety Program. States would now have the ability to transfer funds to enforcement and behavioral programs if they would have a greater impact on safety.

Safer Vehicles

- States would have increased flexibility for tougher enforcement, such as targeting shippers who encourage truckers to violate rules and increasing penalties for violators. States also would be reimbursed for border enforcement and other high-priority activities that improve trucking safety.

- Under NEXTEA, the freeze on the size and weight of larger combination trucks on Interstate Highways and other routes would continue. We are doing a comprehensive study of this and related issues, and may soon propose additional steps in future safety legislation.

- Much progress on safety has been the result of vehicle design aimed at protecting motorists in crashes. NEXTEA would build on the progress to date with a $45 million annual research program targeted at improving crash avoidance and crash worthiness. In addition, more than a third of intelligent transportation systems research would be focused on collision avoidance systems and other "smart vehicle" technologies that prevent crashes.

- A new focus on performance in safety programs would measure effectiveness by looking at quantifiable results, not at how much money or effort is put into solutions.

INCREASING INVESTMENT THROUGH INNOVATIVE FINANCING

In spite of ISTEA's record investment, the federal government alone cannot meet all of our infrastructure needs. President Clinton recognized this in his January 1994 Executive Order on infrastructure, in which he directed us to cut red tape to speed construction and supplement federal funds by leveraging private and nonfederal public investment.

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Technology can improve the performance of roads and transit systems and effectively increase their capacity, especially in urban areas where new construction is too expensive or environmentally unsound. Technology also can make travel safe: most automobile crashes involve human error, and advanced collision avoidance systems and highway-rail grade crossing warnings can save hundreds of lives annually. Finally, technology can provide the logistical support needed for such innovations as "just-in-time" deliveries, which are cutting costs and improving productivity at nearly a third of U.S. companies.

ISTEA SUCCESSES

✔ ISTEA established a major federal commitment to intelligent transportation systems (ITS), the application of advanced information and communications technologies to travel. The federal role includes providing seed money for development and deployment, assistance in the creation of technology standards to promote system integration, and the coordination of public and private research efforts.

✔ The first generation of ITS is already being deployed: in Denver, synchronized traffic signals reduced travel times by over 15 to 20 percent, and in Seattle, ramp metering has cut accident rates by more than 60 percent. *Operation TimeSaver*, an initiative to reduce travel times in 75 cities by 15 percent over the next decade, was launched last year. Under this initiative, states may use their federal transportation funds to deploy ITS systems.

✔ Overall federal transportation research and technology investment increased to record levels, $930 million in 1997 alone. Initiatives resulting from this investment include high-performance materials, such as Superpave asphalt, which cost less and last longer, and the application of global positioning satellite systems to aviation and maritime navigation.

KEY NEXTEA PROVISIONS

■ NEXTEA would provide states and localities with ITS training and technical assistance, and fund a $600 million incentive program to help cities integrate their ITS programs and to help rural areas deploy ITS to improve safety. mobility, and commercial vehicle operations. It also would expand the eligibility of all major program categories to include ITS, so technology will always be considered as a strategy for meeting travel demand.

■ NEXTEA would increase overall federal investment in technology research for initiatives including advanced composites for stronger, safer roads and bridges and second-generation ITS technologies such as collision avoidance systems.

STRENGTHENING URBAN COMMUNITIES

Sound transportation is crucial for sustaining economic prosperity and a high quality of life in our cities. Targeted infrastructure investment can reduce congestion and improve connections so businesses can take advantage of the city's proximity to suppliers, support services, markets, and amenities. Such investment also can generate jobs for city residents, directly through construction, and indirectly by attracting new businesses.

ISTEA SUCCESSES

✔ ISTEA strengthened the role of cities in the transportation planning process, giving cities greater control over a substantial portion of federal funds and enabling them to choose projects which best met urban needs.

✔ Together with the increased flexibility of many programs, this enabled funding to be transferred to such urban needs as transit. Over $3 billion traditionally earmarked for highways was used for high-priority transit projects, most in cities, and overall transit funding increased under ISTEA, reaching a record $6 billion in 1995 alone.

KEY NEXTEA PROVISIONS

- NEXTEA sustains investment in mass transportation by increasing direct federal transit funding to $5 billion a year, by increasing the flexible Surface Transportation Program, and by making Amtrak and intercity rail terminals eligible for funding. Transit programs would be streamlined to make it easier for local officials to select the options that make the most sense for their communities

- NEXTEA includes a six-year, $600 million program to support flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are and to provide access to training and such support services as child care.

- Technology can provide needed additional urban travel capacity with less disruption to established communities and at less cost than new construction. NEXTEA proposes to make intelligent transportation systems eligible under all major programs, and to create an incentive program to ensure that these technologies are fully integrated.

- NEXTEA would further strengthen the role of central cities in regional planning and simplify federal planning requirements.

SERVING RURAL AMERICA

Transportation is as vital to rural areas as it is to cities. Sound transport is vital for shipping raw materials and agricultural products. Tourism, generated by the four in five Americans who drive for pleasure in rural areas, sustains many local economies. And many rural residents rely on transit to reach schools, health care, and other necessary services.

ISTEA SUCCESSES

✔ ISTEA provided over $1 billion for special projects in rural America, such as protecting scenic roadside vistas, preserving historic transportation facilities, and beautifying communities with bicycle and pedestrian facilities.

✔ ISTEA benefitted rural areas with provisions like special transit programs for small communities, transportation enhancements, scenic byways, and set-asides for off-system bridges.

KEY NEXTEA PROVISIONS

■ NEXTEA would strengthen rural communities' involvement in transportation planning by requiring coordination with local rural officials when statewide transportation plans are developed.

■ NEXTEA would increase investment in core programs affecting rural areas, such as the National Highway System, Transportation Enhancements, and Rural Transit Assistance, and expand funding eligibility to include Amtrak and intercity rail and bus, two key lifeline for rural America.

■ NEXTEA would raise authorizations for the Federal Lands Highways Program to $525 million, funding improvements on roads in national parks and forests, Indian reservations, and other public lands.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 12, 1997

REMARKS BY THE PRESIDENT
IN ANNOUNCEMENT OF THE
NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

Room 450
Old Executive Office Building

9:55 A.M. EST

THE PRESIDENT: Thank you very much. Secretary Slater, Mr. Vice President, members of the administration, Department of Transportation. Senator Moynihan, thank you for being here. Mayor Schwartz, thank you for being here.

I spent a lot of time in the last few years talking about the need to build a bridge to the 21st century. And usually I'm talking in metaphorical terms that involve -- (laughter) -- balancing the budget, improving education for our children, preserving the environment as we grow the economy. Today we're talking about building bridges and roads and transit systems and highways in more literal terms. But I think it's important also to point out that as we invest in these bridges and roads and transit systems, we are also building a bridge to a cleaner environment. We're building a bridge from welfare to work. We're building a bridge to sustainable communities that can last and grow and bring people together over the long run.

And that is the importance of the legislation that we submit to Congress today. It does the old-fashioned work of investing in America's infrastructure in a very important way, but it also ties those investments to the challenges we face today and tomorrow.

I am proud that even as we have moved toward a balanced budget and cut our deficit by 63 percent in the last four years, we have still increased our federal investment in transportation infrastructure, and I thank the members of Congress who have supported that. (Applause.) I feel compelled to disclose that I did not plant the person in the middle of the audience who started the applause. (Laughter.) But if he's a federal employee he will immediately get a raise. (Laughter.)

Compared to four years ago, our highways and bridges are stronger, 100 miles of new transit lines are under construction, and that is just part of the story. But it is a big part of why our economy has produced almost 12 million jobs in the last four years and one month, including over 1 million new jobs in construction.

Today we're taking the next big step to maintain and modernize our transportation system, and to make sure it is the best in the world. The National Economic Crossroads Transportation Efficiency Act, as Secretary Slater said, known as NEXTEA, authorizes $174 billion over the next six years to improve our bridges, highways and transit systems. It will create tens of thousands of jobs for our people, help move people from welfare to work, protect our air and water and improve our highway safety.

I'm especially proud that as we build our infrastructure we are going to help build better lives for people who are moving off welfare. one of the biggest barriers facing people who move from welfare to work is finding transportation to get to their jobs, their training programs, their children's day care center.

There was recently a study of Atlanta, Georgia employment and the community surrounding Atlanta, pointing out that in entry level jobs an overwhelming percentage of those jobs -- for example, in fast food restaurants -- were held full-time by inner-city adults who were low-income people, if they were in Atlanta. If they were in the surrounding communities it was just a little over 50 percent. Why? Because the people who wanted the full time jobs had no way to get there. And you see that repeated over and over and over throughout the country.

This bill provides $600 million over six years to help provide and pay for transportation, so that those who have been told by the Congress in the last session that they have to go to work are, in fact, able to reach the jobs that are out there. And I ask for the support of everyone for that. (Applause.)

For too long, too many people have believed that strong transportation and a clean environment could not go hand in hand. This bill proves that that is not true. NEXTEA provides more than $1.3 billion a year to reduce air pollution and millions more to preserve wetlands and open space. By helping communities to invest in cleaner methods of transportation, by supporting recreational trails, bike paths and pedestrian walkways, by investing in scenic byways and landscaping, this bill strengthens our infrastructure while protecting and enhancing our precious natural resources. Make no mistake about it, this is one of the most important pieces of environmental legislation that will be considered by the Congress in the next two years. And I think it should be thought of in that way. (Applause.)

This legislation also builds on our progress in making roads safer, increasing highway traffic safety funds by 25 percent, expanding our aggressive campaign to crack down on drunk and drugged driving.

At its heart, therefore, as you can see and as Secretary Slater said, this bill is about more than our roads and our bridges; it's about cutting-edge jobs in commerce, it's about the infrastructure we need to prepare for them, it's about the responsibility of those moving from welfare to work and our responsibility to help them get there. It's about the community we share and the steps we have to take to make it both safer and cleaner for our children.

The chance to reshape America's infrastructure comes along only once every six years. That means that this transportation bill literally will be our bridge into the 21st century. That's why we must work together to pass this legislation, to build on a long bipartisan position of cooperation in transportation policy to move our nation forward. Together we can keep our economy on the right track and ensure that the track itself is strong enough for the enormous challenges and opportunities that lie ahead.

I am excited about this legislation. I applaud all the people in the Department who put it together, and I'm very much looking forward to working with the Congress to make it a reality.

Thank you very much. (Applause.)

END 10:00 A.M. EST

The Economy Remains On The Right Track: Low Unemployment and Wages Rising Again

March 7, 1997

FEBRUARY'S JOBS REPORT POINTS TO CONTINUED STRONG ECONOMIC GROWTH WITH LOW INFLATION. UNEMPLOYMENT REMAINS LOW, JOB GROWTH IS STRONG, AND REAL WAGES ARE RISING FOR THE FIRST TIME IN A DECADE.

- **Unemployment Remains Low -- At 5.3%.**
  - The February unemployment rate was still at an historically low level of 5.3% -- its 30th consecutive month below 6%. In 1992, the unemployment rate was 7.5%. [Source: BLS.]
  - The combined rate of unemployment and inflation has been lower under President Clinton than any other Administration since Lyndon Johnson was President. [Source: Based on data from BLS.]

- **Real Wages Are Rising Again.**
  - Today's news shows that over the past 12 months, average hourly wages have increased 3.8% -- well outpacing the rate of inflation, which means real wage increases for America's workers. [Source: BLS.]
  - Today's number confirms what *Business Week* (8/12/96) wrote last year: "[F]or the first time in more than a decade, real wages are showing sustained increases..."

- **11.8 Million New Jobs.**
  - We already have nearly nearly 600,000 new jobs so far in 1997, and 2.7 million over the past year.
  - During the Clinton Administration, the economy has added 11.8 million new jobs -- a faster annual rate of job growth than *any* Republican Administration since the Roaring 1920s. [Source: Based on data from the Bureau of Labor Statistics, Current Employment Statistics survey.]

- **Strong Private-Sector Job Growth.**
  - Over the past year, the private sector has added 2.5 million jobs -- almost twice the private-sector jobs than during the entire four-year period before President Clinton took office. [Source: Based on data from BLS.]
  - 93 percent of the 11.8 million new jobs under President Clinton have been in the private sector. [Source: Based on data from BLS.]

- **Turning The Corner In Basic American Industries.**
  - After losing 667,000 jobs in construction during the previous four years, 1,128,000 new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President.
  - After losing 35,000 jobs in the auto industry during the Bush years, we have 105,000 new auto

jobs since President Clinton took office. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]