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Robert D. Novak

Roads to Riches

After my column describing how road-master Rep. Bud Shuster offered extra money to recalcitrant junior Republican House members to support his massive highway bill [op-ed, April 2], staffers of Shuster's Transportation Committee sent me some politically charged documents: letters from these same reformers requesting funds for highway projects in their districts.

Does this validate Shuster's claim that his critics are hypocrites? Not quite. But it confirms how pork politics has always corrupted Capitol Hill. State highway officials tell a member of Congress what is needed in his district. The lawmaker relays this to the Transportation Committee, which okays the project, simultaneously boosting him back home and pinning down his vote for the bill—a practice once known as logrolling.

House Republicans had a chance before the spring recess to escape this cycle by approving Budget Committee Chairman John Kasich's proposal to hand over road money to the states. The GOP-controlled House, no longer flying the banner of reform, rejected Kasich overwhelmingly.

Shuster had offered $15 million each in highway funds to critical Republicans to be used wherever they wanted in return for their votes for the bill busting all the spending limits. I reported how four second-termers, among others, turned down the money in outrage, protesting they could not be bought.

Their tone was considerably different in 1997 "Dear Chairman Shuster" letters supplied to me by the committee. In stilted, staff-written style, their requests ranged from fawning to highly formal.

- On March 10, 1997, Rep. Sue Myrick of North Carolina (writing with her ultra-liberal Democratic colleague, Rep. Melvin Watt) asked for completion of the Charlotte Outer Loop, which would cost $46.8 million. "Please do not hesitate to contact either of us," said the Myrick-Watt letter, "if we can provide you with further information."
- On Feb. 27, 1997, Rep. Lindsey Graham of South Carolina listed four road projects (S.C. 72, S.C. 81, S.C. 20 and the Bobby Jones Expressway), with a total price tag of $197 million. "Please do not hesitate to contact me if I need to provide additional information," the letter concluded.
- On March 6, 1997, Rep. Tom Coburn of Oklahoma wrote Rep. Thomas Petri of Wisconsin, chairman of the surface transportation subcommittee, requesting "full consideration" of a State Highway 51 project costing $50.4 million. The letter commended "you and your colleagues . . . for your diligence and hard work."
- On March 7, 1997, Rep. Steve Largent of Oklahoma submitted a request for extending the Broken Arrow Expressway, which would cost $160 million. Characteristically, Largent was phlegmatic: "I am confident that the merit of the project will speak for itself."

These fellow Republicans were excoriated as "self-righteous" on the House floor by Shuster, who implied each was "a hypocrite" for having "sent us letters requesting projects for his district while at the same time saying he opposes the projects."

The four letter writers responded to me with varying degrees of anger at Shuster for misinterpreting what they said were merely the recommendations of their state highway departments. "That's very disingenuous," stormed Coburn. "We didn't ask for one special project." Largent said the calls to his office from the Shuster committee "prostituted the system." Myrick said it was "my duty" to pass on proposals from local authorities, asserting: "I don't do pork."

But Lindsey Graham did express misgivings about relaying his state's requests: "It had to be done, and that's how it is. But I don't like doing it." Perhaps, he hinted, he wouldn't do it again.

Kasich's amendment would have gotten members of Congress out of this lobbying business. Of the 18.4 cents-a-gallon federal tax, it would have Washington keep but 3 cents—2 cents for maintaining the interstate system and 1 cent for special needs—and send the rest to the states.

Rep. Nick Rahall of West Virginia, one of Shuster's Democratic stalwarts on the committee, denounced the Kasich amendment as "a thinly veiled attempt to turn back almost all highway responsibilities to our states." That would diminish clout for professional politicians in Congress who relish campaign funds from highway builders.

All four letter-writing rebels voted for the amendment but were joined by only 63 other Republicans. It failed, 337 to 79. Pork politics triumphed, but four wiser Republican reformers henceforth may be more careful playing the game with old pro Bud Shuster.

Highway Bill's Bounty Isn't Always in Dollars

Favors for Haulers, Eateries Included

By CHARLES R. BABCOCK
Washington Post Staff Writer

You won't find Chick-fil-A Inc. named in the massive $217 billion highway bill that the House passed last week. But there is a favor in the bill for the Atlanta-based restaurant chain and several more salted away for other companies and industries.

There's more to the legislation, it seems, than the billions earmarked for roads and bridges in members' districts. It contains provisions that may translate into profits or cost savings for various special interests, even though their requests don't call for any federal funds.

Rocky Mountain Prestress Inc. of Denver, sugarcane growers in Louisiana and truckers in Maine, for example, are seeking exceptions to federal truck weight limits.

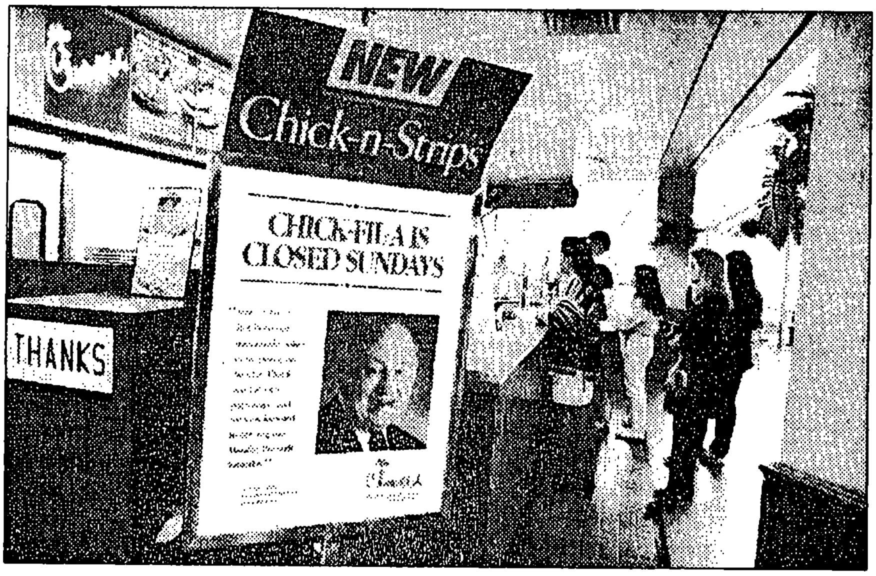
Brian O'Neill, president of the Insurance Institute for Highway Safety, denounced the exceptions to federal weight limits as "obviously egregious examples of what shouldn't be happening in this legislation."

A more controversial safety issue, a provision that would block federal inspectors from using "global positioning satellite" records to check on whether truckers are driving too many hours, was pulled from the bill at the last minute.

It's not always easy to tell from the legislative language who got what. The Chick-fil-A provision is found in Section 133, Eligibility. It refers only to "a food business" being eligible to be included on highway signs even though it is open only six days a week. That means Chick-fil-A.

The company's problem, according to spokesman Don Perry, is that Transportation Department regulations say restaurants should be open seven days a week to be included on those interstate highway "food and lodging next exit" signs. The chain, which has 775 locations and is expanding, has always been closed on Sundays, he said, because its founders saw Sunday as a day for church, family and rest.

If the House-passed provision becomes law, Chick-fil-A will pay for the signs, which already are allowed under state law in Georgia, Florida and Texas. They will say "closed Sundays" so motorists won't be confused, Perry added.



BY LOUIS DELUCA—DALLAS MORNING NEWS

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The provision would let the firms haul two or more giant concrete slabs on their trucks, a practice already permitted on state roads. Dan Hopkins, a spokesman for the Colorado transportation department, said the state feels the variance is important from a safety standpoint "to get these large moves done with fewer trips."

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The 100,000-pound weight limit is also an issue in Maine, where logging trucks are a way of life. The Federal Highway Administration has started sanction proceedings against the state because it isn't enforcing the federal limit after designating a part of the state turnpike a federal interstate several years ago, according to Alan Stearns, director of policy for the state Transportation Department. He called the federal limit "a farce" because roads in Massachusetts and New York are allowed to carry heavier loads. The House bill would exempt that state-turned-federal highway from the weight limit.

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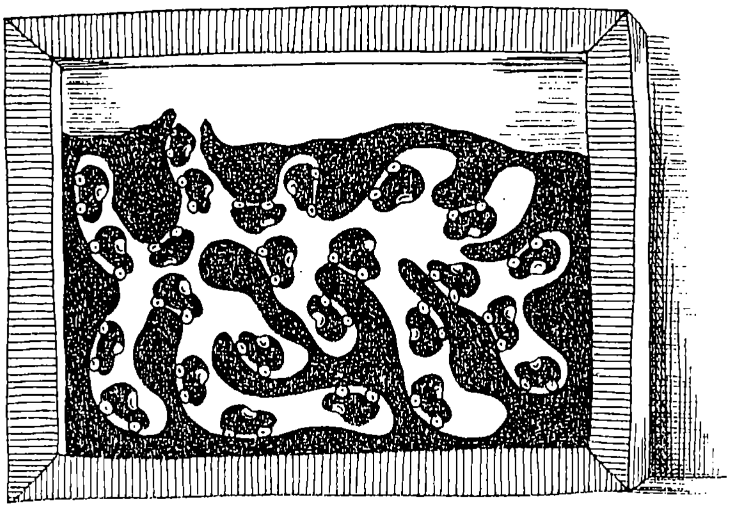
Intercounty Connector: A Road to Nowhere?



BY MARGARET SCOTT

The Post's March 16 editorial "Gov. Glendening's ICC U-Turn" attacks the governor's "rethinking of how to deal with the traffic congestion."

The editorial says that this rethinking "would trash more than 30 years of work toward an environmentally acceptable route to address the swiftly worsening traffic congestion in this part of Maryland."

The 30 years appear not to have found an "environmentally acceptable route," as indicated by an EPA edict and an Environmental Impact Statement.

The EIS also seems to indicate that the intercounty connector would not give much relief to the traffic congestion, either. The EIS found that, by 2020, even with the connector, congestion in this area would be nearly three times as bad as today. It is high time we do some rethinking before we spend another billion-plus dollars on another non-solution.

NEAL POTTER
Member
Montgomery County Council
Rockville

■

Maryland's Gov. Parris Glendening is a great spinmeister when discussing the intercounty connector.

In the March 14 Metro "Glendening Criticized For Highway U-Turn," Mr. Glendening is quoted as saying, "The picture of an ICC that is a huge six-, eight-, 10-, 12-lane highway that just bulldozes right through a county from point to point . . . is gone." Mr. Glendening is using the rhetoric of the environmentalists who have painted this false picture for him and the public. It is a scare tactic not based on fact.

Since the beginning of the current connector study, four and six lanes have been considered, not eight, 10 or even 12 lanes as the governor says. Yes, the state used conventional bulldoze construction technologies in the study; however, the use of elevated, "end-on" or pre-fab-type road construction technologies that do less damage to the ground were given little consideration in the road design study.

I and others have been advocating the use of elevated, end-on and other technologies used successfully elsewhere in the United States and other countries. These technologies are people- and environmentally friendly and provide better land use than the bulldoze approach.

Some people want the intercounty connector because it will divert traffic from their neighborhood streets. They also want the road because it will provide easy access to the high-tech centers at both ends of the connector. They want the connector to help reduce the increase in traffic congestion as the population grows. About 60 percent of Montgomery County residents work in the county, and an east-west road in mid-county is needed to serve them.

We should build the intercounty connector now as it is shown in the Master Plan Alignment and has been planned for 40 or so years and use environmental and people-friendly elevated construction technologies.

G. STANLEY DOORE
Silver Spring

The writer is a member of ICC Master Plan Advocates and transportation chair of the Calverton Citizens Association.

■

The March 16 editorial criticizing Gov. Parris Glendening's reversal of course on building the intercounty connector made much of "vision." But The Post's opinion that elected officials lack vision if they "avert their gaze" on the need for better east-west connections misses what political leadership is supposed to be all about.

Intuition, understanding and foresight are synonyms for "vision." A new and sustainable community vision should push at the boundaries of technology, should seek economic futures that are equitable and robust, and should secure the bedrock of environmental integrity.

If the governor is scuttling an ill-advised plan for cutting a massive new freeway through mid-Montgomery County, he is to be congratulated. Contrary to Board of Trade rhetoric, and according to the state transportation department, the highway would do little to ease congestion where it is worst: at many county intersections and on the Beltway. It would not efficiently serve dispersed travel throughout the study area. And most important, smart-growth land-use policies cannot be relied upon to control the "reckless growth" that a new freeway would engender. More open land and important environmental resources would disappear and vehicle use would increase, further endangering air, water, health and the quality of life we wish for our families and communities.

In this case, "vision" means re-imagining a transportation and land-use future, and undertaking the kind of infrastructure, planning and zoning changes necessary to make it happen. Undertaking innovative and extensive new transit, reinvigorating and filling in existing modes of development, tackling transportation demand through pricing and other market-based tools, and making selective capital improvements where they are needed are components of a visionary solution that can get us to a desirable future.

The old way, pouring miles of new concrete, has been shown time and again to be unsuccessful. Visionary it is not.

JAY SHERMAN
Silver Spring

THE GOOD -- A NATIONAL .08% BAC LAW

Washington Post

FRIDAY, APRIL 3, 1998

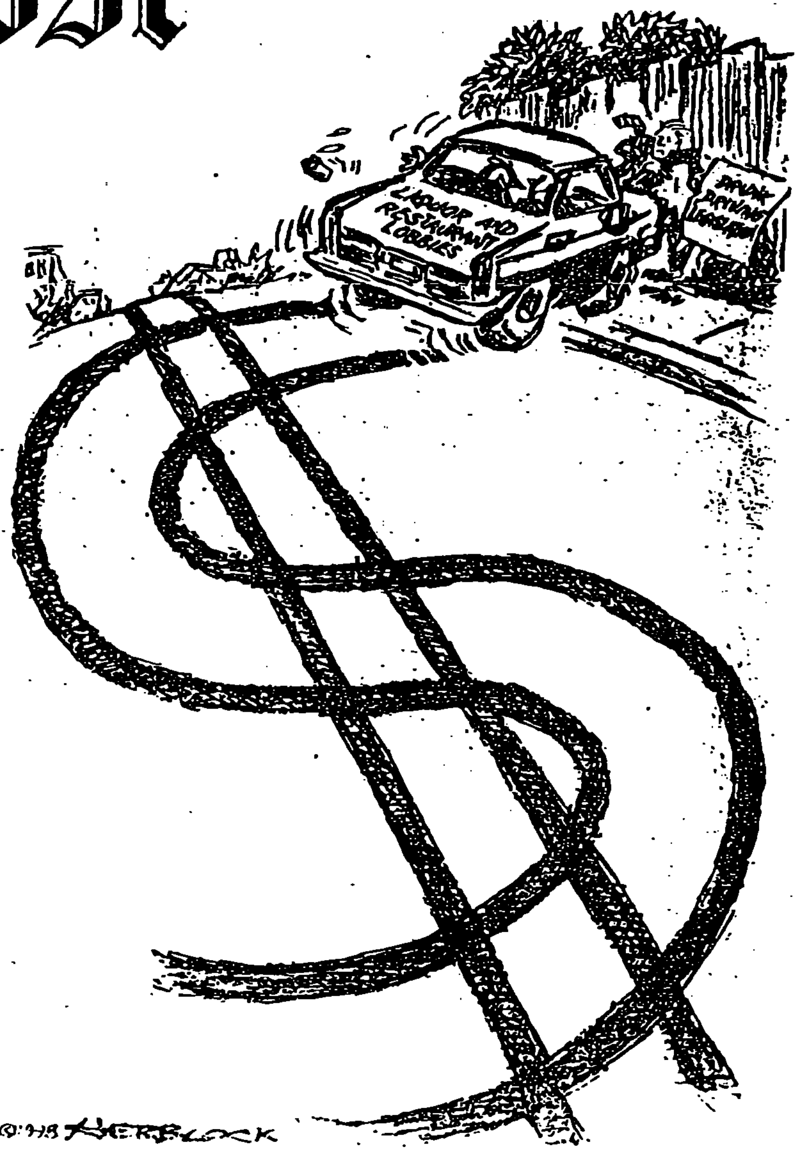
Drinks on the House—and Road

"I'M ABSOLUTELY disgusted," said Rep. Nita M. Lowey of New York, sponsor of a reasonable and effective curb on drunk driving that got sideswiped in a committee this week. She had good cause: Lobbyists for alcohol interests managed to ply enough members of the House Rules Committee with contributions and loaded arguments to deny a vote in the full House. The lobbyists know that in the full House there is broad bipartisan support for the measure, which would set a single approved medical standard for defining drunkenness behind the wheel (and for decreasing federal transportation allocations for states with looser standards). The Senate approved the provision earlier last month by a solid margin, as part of its highway bill.

But the Rules Committee trap, orchestrated with a full-court press by lobbyists for beer, wine and restaurant interests, worked perfectly. No need even to consider the proposal's merits—just block it from the rest of the House. The focus of the measure's supporters throughout Congress now will be on the highway bill conferees. The Senate's strong vote—and the fact that the House never got to vote at all—speaks for conference approval of the proposal, which at least would allow House members to go on record.

The bill has to do with the blood-alcohol content of drivers. Nearly all physicians' groups and highway research organizations consider a reading of .08 as sufficient evidence of a drunk driver. They cite tests showing that the average 170-pound man would have to throw down four drinks in one hour on an empty stomach before reaching .08; a 137-pound woman would have to consume three drinks under the same conditions. Does anybody seriously relish being on the road with or near drivers who have belted down that much? Let Congress—both houses—answer that.

DRIVING PATTERN



THE BAD -- SPECIAL INTEREST
MOTOR CARRIER EXEMPTIONS

The Washington Post

MONDAY, APRIL 6, 1998 A23

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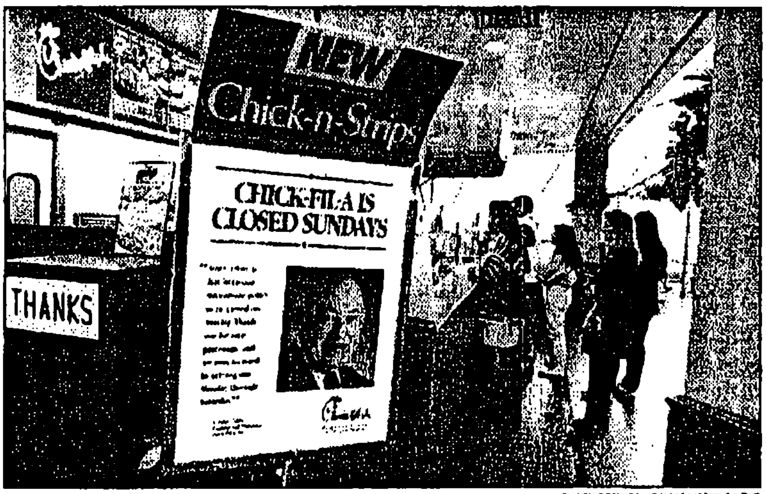
By CHARLES R. BABCOCK
Washington Post Staff Writer



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AND ' 'HE UG .Y . . .

The Washington Post

IN THE LOOP

Al Kamen

DUI Arrest for Lawmaker Against Lowering Limit

This just in from State Capital Strategies, an online report: A Connecticut lawmaker who has been leading the fight against lowering the legal drunk driving threshold from 0.10 to 0.08 was arrested last month for driving under the influence. State Rep. **William Varese** (R) was arrested after he crashed his car into five parked cars after leaving a topless dancing club in Bridgeport. At the time of his arrest, his blood alcohol level was 0.167. Varese has not yet indicated whether he will vote on the blood alcohol level measure when it comes up.

Monday, April 6, 1998 A23

From
Bob

ASCE

American Society of Civil Engineers

1998 Report Card for America's Infrastructure

Subject	Grade	Comments
Roads	D-	More than half (59 percent) of our roadways are in poor, mediocre or fair condition. More than 70 percent of peak-hour traffic occurs in congested conditions. It will cost $263 billion to eliminate the backlog of needs and maintain repair levels. Another $94 billion is needed for modest improvement -- a $357 billion total.
Bridges	C-	Nearly one of every three bridges (31.4 percent) is rated structurally deficient or functionally obsolete. It will require $80 billion to eliminate the current backlog of bridge deficiencies and maintain repair levels.
Mass Transit	C	Twenty percent of buses, 23 percent of rail vehicles, and 38 percent of rural and specialized vehicles are in deficient condition. Twenty-one percent of rail track requires improvement. Forty-eight percent of rail maintenance buildings, 65 percent of rail yards and 46 percent of signals and communication equipment are in fair or poor condition. The investment needed to maintain conditions is $39 billion. It would take up to $72 billion to improve conditions.
Aviation	C-	There are 22 airports that are seriously congested. Passenger enplanements are expected to climb 3.9 percent annually to 827.1 million in 2008. At current capacity, this growth will lead to gridlock by 2004 or 2005. Estimates for capital investment needs range from $40-60 billion in the next five years to meet design requirements and expand capacity to meet demand.
Schools	F	One-third of all schools need extensive repair or replacement. Nearly 60 percent of schools have at least one major building problem, and more than half have inadequate environmental conditions. Forty-six percent lack basic wiring to support computer systems. It will cost about $112 billion to repair, renovate and modernize our schools. Another $60 billion in new construction is needed to accommodate the 3 million new students expected in the next decade.
Drinking Water	D	More than 16,000 community water systems (29 percent) did not comply with the Safe Drinking Water Act standards in 1993. The total infrastructure need remains large -- $138.4 billion. More than $76.8 billion of that is needed right now to protect public health.
Wastewater	D+	Today, 60 percent of our rivers and lakes are fishable and swimmable. There remain an estimated 300,000 to 400,000 contaminated groundwater sites. America needs to invest roughly $140 billion over the next 20 years in its wastewater treatment systems. An additional 2,000 plants may be necessary by the year 2016.
Dams	D	There are 2,100 regulated dams that are considered unsafe. Every state has at least one high-hazard dam, which upon failure would cause significant loss of life and property. There were more than 200 documented dam failures across the nation in the past few years. It would cost about $1 billion to rehabilitate documented unsafe dams.
Solid Waste	C-	Total non-hazardous municipal solid waste will increase from 208 to 218 million tons annually by the year 2000, even though the per capita waste generation rate will decrease from 1,606 to 1,570 pounds per person per year. Total expenditures for managing non-hazardous municipal solid waste in 1991 were $18 billion and are expected to reach $75 billion by the year 2000.
Hazardous Waste	D-	More than 530 million tons of municipal and industrial hazardous waste is generated in the U.S. each year. Since 1980, only 423 (32 percent) of the 1,200 Superfund sites on the National Priorities List have been cleaned up. The NPL is expected to grow to 2,000 in the next several years. The price tag for Superfund and related clean up programs is an estimated $750 billion and could rise to $1 trillion over the next 30 years.

America's Infrastructure G.P.A. = D

Total Investment Needs = $1.3 Trillion

(estimated five-year need)

A = Exceptional
B = Good
C = Mediocre
D = Poor
F = Inadequate

Each category was evaluated on the basis of condition and performance, capacity vs. need, and funding vs. need.

American Society of Civil Engineers, Washington Office, 1015 15th Street, NW, Suite 600, Washington, DC 20005; 202/789-2200

American Society of Civil Engineers' "1998 Report Card for America's Infrastructure"		***National Council on Public Works Improvement's 1988 "Report Card on the Nation's Public Works"***	
Roads	D-	Highways	C+
Bridges	C-		
Mass Transit	C	Mass Transit	C-
Aviation	C-	Aviation	B-
Schools	F		
Drinking Water	D	Water Supply	B-
Wastewater	D+	Wastewater	C
Dams	D	Water Resources	B
Solid Waste	C-	Solid Waste	C-
Hazardous Waste	D-	Hazardous Waste	D
Average grade = D		Average grade = C	

ASCE cautions against directly comparing its grades with the Council's grades. Although ASCE examined largely the same categories as the Council did in 1988, there are differences worth noting. ASCE added a category on school buildings and divided the Council's "highways" category into two categories: "roads" and "bridges," to more specifically reflect their conditions. The Council also focused on ports, inland waterways and flood-control dams in its "water resources" category. ASCE chose to focus on the nation's dams.

ASCE experts based their evaluations on existing reports (see corresponding Issue Briefs for each category). ASCE determined its grades by evaluating the infrastructure's condition, performance, capacity and funding.

ASCE's 1998 Report Card for America's Infrastructure Advisory Panel:

- **Charles A. Parthum**. He is chair of ASCE's Committee on Government Affairs, and is a past-president of the Society. He is a consultant for the environmental engineering firm Camp Dresser & McKee in Cambridge, Mass.
- **Dr. C. Michael Walton**. He is chair of ASCE's National Transportation Policy Committee, and chair of the Department of Civil Engineering at the University of Texas at Austin. He has served on a number of government-appointed national study panels, and review committees for the Transportation Research Board and the National Research Council.
- **Virginia Valentine**. She is chair of ASCE's National Infrastructure Policy Committee, and serves on ASCE's Board of Direction. She is a senior vice president for the water resources engineering firm Post, Buckley, Schuh & Jernigan, Inc., in Las Vegas.
- **Robert T. Chuck**. He is chair of ASCE's National Water Policy Committee, and is the Pacific Islands Water Resources Manager in the Honolulu office of the environmental engineering firm CH2M Hill.
- **Conrad G. Keyes, Jr.** He is chair of ASCE's National Environmental Systems Policy Committee, and is the principal planning engineer for the U.S. Section of the International Boundary & Water Commission of the U.S. and Mexico.

Issue **BRIEF**

ASCE
American Society of Civil Engineers

SCHOOLS

In recent years, there has been widespread public concern over the physical condition of America's school facilities. Many of the nation's 88,000 public elementary and secondary schools are in substandard condition and need major repairs due to leaking roofs, plumbing problems, inadequate heating systems or other system failures.

School Conditions:

More than 14 million children are being taught in school buildings needing significant repairs to restore them to good overall condition.

The most recent report conducted by the General Accounting Office (GAO) on the condition of America's schools found that one-third of all schools need extensive repair or replacement. In addition, the report found that:

- Nearly 60 percent of schools have at least one major building feature in disrepair, such as leaky roofs and crumbling walls.

- More than half have unsatisfactory environmental conditions, such as poor ventilation, heating or lighting problems or poor physical security.

- Forty-six percent lack even the basic electrical wiring to support computers, modems and modern communications technology.

It will cost about $112 billion to repair, renovate and modernize America's school facilities. This includes $65 billion needed by the one-third of school districts which have one or more entire buildings in need of major repairs or replacement.

Schools that are in adequate or better condition (40 percent) reported needing $36 billion - about $1.2 million per school- to replace or repair building features such as the plumbing or roof. About two-thirds of the schools will need to spend a total of $11 billion to meet federal mandates. Of this amount, approximately $5 billion is needed to fix or remove hazardous substances such as asbestos, lead and radon.

Total annual construction and renovation spending since 1991 has remained between $10 and $12 billion for K-12 schools.

-more-

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School facility problems vary, and tend to be heavily concentrated in the inner cities. Reports show that 38 percent of central city schools had at least one inadequate building compared to 29 percent of the schools in suburbs and large towns, and 30 percent of schools in small towns and rural schools. This is largely because inner cities must spend disproportionate sums to meet the special needs of poor and immigrant students, and thus often forgo construction spending.

Washington, DC, schools are failing in almost every category. The city tops the list with 91 percent of its schools reporting at least one inadequate building feature. Schools were closed under court order for 14 school days while construction was completed to fix 66 roofs and repair other severe structural deficiencies and fire code violations in 1997. Many of the District's 158 schools are more than 100 years old. In Los Angeles, there is a maintenance and construction backlog of over $600 million -- 245 schools need roof replacement, 152 schools need fire alarm systems and 57 need new boilers. New York City schools were closed for the first 11 days of the school year in 1993 for noncompliance with asbestos requirements.

In addition to repairing existing buildings, America needs to build 6,000 new schools at a cost of $60 billion to accommodate the 3 million school children that will be added to the rolls in the next 10 years. Today, cities are forced to use gymnasiums, storage rooms, libraries and trailers as make-shift classrooms. With more than 3,000 students packed into a space designed for 2,000, Bloomingdale High School in Tampa, Fla., has been holding double sessions, with the first shift starting at 6:45 a.m.

Solutions:

Despite demand for upgraded and expanded facilities, state and local governments are cutting school budgets, leaving less for new construction and deferring necessary maintenance and repair. Many communities have been reluctant to pass local bond issues because they feel enough money is already being spent on schools. A study by the National School Boards Association found nearly one-fourth of proposed bond issues or tax increases failed in the five years prior to 1995 in the 85 school districts surveyed. Some good news from the federal government: The Clinton Administration's FY99 budget calls for federal tax credits to pay interest on nearly $22 billion in bonds to repair schools. That's more than double the federal assistance last year.

Governments should explore alternative financing including lease financing, where the facility is privately owned, and public-private partnerships which can provide a combination of financing/ownership/use arrangements to facilitate construction.

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ROADS & BRIDGES

While passenger and commercial travel on our highways has increased dramatically in the past 10 years, America has been seriously under-investing in needed road and bridge repairs, and failing to even maintain the substandard conditions we have. This is a dangerous trend that is affecting highway safety as well as the health of the American economy.

Road Conditions:

More than half of America's urban and rural roadways (59 percent) are in poor, mediocre or fair condition, according to the Federal Highway Administration (FHwA). Although this is a slight improvement from previous years, conditions remain at substandard levels.

The FHwA ranks "poor" roads as those in need of immediate improvement. "Mediocre" roads need improvement in the near future to preserve usability. "Fair" roads will likely need improvement. "Good" roads are in decent condition and will not require improvement in the near future. "Very good" roads have new or almost new pavement.

Road Performance:

Substandard road conditions are dangerous. Substandard road and bridge design and pavement conditions, and outdated safety features are a factor in 30 percent of all fatal highway accidents, according to the FHwA.

Americans' personal and commercial highway travel continues to increase at a faster rate than highway capacity, and our highways cannot sufficiently support our current or projected travel needs. Between 1970 and 1995, passenger travel nearly doubled in the U.S., and road use is expected to increase by nearly two-thirds in the next 20 years. Growth can be attributed to changes in the labor force, income, makeup of metropolitan areas and other factors.

More than 70 percent of peak-hour traffic occurs in congested conditions. The cost to the economy -- in wasted time and fuel -- in just the 10 most congested urban areas is $34 billion each year. In addition, poor highway conditions hinder effective transport of goods that help support the American economy.

The investment needed just to maintain our current conditions is $263.7 billion over the next five years or $52.7 billion each year. It will take an additional $93.8 billion or $18.8 billion each year to improve conditions. That's a five-year total of $357.5 billion in needs, according to the American Association of State Highway and Transportation Officials.

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Bridge Conditions:
A total of 182,726 of the nation's 581,862 bridges (31.4 percent) are rated structurally deficient or functionally obsolete by the FHwA. While this number remains high, it is a slight improvement over previous years. It will require $80 billion to eliminate the current backlog of bridge deficiencies and maintain current repair levels, according to the FHwA.

A structurally deficient bridge is closed or restricted to light vehicles because of its deteriorated structural components. While not necessarily unsafe, these bridges must have limits for speed and weight. A functionally obsolete bridge has older design features; and while it is not unsafe for all vehicles, it cannot safely accommodate current traffic volumes, and vehicle sizes and weights.

Solutions:
The solutions to ease the increasing demands on our transportation system and improve highway conditions, capacity and safety are multifaceted and don't always mean just building more roads and bridges. America must change its transportation behavior, increase transportation investment at all levels of government, and make use of the latest technology. Cities and communities should be better planned to reduce dependance on personal vehicles for errands and work commutes, and businesses must encourage more flexible schedules and telecommuting.

Congress must fully re-authorize the Intermodal Surface Transportation Efficiency Act (ISTEA). Congress also must use all of the money that accumulates in the Highway Trust Fund, and protect it from abuse by removing it from the unified budget. Current federal, state and local investment for roads and bridges totals $34.8 billion. This is far below our needs. The Clinton Administration's FY99 budget calls for only $23 billion for highways when the trust fund can support $28.3 billion in highway investment. Congress must provide adequate funding to meet current highway and transit needs, and include enough funding for research and development of civil engineering innovations that offer cost-effective solutions to our transportation needs. Other solutions include private-public partnerships (where appropriate), and multi-year capital and operating budgets.

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Issue **BRIEF**

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MASS TRANSIT

While investment has improved the level of transit service and some conditions in bus facilities and rail infrastructure, this has come at the expense of other categories in mass transit. There remains a significant backlog of over-age buses and rail vehicles. In addition, the costs to comply with the Americans With Disabilities Act and the Clean Air Act amendments pose a new financial burden on transit providers.

If the nation fails to adequately invest in transit, the level of service will suffer. This can lead to increased traffic congestion and air pollution, and can impair the nation's "welfare to work" efforts since many low-income groups depend on public transportation to get to work.

Transit Condition & Performance:

The level of transit service has risen in the ten year period from 1985 to 1995. More cities are served by rail transit, and bus service has been extended to outlying suburban areas as well as smaller urbanized areas. In addition, the number of rail and other vehicles has increased to keep up with the service growth. Also during this time, several U.S. cities -- Baltimore, Buffalo, Denver, Los Angeles, Portland, Sacramento, San Diego, San Jose and St. Louis -- opened modern light-rail service. That produced a large addition to ridership in this transit category, but much of this increase is due to light-rail replacing major bus routes that served the same corridors.

On average, 20 percent of all bus and 23 percent of rail vehicles are in deficient condition. An average of 38 percent of rural and specialized vehicles are in deficient condition. Twenty-one percent of rail track still requires improvement to reach good condition. Investments have improved conditions at rail maintenance facilities and yards, yet nearly 48 percent of buildings and 65 percent of yards remain in fair to poor condition. Investment in bus maintenance facilities has covered half the cost to maintain condition. Signals and communication equipment conditions deteriorated from 28 percent in fair to poor condition in 1984 to 46 percent in 1993.

The investment needed just to maintain our transit system's current condition and performance is $7.9 billion annually over the next five years, according to the U.S. Department of Transportation and the American Association of State Highway and Transportation Officials (AASHTO). It would take between $12.9 and $14.5 annually billion to maintain and improve conditions and performance -- a total need of $72 billion over the next five years. Federal, state and local investment only averaged $5.4 billion annually in recent years.

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Operating deficits will grow from $1.8 billion in 1996 to $4.5 billion in 2002, requiring an additional $18 billion in funding to support existing operations, AASHTO predicts. Despite this trend, federal support for operating assistance dropped 44 percent in 1996 from $710 million to $400 million, shifting the funding burden to the states. With these added burdens for operating expenses and capital investment, and without federal assistance, the funding shortfall may require a doubling of transit fares, according to AASHTO.

Funding shortfalls and other problems have caused some cities to delay or halt rail expansion. In Los Angeles, for example, the Metropolitan Transit Authority is looking at putting its $8.4-billion congestion-relieving rail construction program on hold to close a projected $727-million deficit over the next six years. The $804-million 13.7-mile Pasadena to L.A. light rail line, which is 15 percent complete, would be the most immediately affected. Rail is a vital part of the solution to L.A.'s growing congestion and air pollution problems.

Solutions:

Through the reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA), Congress should maintain the current balance between formula and discretionary spending programs for transit under ISTEA, and support research and development of transit innovations. Congress also must appropriate the unobligated balances in the Mass Transit Account of the Highway Trust Fund, which can support $4.5 billion annually. The Clinton Administration's FY99 budget calls for $4.6 billion in transit funding.

Privatization can be an alternative where appropriate, but in most cases, mass transit systems must be subsidized to maintain a relatively low cost to the consumer.

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Issue **BRIEF**

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AVIATION

Although the U.S. aviation system is in fair shape today, it faces extreme peril in the near future without reorganization of the Federal Aviation Administration (FAA), and increased investment in airport facilities and air traffic technology. Increasing air travel in the near future threatens to cripple our aviation system if it is not significantly updated and expanded. This threatens our economy, personal safety and travel time, and translates into higher ticket costs.

Airport Conditions:

Passenger enplanements in the U.S. are expected to climb 3.9 percent each year from 546.2 million in 1997 to 827.1 million in 2008, according to the FAA. At current capacity, this increased air traffic will lead to gridlock as early as 2004 or 2005, according to a recent report by the National Civil Aviation Review Commission (NCARC). The U.S. would need 10 new airports the size of Chicago's O'Hare to meet these capacity demands, according to the Airport Council International, North America.

The number of aircraft delays of 15 minutes or more was 18.9 percent higher in 1996 than in 1995, and the delays appear to be getting longer, according to the NCARC. The FAA says there are 22 airports that are seriously congested, and that this number will rise to 32 in less than 10 years with our current investment rate. Airline delays in 1995 cost the industry about $2.5 billion in higher operating costs, the FAA estimates. This raises ticket rates and draws funds from needed investment in updated air traffic control systems.

The NCARC also has warned that there will be a large airliner accident every 7 to 10 days by the year 2010 if air travel increases and the airline accident rate remains at current levels, which, although low, has not improved in 30 years.

The American Association of Airport Executives and the Airports Council International, North America has assessed the investment need at $60 billion for airport development and reconstruction over the next five years. The FAA has placed the cost at $6.5 billion annually, or $32.7 billion over the next four years.

Solutions:

Airport funding from the aviation trust fund (airline ticket taxes), passenger facility charges, airport bonds and state/local grants reached $7.06 billion in 1996. But, the burden of funding has shifted away from federal grants to increased passenger facility charges and bonds in recent years.

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The NCARC recommended an overhaul of the FAA's budget, organization and management to help improve airport facilities and safety. Those recommendations include freeing the agency from the federal discretionary budget by directly funneling funds from aviation user fees to the FAA. This allows funding to be driven by actual demand.

The commission also called for cost-based user charges, increased investment in air traffic control modernization, the use of more state-of-the-art technology, transforming the FAA into a performance-based organization, and more federal funding through the Airport Improvement Program (AIP).

Another solution is to model the AIP after the highway program by designating a high-priority national airport network, and a second, more broad network of airports which has significant national interest, much like the Interstate Highway System and the National Highway System. This would help focus funding on priority projects and improve U.S. economic competitiveness, according to the Congressional Research Service (CRS).

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Issue **BRIEF**

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DRINKING WATER

Drinking water quality has improved in many communities since the Safe Drinking Water Act of 1986. But insufficient investment in updated distribution and treatment systems, and inadequate efforts to protect surface and ground water sources still pose a public health risk.

Drinking Water Supply Conditions:
Every year, 7 million cases of mild to moderate water-related illness occur in the U.S. resulting in 1,200 deaths. In 1993, the EPA reported that more than 16,000 community systems (29 percent) were out of compliance with the Safe Drinking Water Act. One-fifth of the U.S. population drinks tap water with more than the EPA-approved level of microorganisms.

In 1993, 100 people died and 400,000 were sickened in Milwaukee when the city's water supply was contaminated by *Cryptosporidium*, a filtration and chlorine-resistant microbe found in the digestive systems of livestock and wild animals and in 65 to 95 percent of surface water in the U.S.

In the four years since that incident, more than 10 million people nationwide have been ordered to boil drinking water to kill disease-causing microorganisms. These episodes are frightening and costly. A four-day boil-water alert in Washington, DC, in 1993 cost the community an estimated $24 million. Milwaukee's tragedy was a wake-up call that caused the city to respond with a $89 million program to better protect its water. Although the stakes are high, most state and local agencies still face financial and political obstacles to supplying safe drinking water.

The total infrastructure investment needed remains large – $138.4 billion, according to the U.S. Environmental Protection Agency (EPA). More than $76.8 billion is for infrastructure improvements required right now to protect public health. These "current needs" include projects for source protection, storage, treatment and water main improvements necessary to minimize the risk of contamination of water supplies. The remaining $61.6 billion is for future needs, which are projects to replace existing infrastructure to provide safe drinking water through the year 2014. A portion of this need is to meet proposed regulations.

Our water transmission and distribution systems require the largest capital investment – $77.2 billion over 20 years for their installation and rehabilitation. These systems are vital to protect the public from contaminants that cause illness. The greatest need in this category is to replace existing pipelines. The U.S. has an estimated 800,000 miles of pipe. Some pipe is wooden and has been in service for more than 100 years, and some pipe is lined with lead, which can leach into the water. Other pipe has exceeded its service life and is prone to leaks and breaks. Breaks in water mains occur in one of every 3.5 miles of pipe, according to the American Water Works Association.

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Water treatment needs for installation, upgrade or replacement are $36.2 billion over the next 20 years. More than half of these needs ($20.2 billion) are to minimize the risk of contaminants. Water storage facility needs are $12.1 billion over the next 20 years to maintain structural integrity to prevent contamination. The 20-year need for water source rehabilitation and development is $11.0 billion to ensure the quality and quantity of drinking water. The remaining $1.9 billion covers seismic protection, automation and laboratory improvement projects.

The nation's small water systems make up 90 percent of the nation's 55,000 community water systems, and serve 3,300 people each on average. The total need for these systems is $37.2 billion or 27 percent of the nation's total needs. Customers of these systems face the greatest burden because the per-household cost is much higher to meet minimum water quality standards. In some communities individual water bills are going up from $100 to $300 per year to pay for system improvements.

Solutions:

Through 1996 amendments to the Safe Drinking Water Act, Congress authorized state revolving loan funds (SRFs) that help communities finance improvements. Congress also allowed the EPA to focus regulatory efforts on those contaminants that pose the greatest public health risks, eased compliance standards for smaller systems and allowed communities to use funds for water source protection. Congress also expanded requirements to notify water supply customers about contaminants.

These reforms helped put safe drinking water efforts back on track. Still, more federal grants are needed, especially for smaller water systems to cope with the cost of compliance. In some cases, private sector involvement in the drinking water industry may be appropriate to help lower costs and increase efficiency. Another way to cut water supply costs is to reduce water consumption. Also, it costs more to provide safe drinking water when the water source becomes contaminated.

The Clinton Administration's FY99 budget calls for drinking water SRFs to increase by $50 million to $775 million. But this still falls short of the $1 billion Congress authorized through the 1996 Safe Drinking Water Act.

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Issue **BRIEF**

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WASTEWATER

It has been 25 years since Congress enacted the first comprehensive national clean water legislation in response to public outrage over the condition of America's waterways. Back then, many of the nation's rivers were little more than open sewers. Dead fish were being washed ashore by the thousands. Wetlands were disappearing at a rapid rate, and rivers like the Cuyahoga in Cleveland were burning. While the quality of our waters has improved greatly, we still have a long way to go to reach acceptable water quality levels.

Wastewater Conditions:
Nearly sixty percent of our rivers, lakes and streams are safe for swimming and fishing, compared to 40 percent in 1972. Clearly, federal legislation and infrastructure funding have helped halt environmental degradation. But, there is still much more work to be done. Lands that supply groundwater are being paved over at alarming rates. Underground water supplies are being tapped out and some have already been lost. Hundreds of municipal wells have been closed because of ground water contamination. Much of the infrastructure put in place over the past several decades now needs repair, replacement or expansion. Significant funding will soon be needed to rehabilitate and replace existing wastewater treatment facilities.

The Environmental Protection Agency (EPA) has estimated the investment needed for wastewater treatment systems at roughly $140 billion over the next 20 years. Of that total, $44 billion is for wastewater treatment; $10 billion for upgrading existing wastewater collection systems; $22 billion for new sewer construction; and $45 billion for controlling Combined Sewer Overflows (CSOs). The EPA estimates that 2,000 additional plants could be necessary by the year 2016 to meet expanded treatment goals.

Cleaning up contaminated groundwater has proven particularly difficult. Estimates of the number of contaminated groundwater sites in the U.S. run as high as 300,000 to 400,000, according to a 1994 National Academy of Sciences study. Cleaning them up may cost up to $1 trillion over the next 30 years.

In addition, the needs of small communities are significant since most lack the basic infrastructure to address water quality needs. Others still lack the resources to adequately document their existing needs. The EPA estimates that the total documented needs for communities with populations less than 10,000 are $13.8 billion. This represents 11 percent of total U.S. needs.

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There are about 7.1 million rural households without clean and/or safe drinking water, or that are being served by community water facilities that don't meet safe drinking water standards, according to a recent Rural Utilities Service survey. Virginia alone has nearly $5 billion worth of water and sewer needs that should be addressed by the year 2005.

Today, the leading cause of more than half of our water quality problems is uncontrolled non-point sources, such as runoff from farms, cities, and other diffuse areas like construction, forestry and mining.

Equally troubling is the new wave of water-related illnesses that continue to confront municipalities nationwide. Every year, 7 million cases of mild to moderate water-related illnesses occur in the U.S., resulting in 1,200 deaths. About 47 million Americans (one-fifth of the population) drink tap water with more than the EPA-approved level of microorganisms. Since 1994, more than 400 cases of *Cryptosporidiosis* have occurred in New York City.

Solutions:

Issues impacting our nation's surface and groundwater must receive priority attention if the nation's public health, ecological and commercial objectives are to be met. A nationally coordinated effort is needed to improve the management of the nation's wastewater resources. Watershed management of non-point source pollution and point source stormwater must be approached with the same vigor and resources as point-source wastewater.

The cost to meet federal water quality regulations has become a central issue in the last decade for many states and localities, as federal funding shifted to State Revolving Funds (SRFs). The SRFs help states finance capital infrastructure projects. With $140 billion in wastewater needs over the next two decades, there is no question that a continued federal role is necessary.

Despite these costs, the Clinton Administration is once again recommending funding cuts for water infrastructure programs in 1999. The FY99 request for the Clean Water State Revolving Fund (SRF) program is $1.075 billion, which is $275 million below current funding. Clearly, this request falls short of the funds needed to help improve our wastewater infrastructure programs.

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Issue **BRIEF**

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DAMS

Dams are a critical part of our national infrastructure. Millions of Americans rely on dams for water supply, power generation, flood control, irrigation and recreation. But many of our dams are beyond their life-span and are in desperate need of repair. Despite efforts by states to improve dam conditions, far too many unsafe dams remain at risk of failure, threatening life and property.

Dam Conditions:

Reports show that an alarming number of dams across the country are showing signs of age and lack proper maintenance. Downstream development is increasing. Most older dams were built without adequate spillways to release water in heavy rains, which causes water to run over the top. Inadequate spillway capacities are the most common deficiency and a major cause of dam failures. Dam safety officials estimate that thousands of dams are at risk of failing or are disasters waiting to happen. One-fourth of all U.S. dams are more than 50 years old, and by the year 2020, that figure is expected to increase to 85 percent.

Dam failures affect thousands of lives and cost millions of dollars. In the past 10 years, there have been more than 200 documented dam failures across the nation which caused millions of dollars in property damage and repair costs. Property damage from flooding now totals over $1 billion each year in the U.S. Downstream damage and dam repairs caused by failures in only eight states have exceeded $60 million since 1990. In New Hampshire, an isolated dam failure caused $5.5 million in damages and killed one person in 1996.

Approximately 9,200 regulated dams nationwide are considered to be high-hazard (category I), meaning that their failure will likely cause loss of life and significant property damage. Even more significant are the 2,100 regulated dams that are considered to be unsafe. Many of these are also in high-hazard locations. This means they have deficiencies which leave them more susceptible to failure. Thirty-five percent of the high-hazard dams have a last inspection date prior to 1990. Thousands of other dams are in need of rehabilitation to keep them from becoming unsafe. These repair projects are on hold because of a lack of funding.

The 1995-96 National Inventory of Dams revealed that a majority of high- or significant-hazard dams do not have Emergency Action Plans in place which could mean the difference between timely downstream evacuation and disaster.

Every state has at least one high-hazard dam. North Carolina, Pennsylvania and Texas have more than 500 high-hazard dams *each*. North Carolina has the most high-hazard dams with a total of 874.

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Equally as alarming is the fact that many dams built more than 50 to 100 years ago have been abandoned and the owners are unknown. These dams are not inventoried, inspected or regulated, and no one is volunteering to pay for their repair.

Costs of Rehabilitation:

The average cost to repair each unsafe dam nationwide is approximately $500,000. Using this figure, it would cost over $1 billion to rehabilitate all the documented unsafe dams in the U.S. The Clinton Administration's FY99 budget request of $1.5 million falls far short of the funds needed to help repair our aging dams and to implement the National Dam Safety Program.

Solutions:

Regulation is essential to reduce hazards involving dams. That responsibility rests almost entirely with the states. States regulate about 95 percent of the 75,300 dams on the National Inventory of Dams. While the majority of states have been working to improve their programs in the last 20 years, most are still struggling with minimal budgets and staff. A handful of states don't even have adequate programs in place to regulate the safety of their dams.

In order to help states improve dam safety programs, money is needed. One solution offered by the Association of State Dam Safety Officials (ASDSO) to help the funding crisis is to establish state revolving funds (SRFs), similar to the ones established under the Safe Drinking Water and Clean Water Acts. SRFs are attractive and viable financing methods which could be used to help states address their needs. Based on each state's need, federal funds could be provided to the states for the initial funding, or capitalization, to start a state's revolving fund. States would be required to provide a minimum of a 20 percent matching grant to the fund. Zero or low-interest loans would be made by the state to help improve dam safety programs and activities.

We must plan now to make certain that these structures will be safe and that they will continue to provide the benefits for which they were built.

It is incumbent on the federal government to recognize the need for a strong National Dam Safety Program and to fund it to the fullest extent possible. A strong federal focus will enhance the safety of America's dams.

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Issue **BRIEF**

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SOLID WASTE

Despite our increased efforts to recycle and reduce the amount of waste we generate, Americans continue to produce millions of tons of nonhazardous solid waste, and the amount of waste we generate per year is expected to increase. States and municipalities are running out of room to put our waste, and communities continue to oppose landfill sites. Although landfilling has become safer with new technologies, groundwater contamination remains a significant issue.

Municipal Solid Waste Conditions:
The Resource Conservation and Recovery Act (RCRA) of the 1970s laid out a basic framework for regulating waste generators, waste transporters, and waste management facilities. The Act broadly defines "solid waste" as hazardous and non-hazardous garbage, trash and other discarded materials, whether solid, liquid or contained gas.

The Environmental Protection Agency (EPA) estimates that the U.S. generates roughly 13 billion tons of solid waste, including 200 million tons of non-hazardous municipal solid waste (household garbage and other items), requiring some type of processing by recycling, incineration or disposal. (The 13 billion tons also includes 258 million tons of hazardous solid waste. See Hazardous Waste Issue Brief.)

A total of 208 million tons of non-hazardous municipal solid waste (MSW) were generated in 1995. This reflects a decrease of more than 1 million tons from 1994, when MSW generation was over 209 million tons. For the first time, the per capita generation rate of municipal solid waste is projected to decrease from the current 4.4 pounds per person per day to 4.3 pounds per person per day by the end of this century. Even with significant source reduction efforts, total annual municipal solid waste generated will increase to 218 million tons by the year 2000.

States and localities are responsible for solid waste disposal, and about 46 states have developed solid waste management programs. Localities increasingly have turned to recycling programs to manage waste. In the past five years, recycling and composting have been the fastest growing methods of waste management, accounting for 27 percent of waste management in 1995. That's up from 10 percent in 1986. There were over 7,000 curbside recycling programs in the U.S. in 1995. Nearly 9,000 local governments have begun curbside collection of recyclable materials, and 3,300 have composting programs for yard waste.

Landfilling will remain the predominant waste management method for the foreseeable future, even though the number of landfills has declined in recent years due to stringent environmental regulations and public opposition to new and expanding landfills. Local officials continually face the "not-in-my-backyard" (NIMBY) syndrome, in which residents oppose local landfill sites.

-more-

Since 1984, two-thirds of the nation's municipal landfills have closed as regulations governing land disposal have tightened. Many land disposal facilities have been replaced by waste-to-energy plants, which increased their capacity tenfold during the 1980s, and now manage 16 percent of the nation's municipal solid waste.

According to the EPA, total expenditures for managing nonhazardous solid waste in 1972 were $8.4 billion. That cost rose to $18 billion in 1991, and is expected to reach $75 billion by the year 2000.

States and localities are increasingly concerned with the rising cost of solid waste management and diminishing disposal capacity. Of the $18 billion spent on managing solid waste in 1991, localities paid over 95 percent of the costs.

Solutions:

While modern landfills are equipped with pollution control devices that minimize environmental damage, studies show extensive and continuing contamination of ground water, and inadequate training or funding for many state waste management programs still exists. Many communities use ground water for drinking, and people living near contaminated sites understandably worry about the threat to their health.

To address these problems, waste management strategies must focus on reducing the amount of waste generated (source reduction), then recycling and reuse, and finally incineration.

Several obstacles inhibit source reduction. Many purchases are strictly market or convenience driven, with little incentive for the manufacturer or the purchaser to consider impacts of the product or its packaging on the environment. The increased environmental and economic cost of disposing of MSW often makes it ultimately less expensive to reduce the materials at the source rather than handle it as waste. Many more products could be redesigned and packaged ways that would reduce the waste generated. Greater efforts must be made to provide incentives to redesign packaging, and to modify the manufacturing process to reduce waste and encourage reuse.

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Sources:

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- General Accounting Office (GAO), *Solid Waste: State & Federal Efforts to Manage Nonhazardous Waste*, February 1995
- ASCE Policy Statement 371, "*Municipal Solid Waste Landfills*"
- ASCE Policy Statement 372, "*Recycling*"
- ASCE Policy Statement 373, " *Source Reduction of Solid Waste*"

Issue **BRIEF**

ASCE
American Society of Civil Engineers

HAZARDOUS WASTE

More than 530 million tons of the municipal and industrial wastes generated in the U.S. each year are classified as hazardous to our health or the environment. Industry contributes more than half of this waste. Progress in regulating and cleaning up hazardous waste facilities has become slower and more costly since the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), better known as "Superfund," was enacted in 1980. In recent years it has become clear that the cost of cleaning up environmental contamination will be much higher than anyone expected. The price tag for Superfund and the related cleanup programs is an estimated $750 billion, and could easily reach $1 trillion over the next 30 years.

Hazardous Waste Conditions:

The breadth and depth of the Superfund program have expanded far beyond all expectations. In 1980, the Environmental Protection Agency (EPA) identified approximately 8,000 sites nationwide as "hazardous waste" sites to be considered for cleanup. By 1992, that number had grown to nearly 37,000. In 1982, when the EPA first published its National Priorities List (NPL) of sites deemed serious enough to be candidates for federally funded cleanup under Superfund, the list included 418 sites. Today, there are about 1,200 sites on the NPL, and the EPA expects the number to grow to more than 2,000 in the next several years.

While progress has been made in cleaning up NPL sites, the actual number of sites deleted from the NPL remains small. Only 423 sites (32 percent) on the NPL have been removed to the Construction Completed List. Construction work remains at approximately 800 NPL sites.

In addition, the average cleanup cost per site is much higher than first anticipated. Originally, the EPA estimated the average site cleanup cost to be $7 million. Recently, that estimate rose to about $30 million. In the past, the Superfund trust fund raised $1.5 billion a year, primarily from excise taxes on petroleum and certain chemicals, as well as from a broad-based environmental tax on corporations. But these taxes expired on December 31, 1995. The Congressional Budget Office estimates that there is enough money in the trust fund to pay for the program through 2000. The Superfund trust fund has contributed $16.5 billion toward cleanup since 1980.

Reports by the U.S. General Accounting Office (GAO) show that the time required to complete hazardous waste cleanups has increased over the past 10 years, from 2.3 years in 1986 to 11.5 years in 1997. In addition, the average time taken to evaluate hazardous waste sites for inclusion on the NPL has increased from about four years in 1986 to 9.4 years in 1996. Under federal law, EPA is required to evaluate non-federal sites for listing within four years of their discovery. Using these figures, it takes roughly 20 years to clean up sites from start to finish.

- more -

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Further studies indicate that remedial actions have been completed at only 13 percent of the 752 sites placed on the NPL in fiscal 1986 through 1994. These actions were completed in an average of 6.3 years after the sites were listed, according to the GAO. (Remedial actions are long-term, more costly actions to implement a permanent strategy. Removal actions, are short-term actions to stabilize or clean up a hazardous site.) At the same time, more than 85 percent of the NPL sites in fiscal years 1986 through 1994 were still in the cleanup process as of July 1, 1997.

While more money has been spent on actual cleanups at Superfund sites, reports show that about half of the increase in spending on actual cleanups over this 10-year period was from the growth in spending on a few large-dollar sites. In dollar terms, $28 million was spent on large-dollar sites in 1989 compared to $238 million in 1996. These findings suggest that after 18 years of the Superfund program, cleanup times and costs have actually increased. In its FY99 budget, the Clinton Administration is requesting $2.1 billion for Superfund, which represents a 40 percent increase over FY98 levels.

Solutions:

The debate over Superfund remains stymied by longstanding disputes over how to clean up sites, who should pay the tab and how to remedy damage done by Superfund sites to rivers, streams and other natural resources. Superfund's taxing authority must be renewed for the trust fund to remain solvent and cleanups to continue at a steady pace. Escalating cleanup costs combined with limited resources demand that funds be allocated where they are likely to have the greatest impact in reducing threats to human health and the environment.

The liability structure of the Superfund program has resulted in excess legal and transaction costs and has significantly reduced the application of funds to engineering and construction efforts. The structure also unfairly burdens design professionals and contractors who become involved in site analysis and remediation activities. Reauthorization legislation should provide liability relief for engineers and contractors who work in good faith efforts to restore Superfund sites. Legislation should also relieve parties from liability for activities that were legal before enactment of the law.

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Sources:

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News RELEASE

ASC
American
of Civil En

EMBARGOED UNTIL MARCH 5, 1998, 11:30 AM, ES1

MEDIA CONTACT: Natalie S. Webster, Manager, Media Relations
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CIVIL ENGINEERS GIVE NATION'S INFRASTRUCTURE BAD GRADES, SAY IT WILL COST $1 TRILLION TO FIX

WASHINGTON, March 5, 1998 – America's civil engineers have given the nation's infrastructure an average grade of "D," and say it will require more than $1 trillion and a new national public-private partnership to fix it.

The American Society of Civil Engineers (ASCE) today released a **1998 Report Card foı America's Infrastructure**, which gives letter grades for the nation's public infrastructure and environment. The worst grade went to schools, which received an "F." The highest grade was given to mass transit, which was rated a "C." Hazardous waste and roads received a "D- ," drinking water and dams were rated a "D," wastewater received a "D+," and bridges, solid waste and aviation received a "C-."

"When 1,200 people die each year from drinking tap water, our school buildings are literally crumbling, more than half of our roadways are in substandard condition, and we will face gridlock at our airports by the year 2004, it is fair to say our infrastructure is in pretty bad shape. And without serious help, it's not going to get any better," said ASCE President Luther W. Grae

ASCE's grades were determined by a panel of civil engineering experts who evaluated each category on the basis of its condition and performance, need versus capacity, and need versus funding.

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The report card comes 10 years after the National Council on Public Works Improvement graded the condition of America's infrastructure, giving it an overall grade of "C."

ASCE examined essentially the same categories the Council did in 1988, and added a category for school buildings. The Society cautioned against directly comparing its grades with the Council's 1988 grades, but stated the overall condition of our infrastructure has not improved in the past 10 years and in some categories has worsened.

"It is the job of America's civil engineers to design, build and maintain a safe and effective infrastructure system and clean up the environment. We are doing the best we can with the minimal resources we have. But, let's be honest, you can't just put a Band-Aid on a gaping wound and expect it to make a difference," said Graef.

To repair and renew our infrastructure to meet our growing needs, it will take at least $1.3 trillion in capital investment, said ASCE. The Society based this estimate on recent federal government reports.

The report card and the $1.3 trillion needs assessment comes at a time when Congress is considering the fiscal 1999 budget and what to do with the budget surplus.

"The Clinton Administration's budget proposal is disappointing, especially coming from a president who campaigned on infrastructure renewal. We support a balanced budget and want to see America's economy grow. But a crumbling infrastructure can't support a healthy economy. And, if we want more and bigger budget surpluses in future years, we must invest in the infrastructure renewal that will make that possible," said Graef.

Some of the investment needs that ASCE identified are being funded already through federal, state and local programs and user fees. But, citing current poor conditions as evidence, ASCE says our investment levels are clearly inadequate.

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"The federal government continues to shift the financial burden to the states, yet voters have been reluctant to support new taxes or bond issues to build desperately needed community schools or water treatment plants," said Graef.

While ASCE blamed much of the nation's infrastructure problems on limited funding at all levels of government, it also cited other factors.

"We continue to merely patch up outdated and fragmented transportation systems instead of investing in new technologies, establishing better links between traditional transportation and mass transit, and encouraging new behaviors. We also focus efforts on 'end-of-the-pipe' solutions -- cleaning up the hazardous waste after it has contaminated our environment -- instead of reducing it at the source," said Graef.

To help address some of these issues, ASCE's research arm, the Civil Engineering Research Foundation (CERF), announced plans to develop a new partnership among industry, government and the academic community, called The Partnership for the Advancement of Infrastructure and Its Renewal (PAIR). Still in proposal form, PAIR is designed to accelerate infrastructure renewal and make it more sustainable, according to CERF.

"Current infrastructure research and development efforts are minimal compared to other industries. Our goal is to help consolidate and streamline R&D efforts to efficiently move new technologies and materials into practice. We will seek to remove barriers to innovation that have stymied such efforts," said CERF President Harvey Bernstein.

Founded in 1852, ASCE represents more than 120,000 civil engineers worldwide and is America's oldest national engineering society. CERF was founded by ASCE in 1989 as a facilitator, coordinator and integrator for research in the design and construction industry. Both are not-for-profit, 501 (c)(3) organizations.

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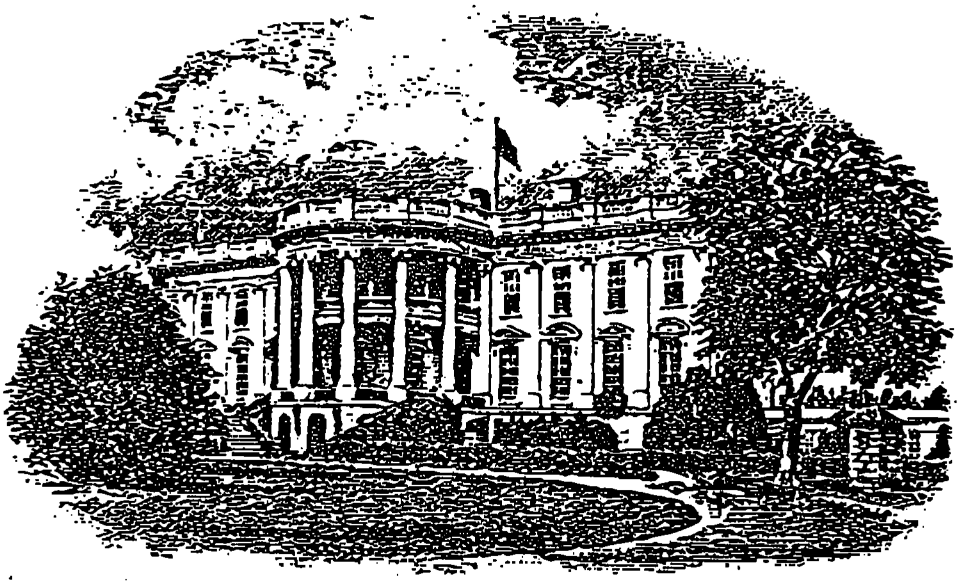
The White House
Office of Presidential Letters and Messages



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No. of pages (including cover): 3 Date: 4-6-98

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March 19, 1998

President William J. Clinton
The White House
Washington, DC 20500

Dear Mr. President:

When 1,200 people die each year from drinking contaminated tap water, when our school buildings are literally crumbling, when more than half of our roadways are in substandard condition, and when we face gridlock at our airports by the year 2004, it is fair to say our infrastructure is in pretty bad shape. And without serious help, it's not going to get any better.

That's why the American Society of Civil Engineers (ASCE) has given the nation's infrastructure an extremely poor grade. It will take more than $1 trillion and a new national public-private partnership to fix it.

ASCE has released a Report Card for America's Infrastructure, which gives letter grades for the nation's public infrastructure and environment. The worst grade went to schools, which received an "F," a failing grade. The highest grade was given to mass transit, which was rated a "C." Hazardous waste and roads received a "D- "; drinking water and dams were rated a "D"; wastewater received a "D+"; and bridges, solid waste and aviation received a "C-". We are providing you with a complete copy of the Report Card and invite your comments to it.

ASCE's grades were determined by a panel of civil engineering experts who evaluated each category on the basis of its condition and performance, capacity, and funding. The report card comes 10 years after the National Council on Public Works Improvement graded the condition of America's infrastructure, giving it an overall grade of "C."

To repair and renew our infrastructure to meet our growing needs, it will take at least $1.3 trillion in capital investment over the next five years. The Society bases this estimate on recent federal government reports.

The Clinton Administration's budget proposal for Fiscal Year 1999 is frankly disappointing, especially coming from a president who campaigned on infrastructure renewal. ASCE supports a balanced budget and it wants to see America's economy grow. But a crumbling infrastructure can't support a healthy economy. And, if we want more and bigger budget surpluses in future years, we must invest in the infrastructure renewal that will make that possible.

Some of the investment needs that ASCE identified are being funded already through federal, state and local programs and user fees. But our investment levels are clearly inadequate.

In our opinion, current infrastructure research and development efforts are minimal compared to other industries. Our goal is to help consolidate and streamline R&D efforts to efficiently move new technologies and materials into practice. We will seek to remove barriers to innovation that have stymied such efforts.

If ASCE can be of any help to you, please do not hesitate to contact Michael Charles of our Washington Office at (202) 789-2200.

With best wishes, I remain

Sincerely yours,

Luther W. Graef, P.E.
President

EDITED BY DOUGLAS HARBRECHT

WILL TONS OF HIGHWAY PORK FLATTEN THE BALANCED BUDGET?

President Clinton's coming showdown with Congress over a $217 billion highway bill promises to be more than a punch-out over pork-barrel projects. In many ways, it could be a defining moment of his second term. If the President doesn't take a stand against runaway transportation spending, he'll soon find his long-sought balanced budget paved over. And he'll send a message to Hill porkmeisters that the coming era of budget surpluses gives them license to spend like drunken swabbies.

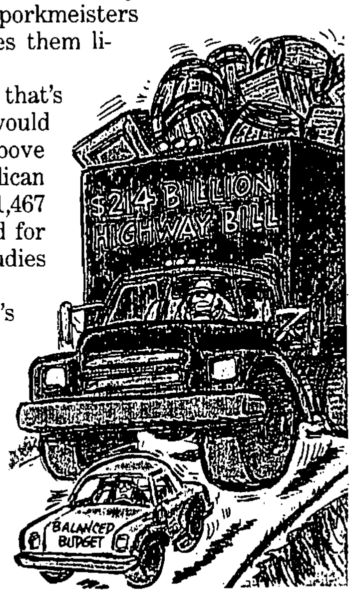
The six-year highway and transit measure that's heading for overwhelming House approval would boost transportation spending by $33 billion above the levels of last year's budget accord. Republican leaders have let the bill's drafters salt it with 1,467 "demonstration projects"—$9.3 billion targeted for specific roads, bridges, and even university studies in 400 congressional districts.

OUTMUSCLED. So what happened to the GOP's vaunted fiscal discipline? The party is nervous about losing control of the House in November, and bringing home the bacon is a sure vote-getter. Democrats are happy to play along—if they get their cut. And House Transportation Committee Chairman Bud Shuster (R-Pa.), the Hill's Prince of Pork, outmuscled fiscal hawks like House Budget Chairman John Kasich (R-Ohio), who says the bill perpetuates Washington's "culture of spending."

House GOP leaders swear they'll honor the budget deal, promising to make offsetting cuts in other domestic programs. But budget experts wonder how real any cuts of that magnitude would be. "They're going to bust the caps, either explicitly or by subterfuge," says former Congressional Budget Office Director Rudolph G. Penner.

Although Administration budgeteers are clucking over the GOP's edifice complex, Clinton isn't exactly a fiscal purist himself. His 1999 budget calls for a $90 billion increase in domestic spending, much of it for education and other "public investments." Now he fears that Congress' love of asphalt and buses will come at the expense of his social agenda.

But a frontal assault on Shuster's bill would inflame congressional Democrats—dangerous for a President still under the threat of impeachment. So Clintonites are joining with Kasich and moderate Democrats to create enough embarrassment to whittle the bill down in negotiations with the Senate.



GOP BACON: *A sure vote-getter*

HERB LOCK/CREATORS SYNDICATE

BARGE BOONDOGGLE? Shuster & Co. will counter that public-works spending packs a mighty economic wallop—creating jobs and paving the way for a more productive economy. Even after a big spending boost in 1991, the U.S. needs to pour $358 billion into roads and $73 billion into transit between now and 2002 to keep traffic moving, argues the American Association of State Highway & Transportation Officials.

But with the economy running at top speed, public-works stimulus is hardly vital. As for boosting productivity, "infrastructure is important, but it's not special," says economist Douglas Holtz-Eakin of Syracuse University. Transportation spending looks even worse when the cash is earmarked by politicians—a practice the House is taking to record levels. Two examples: $14 million to buy barges for a company that transports new cars to dealers in Brooklyn and Manhattan and $2.75 million for an access road to a Dayton baseball stadium.

Largesse like that buys loads of support on the Hill. That's why White House aides consider the threat of a Presidential veto, as one puts it, "mere symbolism." They hope Clinton can schmooze the bill down till it's closer to $200 billion. But it's hard to negotiate over the roar of a bulldozer.

By Mike McNamee

CAPITAL WRAPUP

STARR'S PAULA PROBLEM

▶ Independent Counsel Kenneth W. Starr is starting to feel like the loneliest man in Washington. U.S. District Court Judge Susan Webber Wright's Apr. 1 bombshell, tossing out Paula Jones's three-year-old sexual harassment lawsuit against Bill Clinton, is more than a stunning victory for the White House. It could further undermine Starr's efforts to pin obstruction of justice charges on the President.

Jones's pursuit of Clinton was "always a weak case," says NYU law professor Stephen Gillers. Technically, Starr's case is unaffected—he had no real interest in whether the President engaged in a pattern of abusive sexual behavior—but the Jones upset could leave him on shakier legal ground.

Starr's position already was weakened by Wright's February ruling that allegations Clinton urged former White House intern Monica S. Lewinsky to lie under oath could not be included in the Jones matter. Now, Starr must show that the President obstructed justice in a case that has evaporated.

But Starr's biggest problem is political. Starr is expected to deliver his findings later this year to the House of Representatives, which is already planning for possible impeachment proceedings. Now Hill Republicans have to consider the increased political risk to themselves if they launch proceedings that the public sees as a partisan witch-hunt. Starr could still find a pattern of obstruction of justice. But with Clinton on a roll, fewer and fewer Republicans will want to handle the hot potato that Starr lobs their way. The result: more pressure for Starr to head home.

By Paula Dwyer

Highway Bill Could Help, Hurt Atlanta

Funding Rises Sharply, but State and Local Decisions Complicate Traffic Issues

By Edward Walsh
Washington Post Staff Writer

ATLANTA—The electronic sign stretched across the freeway flashed a familiar message one recent afternoon: Traffic ahead was moving "very slowly." Motorists in this booming region drive an average of 34 miles a day, highest in the nation, with the predictable result of frequent traffic jams filled with frustrated and angry drivers.

"If you are looking for southern hospitality, don't get on one of our freeways," said Harry West, director of the Atlanta Regional Commission, the region's central planning agency.

Relief, however, would seem to be on the way in the form of new federal highway legislation that is working its way through Congress. Under either the $217 billion House measure or the $214 billion Senate version, Georgia and metropolitan Atlanta, home of House Speaker Newt Gingrich (R), are big winners, getting at least a 50 percent and as much as an 80 percent increase in federal transportation dollars over the next six years. Surely all that new money, and what it can build, will go a long way toward untangling the traffic mess.

Perhaps, but there are no guarantees here or in other major metropolitan areas that are suffering the consequences of years of rapid growth built around the automobile. Transportation decisions at the state level are no less complicated than they are in Washington, and more money does not automatically translate into solutions. Some officials even fear that the coming surge of federal funds will worsen three of Atlanta's most pressing problems: traffic congestion, air pollution and suburban sprawl.

While the two houses of Congress negotiate the details of the highway measure, including which "demonstration projects" are worthwhile and which are pure pork, the key decisions on how to spend the bulk of the money will not be made in Washington but in the 50 states. Those local decisions will be made within a web of sometimes conflicting federal and state mandates, financing restrictions that often make it easier to build more roads than other modes of transportation and political and economic pressures to continue traditional development patterns that are highly dependent on highway transportation.

Atlanta is one of more than a dozen metropolitan areas, including Denver, Las Vegas and Charlotte, N.C., that are threatened with restrictions or a loss of federal transportation funds because of air pollution problems. For at least the next two years—or until regional officials come up with a transportation plan that the Environmental Protection Agency believes will reduce ozone levels from vehicle emissions—new road projects that have not been "grandfathered" under EPA regulations will be prohibited in 13 counties around Atlanta.

Although Georgia Department of Transportation (GDOT) officials discount the possibility, West and others fear that this could lead to a shift of federal transportation dollars outside the 13-county area to other parts of the state, where the money can be spent without restriction. They are especially worried that much of the new money will be used to build roads just beyond the restricted zone, encouraging more growth on the fringes.

"The sprawl will just leapfrog out to the next layer of counties," West said. Which, he added, would exacerbate the air quality problem.

Like urban officials around the

> **"The sprawl will just leapfrog out to the next layer of counties."**
>
> **Harry West**, director, Atlanta Regional Commission

country, Atlanta Mayor Bill Campbell believes his city cannot use the influx of federal funds "to pave our way out of these problems." Beginning in 1991, federal highway legislation has given state and local officials far more flexibility than in the past in deciding how to spend transportation money—for example, on mass transit projects.

But at the state level, such shifts are not so easy. Most federally funded transportation projects require a 20 percent local match. In Georgia, the state constitution requires that the state gasoline tax be spent exclusively on roads and bridges, meaning that local matching funds for transit projects, bicycle paths and other alternatives must come from another source.

"While there is a lot of flexibility at the federal level, that flexibility is not necessarily present in the local match that ends up driving the project," said Jeffrey A. Rader, vice president of transportation programs for the Metro Atlanta Chamber of Commerce.

According to the National Conference of State Legislatures, 18 other states, including such high-growth areas as California, Florida and Texas, have similar constitutional restrictions on the use of gasoline tax revenue. Other jurisdictions, including Maryland, Virginia and the District, have laws that govern how gasoline tax revenue can be spent.

Atlanta has built a heavy rail system known as MARTA that is similar to Washington's Metro system, although most of it is above ground. Matching funds came from a local sales tax. But only two of the five counties authorized to be served by the system—Fulton and DeKalb—voted to impose the tax.

The result, said West, is that MARTA "is landlocked." The system can and probably will expand within the two counties, but unless there is a change in voter sentiment, no amount of federal funding will enable it to reach some of the fastest-growing suburban jurisdictions.

The irony for Atlanta is that it is facing these restrictions just at the moment that it stands to be among the big winners from the pending highway legislation. Under existing federal law, Georgia is one of 18 "donor states" in the South, Southwest and Midwest that pay more into the Federal Highway Trust Fund than they receive from Washington.

According to one calculation, Georgia gets back only 76 cents for every $1 its motorists provide to the trust fund, one of the lowest returns for any state. The new legislation will change the distribution formula, guaranteeing that no state will receive less than 91 cents in federal aid for every $1 of taxes paid.

One reason the Atlanta region suffers from the related problems of traffic congestion, air pollution and suburban sprawl has been its explosive growth. Between 1990 and 1997, the population within the 10 counties covered by the Atlanta Regional Commission increased from 2.5 million to more than 3 million—almost all coming from outside the city.

But it has been uneven growth, a source of concern to Sam A. Williams, president of the Metro Atlanta Chamber of Commerce. In the past five years, he said, there has been a 40 percent increase in jobs north of the city, in an arc that stretches between Interstates 75 and 85, while job growth south of Atlanta was 19 percent and within the region's central core was only 4 percent.

Why? "Transportation," Williams said. "You build the roads and you'll create the development. More transportation spending has been done in that northern arc than in other areas," in part because the northern counties of Cobb and Gwinnett have enacted local sales taxes to fund transportation projects (but not an extension of the MARTA system).

Citing suburban fears that a rail link to the inner city would bring inner-city problems to their communities, Williams said, "Nobody

See GEORGIA, A5, Col. 1

Some Fear Influx of Money Will Worsen Congestion, Pollution, Suburban Sprawl

GEORGIA, From A4

wants to touch MARTA out there because of political and racial innuendos."

James Chapman, executive director of Georgians for Transportation Alternatives, is among those who see state and local financing restrictions as a key element in shaping transportation decisions after federal money flows from Washington. "The typical local response to a bicycle or pedestrian or transit project is to say we'd love to do it, but you know how stretched we are," he said. "But if the local government wanted to widen a road, they could generally rely on GDOT to supply the local match."

At 7.5 cents per gallon, Georgia's motor fuels tax is the lowest in the nation, another incentive to drive more. In 1991, a proposed state constitutional amendment would have allowed revenue generated by any increase in the tax to be spent on projects other than roads and bridges. The amendment was perceived as a tax increase and rejected 2 to 1.

State transportation officials supported the 1991 amendment, but they have adamantly opposed any attempt to lift the roads-and-bridges-only restriction on how the existing 7.5 cent tax is used. George Boulineau, director of planning and programming for GDOT, said removing the constitutional restriction "in theory sounds good."

"The problem is the 7.5 cents does not generate enough funds to cover all the needs for all the modes," he added. "It would really be creating a false expectation that funds would be created for transit and other modes when you don't have enough to meet all the capacity demands for highways."

Lawrence D. Frank, a city planning professor at Georgia Tech, said state transportation officials alone should not be blamed for the problems. "If you are going to hold the DOT responsible for its transportation investments," he said, "you have to hold local governments accountable for their land use decisions."

Frank said "every single pressure possible" will encourage transportation and land use decision makers to continue with business as usual here. These range from the state and local tax structure to the demands of local officials for more roads to spur more development that would enhance the local government's tax base. An increase in federal transportation funds "will cause a lot of political pressure from jurisdictions that are suffering from transportation problems," Frank said. "Everybody is going to want to build."

Atlanta, he added, has become an early test case of the federal government's ability to clean up dirty air while it still plays its traditional role of helping the states meet their transportation needs. "If a region continues to grow and invest in transportation in a manner that appears to be detrimental to meeting air quality objectives, will we continue to support and finance those planning decisions?" he asked. "That linkage is being tested here."

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Daily Report for Executives

No. 71
Tuesday April 14, 1998

Regulation, Law & Economics

Transportation
ISTEA Bill Stirs Grassroots Action During Lawmakers' Spring Recess

As federal lawmakers enter the second week of their spring recess April 13, they are encountering lots of grassroots activity pushing for them to quickly complete the House-Senate conference to reauthorize the Intermodal Surface Transportation Efficiency Act--with provisions to ensure that states actually receive the record levels of highway and transit promised by the legislation.

House and Senate conferees on the ISTEA legislation are set to meet formally after Congress returns April 20, giving transportation industry groups only a few days to lobby members. Among their plans is a radio campaign in key members' districts. The aim of the efforts, industry representatives said, is to keep the pressure on lawmakers to pass an ISTEA bill that guarantees the higher transportation spending levels.

Members of the Alliance For Truth In Transportation Budgeting, who met to discuss strategy on the ISTEA rewrite April 9, said the grassroots lobbying effort also will target House and Senate leaders, who are assuming an increasingly large role in the reauthorization.

One of the key messages to be conveyed to lawmakers, alliance members said, concerns the need to ensure that the higher authorizations written into the bills (HR 2400/S 1173) are actually delivered. While both bills boost funding levels, only the House bill currently carries language aimed at guaranteeing the money gets to states, they said.

The American Road and Transportation Builders Association, which is leading the coalition, wants lawmakers to take the Highway Trust Fund off budget. But House Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa), who included the off-budget language in HR 2400, said there are other mechanisms to ensure that gas tax revenues in the trust fund are spent.

Opponents of the legislation also are expected to be active during the recess, including veterans' groups, which do not want to see cuts in their programs to provide offsets for the transportation bill.

On-Budget Gas Tax 'Scam' Targeted

Although House and Senate staff will continue to meet during coming days to discuss their competing ISTEA bills, actual horse-trading on the legislation will not begin in earnest until Congress returns from the break.

With both the House and Senate having named most of the conferees prior to leaving for the recess, the stage has been set for real work on the legislation to begin soon. House and Senate leaders want a conference report to be developed soon since, under the short-term ISTEA extension, states are not able to obligate any highway construction money after May 1.

Even though industry is intent on seeing the multi-year ISTEA bill finished soon, the time crunch has industry groups in the coalition concerned that, in their haste, lawmakers might approve a deal that does not guarantee the funding authorized in the bill.

For highways and highway safety, HR 2400 authorizes about $181 billion over the next six years while S 1173 provides $173 billion during the same period. But while the House bill takes the trust fund off budget, the Senate legislation does not include any mechanism that would guarantee that states receive the higher funding through the appropriations process. If such a mechanism is not agreed to, Congress can continue to hold back the spending of gas tax revenues in order to cover spending on non-transportation programs, lobbyists said.

"House-Senate conferees now need to take the next step and take the Highway Trust Fund off budget as proposed in the House bill to ensure that the federal gas tax budget scam stops," said ARTBA President Pete Ruane.

For the alliance, the focus of the grassroots lobbying will be the conferees, who now include about a third of the Senate and 18 House members. After Congress returns, additional House conferees will be added, including lawmakers from the House committees on Budget and Ways and Means.

While earlier Shuster said the off-budget provision is one way to guarantee the spending of gas tax revenues, he also has mentioned alternatives such as the creation of a new budget category or a "walling off" of transportation within the budget.

"We have some work to do to let the conferees know that there is real support for the idea of unlocking the trust fund, whatever the mechanism," another official said.

Veterans Bomb Senate Vote

Meanwhile, veterans' groups are expected to blast plans to use a veterans' benefit to help cover the cost of the transportation bill.

In the Senate, Budget Committee Chairman Pete Domenici (R-NM) already has proposed to cover a portion of the increased ISTEA spending by ending a veterans' benefit for service-related nicotine dependence. However, the proposal earlier originated with the Clinton administration, which wants to use the potential $10.5 billion in savings to cover the president's other spending priorities.

Among others, the American Legion is lining up to oppose the proposal. After the Senate recently engaged in a parliamentary maneuver that resulted in lawmakers voting to end the smoking benefit, the 2.9-million member group strongly attacked the action.

"The American people don't want to improve their highways by taking disability compensation away from sick veterans," said Anthony Jordan, national commander of the group.

The Legion has called for a "full court press" from veterans' groups to roll back the deal to use the program to pay for the ISTEA bill.

By Nancy Ognanovich

Highway Pork on the Menu in Both Houses

Any Way Transportation Bacon Is Sliced, Conferees Have Local Specials on Their Plates

By ERIC PIANIN
and CHARLES R. BABCOCK
Washington Post Staff Writers

While Senate leaders say they disapprove of the sort of rampant pork-barrel spending that marks the House-passed version of new federal highway and mass transit legislation, Republican and Democratic senators will bring plenty of pork of their own to the table when the two sides begin negotiating a compromise bill this week.

The House bill—which earmarks about $9 billion for 1,467 individual highway, bridge, bike path and economic development projects and another $9 billion for hundreds of mass transit and bus projects—has drawn stinging rebukes from House Budget Committee Chairman John R. Kasich (R-Ohio), congressional conservatives and a raft of groups concerned about fiscal discipline.

"The era of big government is not over," John Berthoud of the National Taxpayers Union complained last week of the $217 billion measure. "The era of really big government is here."

But the slightly less costly Senate version of the legislation, approved early last month with little controversy, includes scores of earmarks or special provisions that would funnel billions of dollars' worth of highway, bridge and mass transit projects to favored states and special interests.

FILE PHOTO/ASSOCIATED PRESS

Senate committee Chairman John H. Chafee added nearly $1 billion to the bill for a high-speed rail program.

There is nearly $1 billion in the bill to develop and construct high-speed magnetic levitation trains throughout the country. State officials and private developers in Nevada, California, Florida, Maryland and Pennsylvania have expressed interest in the program for developing passenger trains that can travel in excess of 240 mph.

Senate Environment and Public Works Committee Chairman John H. Chafee (R-R.I.) added the funds for the project after personally inspecting—and driving—a MAG-LEV train in Germany last year, according to an aide.

Sen. John W. Warner (R-Va.) added $900 million toward construction of a replacement for the Woodrow Wilson Bridge in metropolitan Washington. Sen. Barbara Boxer (D-Calif.) inserted language which would make San Mateo County, Calif., eligible to receive emergency funding for a proposed $146 million highway tunnel project at Devil's Slide.

The bill also contains funding for road construction in and around Yellowstone National Park in Wyoming, and $72 million to construct a dozen new transportation research centers on college and university campuses to promote different facets of the transportation industry.

Another $420 million was added for an "Interstate 4R and Bridge Discretionary Program." According to a Senate aide, that would give states more discretion in spending funds for resurfacing and restoring portions of interstate highways.

Pork-barrel spending—and how much is too much—is among a dozen or so critical issues separating House and Senate transportation committee negotiators as they attempt to iron out a final bill before a May 1 deadline for authorizing new highway projects.

The principal combatants will be House Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa.), who championed a huge increase in pork and overall highway and transit spending, and Chafee, who cautioned moderation—even as the Senate virtually matched the House in overall spending and loaded up the bill with special interest provisions and last-minute deals to placate recalcitrant states.

A key dispute is over the formula for allocating the vast majority of highway funds to the states. Both the House and Senate have approved formulas that eliminate or minimize many of the inequities of the 1991 formula that largely benefited states from the Northeast and upper Midwest to the detriment of southern, western and midwestern states. However, the new House formula would be slightly more advantageous to more heavily populated states with larger highway systems, while the Senate approach would favor more sparsely populated states with smaller highway networks.

Another controversy is over Shuster's demand to require that future federal gasoline tax revenue be used exclusively for highway spending.

See HIGHWAYS, *A7, Col. 1*

Hill Due to Haggle Over Transportation Bill

HIGHWAYS, *From A6*

Shuster and his allies have fought for years to move the highway trust fund "off budget" and hence out of bounds for other types of spending or deficit reduction.

There are no similar provisions in the Senate-passed version of the highway bill. Chafee and other Senate GOP leaders are opposed to that approach because it would greatly complicate Congress's task in balancing the budget and keeping it in balance.

Also, the House bill provides no money for the replacement of the federally operated Woodrow Wilson Bridge. And the House objects to a Senate provision that would penalize states up to 10 percent of their highway funds if they refuse to adopt tougher drunken driving standards.

So-called pork-barrel spending represents a relatively small part of the highway bill—no more than 5 percent of total highway spending in the House bill. But the issue is politically explosive, coming off the often stormy, long-term efforts to balance the budget.

Some, including Kasich, have attacked the House bill as an "abomination" of pork-barrel spending and argued that it undermines the principles of the GOP's conservative revolution. The libertarian Cato Institute held a forum late last week entitled: "Road to Hell? Problems with the Highway Bill."

Shuster and his aides insist that members are entitled to influence a small percentage of the total spending. They dismiss much of the criticism as unfounded or cheap shots.

Chafee has signaled that he believes the House went overboard in earmarking funds in the bill and that Shuster will have to scale back the list to make it acceptable to the Senate.

"As a practice, the Senate does not include specific earmarks or mandates but provides flexibility to federal and state transportation officials for certain programs nationwide," said Stephen Bentfield, a spokesman for Chafee.

But House GOP negotiators note that if history is a gauge, Senate negotiators are likely to turn up at the bargaining table with a list of additional projects they will insist upon. A House GOP aide complained last week that while some senators are clucking about the length of Shuster's list of pork projects, Shuster has been fairly straightforward in his efforts, but Senate members often resort to stealth in promoting favorite pork projects.

"At least you know in our bill what the money is going for," said the House aide. "In the Senate, they masquerade their pork projects as national policy."

Indeed, the language in the Senate bill providing funding for highway and bridge projects in and around Yellowstone does not mention the site by name. Rather, it states that the funds would go to "a state that contains a national park that was visited by more than 2,500,000 people in 1996 and comprises more than 3,000 square miles of land area, including surface water, that is located in the state."

The special interest provisions in the Senate bill set aside pots of money for some favored projects and set up several "pilot projects" to make policy changes to aid specific sectors of the transportation industry.

The bill would spread around $444 million for improvements of state or municipally owned highways near federal lands or Indian reservations as part of a new "Cooperative Federal Lands Transportation Program."

The Senate wants to designate up to 15 privately owned highway projects to be eligible for tax-exempt bond financing worth up to $15 billion. This is part of a new program to leverage private construction of transportation projects beneficial to the general public, according to a Senate aide.

A provision in the Senate bill would provide relief to fertilizer suppliers who failed to win an exemption from new Transportation Department rules governing the labeling of shipments of hazardous materials. The Senate measure would create a "pilot program" that would effectively grant the exemption. The International Association of Fire Chiefs, and Advocates for Highway and Auto Safety—a coalition of consumer groups and insurance companies—have strongly criticized the Senate provision and said it could pose serious safety hazards for firefighters in the case of accidents.

Floyd Gaibler, lobbyist for the Agricultural Retailers Association, said the state of Illinois has exempted small haulers using state and county roads for years without problems.

The Senate, like the House, also would expand the number of "university transportation centers" to promote the transportation industry that were first authorized in the 1987 highway bill.

Both bills earmark funds, $96 million to $120 million, for a "national defense highway outside the United States." The DOT analysis says this is a reference to the Shakwak highway in Canada's Yukon, which is part of the Alaska Highway that runs through the Yukon from one part of Alaska to another. The Yukon News in Whitehorse noted last month that the territory's "ambassador for circumpolar affairs" was in Washington to lobby for the funding.

Researcher Mary Lou White contributed to this report.

FOR MORE INFORMATION

To read key Post stories on the highway legislation, click on the above symbol on the front page of The Post's Web site at www.washingtonpost.com

ALMANAC

Annual Average Comparison of ISTEA and ISTEA II, as Passed by the Senate
(in thousands of dollars)

State or Region	ISTEA I	Percent of U.S. Total	ISTEA II	Percent of U.S. Total
U.S. Total	**18,207,075**	**100.00**	**25,123,259**	**100.00**
New England	**1,576,508**	**8.66**	**1,422,724**	**5.66**
Connecticut	353,399	1.94	433,175	1.72
Maine	117,841	0.65	144,825	0.58
Massachusetts	830,961	4.56	448,470	1.79
New Hampshire	88,538	0.49	131,243	0.52
Rhode Island	106,168	0.58	146,387	0.58
Vermont	79,601	0.44	118,624	0.47
Mid-Atlantic	**2,795,789**	**15.36**	**3,350,738**	**13.34**
Delaware	72,873	0.40	118,624	0.47
Maryland	307,274	1.69	380,316	1.51
New Jersey	521,721	2.87	608,262	2.42
New York	1,002,986	5.51	1,287,445	5.12
Pennsylvania	890,935	4.89	956,091	3.81
Midwest	**3,119,329**	**17.13**	**4,287,528**	**17.07**
Illinois	684,218	3.76	839,603	3.34
Indiana	409,053	2.25	613,897	2.44
Iowa	220,964	1.21	333,054	1.33
Michigan	515,698	2.83	796,208	3.17
Minnesota	281,012	1.54	377,304	1.50
Ohio	656,437	3.61	868,982	3.46
Wisconsin	351,947	1.93	458,480	1.82
South	**5,869,966**	**32.24**	**8,929,282**	**35.54**
Alabama	330,307	1.81	504,020	2.01
Arkansas	263,084	1.44	335,680	1.34
District of Columbia	92,211	0.51	114,054	0.45
Florida	763,285	4.19	1,162,146	4.63
Georgia	538,293	2.96	884,828	3.52
Kentucky	282,429	1.55	437,829	1.74
Louisiana	264,360	1.45	447,965	1.78
Mississippi	202,580	1.11	318,328	1.27
North Carolina	479,459	2.63	713,327	2.84
Oklahoma	260,176	1.43	397,747	1.58
South Carolina	232,381	1.28	401,027	1.60
Tennessee	365,874	2.01	571,203	2.27
Texas	1,169,888	6.43	1,737,506	6.92
Virginia	415,589	2.28	645,959	2.57
West Virginia	210,050	1.15	257,663	1.03
West	**4,845,483**	**26.61**	**7,132,987**	**28.39**
Alaska	212,564	1.17	312,965	1.25
Arizona	255,527	1.40	391,979	1.56
California	1,672,645	9.19	2,309,150	9.19
Colorado	201,166	1.10	321,846	1.28
Hawaii	126,673	0.70	150,834	0.60
Idaho	125,172	0.69	206,960	0.82
Kansas	210,317	1.16	330,469	1.32
Missouri	404,874	2.22	600,576	2.39
Montana	161,873	0.89	267,534	1.06
Nebraska	142,455	0.78	211,924	0.84
Nevada	117,453	0.65	184,245	0.73
New Mexico	178,644	0.98	265,010	1.05
North Dakota	116,407	0.64	184,245	0.73
Oregon	213,094	1.17	325,000	1.29
South Dakota	119,605	0.66	196,865	0.78
Utah	130,229	0.72	217,639	0.87
Washington	341,531	1.88	463,929	1.85
Wyoming	115,254	0.63	191,817	0.76

NOTE: Table above does not include funds for Puerto Rico, research, administration, or non-apportioned programs.
SOURCE: Federal Highway Administration, Technical Assistance for Senate Environment and Public Works Committee, March 12, 1998.

administration proposes $808.5 million for energy conservation, a 32.2 percent increase from last year.

- **Research and Development** — The fiscal 1999 budget marks the sixth straight year the president has proposed increases in research and development (R&D) — up 2.6 percent to $78.16 billion. The increases are weighted toward's basic research, which is good news for the Northeast-Midwest region — home to universities that receive about half of all federal R&D funds and National Science Foundation funds. The National Institutes of Health (NIH) would receive its largest increase, $1.15 billion — also good for the region where universities receiving about half of HHS's research funding reside.
- **Clean Water** — The proposed Environmental Resources Fund for America will include $568 million for the Clean Water and Watershed Restoration Initiative, a multi-agency action plan to focus on preventing polluted runoff, protecting public health, and ensuring community-based watershed management — initiatives that will benefit the water-rich Northeast and Midwest.
- **Upper Mississippi River** — After three years of declining budgets for the Environmental Management Program, which provides habitat restoration projects and resource monitoring, the president requests $18.4 million for fiscal 1999, a 14.8 percent increase.

Cuts

- **AMTRAK** — The president's fiscal 1999 budget request effectively ends federal operating assistance for Amtrak and specific allocations of funds for its Northeast Corridor.
- **Manufacturing** — NIST's Manufacturing Extension Partnership (MEP), which transfers manufacturing technologies to small and medium-sized businesses (important to the region), would be cut 6.1 percent.
- **Mass Transit** — Transit funds, important to the urbanized Northeast-Midwest, would be cut 1.4 percent.

Benefits to Other Regions

- **Federal Utilities** — Ignoring a congressional mandate to end appropriations to the Tennessee Valley Authority, the president calls for $509 million (over five years) to TVA's non-power programs. TVA and the Power Marketing Administrations provide subsidized electricity to a select group of consumers in the South and West.
- **Medicaid** — The administration estimates Medicaid obligations will rise 6.9 percent in fiscal 1999. The program remains problematic for the Northeast-Midwest region because of inequities in how federal matching funds are calculated. Most states in the region receive the minimum Medicaid match of 50 percent. In contrast, southern states generally have federal matches in the 70-80 percent range. These percentages could become even more unequal as Congress debates changes to the formula for disbursing Medicaid's matching grants.
- **Child Credit and Child Care** — The president's proposed per-child tax credit of $500 and the child care initiative, while beneficial to families throughout the country, will tend to benefit other areas of the country to a greater degree, both because of the greater number of children, and the relatively lower income levels of those children's families, in other areas of the country. Of concern to the Northeast-Midwest and its policymakers, however, is the relatively higher cost of living in the region.
- **Ecosystem Management** — The president calls for a 69 percent increase in budget authority for the California Bay-Delta Ecosystem Restoration Program and a 24 percent increase in the Everglades Restoration Initiative. Restoration projects for the Great Lakes, in contrast, received only level funding.

Economic Assumptions

Economic assumptions can have a large effect on projections for both federal revenue and expenses. The president projects a slightly expanding economy, with real Gross Domestic Product (GDP) rising 2.4 percent throughout the 1998 calendar year (compared to an estimated 3.6 percent annual rate projected for 1997), falling to 2.0 percent in 1999 and 2000, then rising to 2.3 percent in 2001. The president expects the unemployment rate will average 4.9 percent in 1998, (down from 5.0 percent in 1997) and will rise slightly to 5.1 percent in 1999 and 5.3 percent in 2000. The president also projects inflation will remain fairly stable, with the Consumer Price Index rising 2.1 percent in 1998 and 2.2 percent in 1999. Short-term interest rates for three-month Treasury bills are expected to fall slightly from 5.0 percent in 1998 to 4.9 percent in 1999 and 4.8 percent in 2000; the president also projects that ten-year Treasury notes will fall slightly from 5.9 percent in 1998 to 5.8 percent in 1999 and 2000.

The administration's economic assumptions are slightly more optimistic than those of the Congressional Budget Office. CBO, for instance, estimates for 1999 that the real Gross Domestic Product will be 1.9 percent, the unemployment rate will be 5.1 percent, the Consumer Price Index will be 2.5 percent, and three-month Treasury bills will be at 5.2 percent. □

THE GOOD -- A NATIONAL .08% BAC LAW

Washington Post

FRIDAY, APRIL 3, 1998

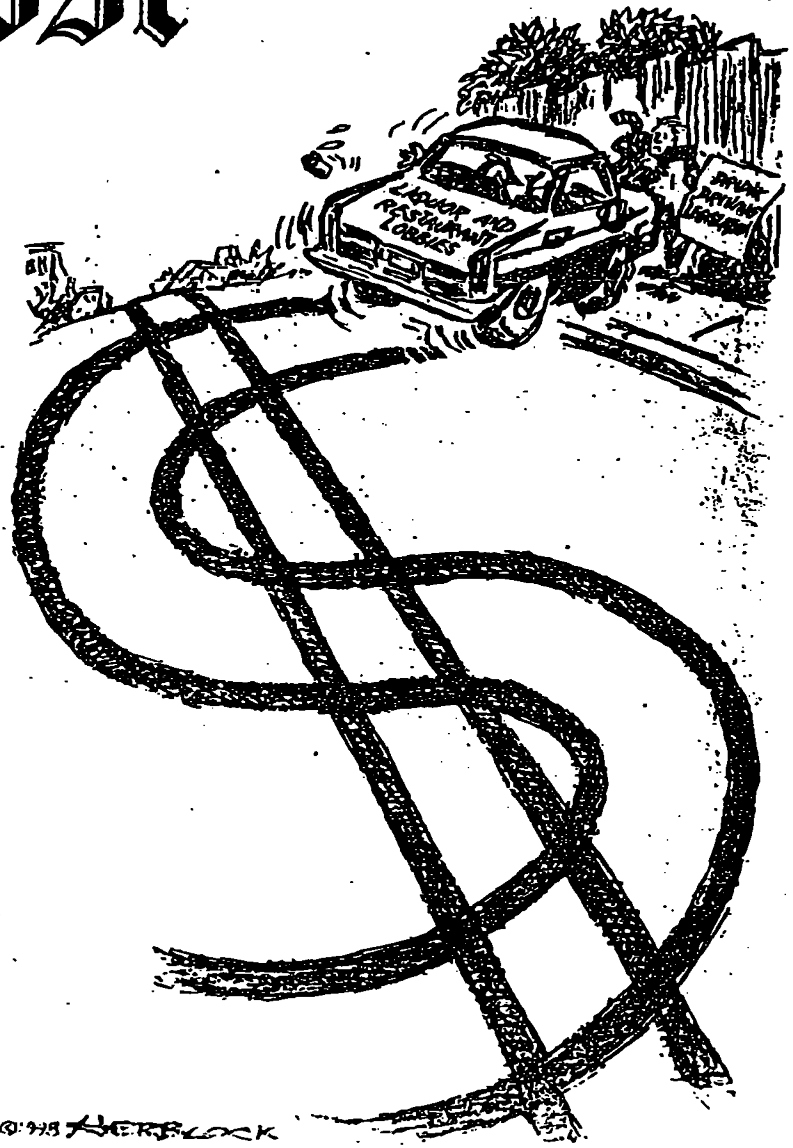
Drinks on the House—and Road

"I'M ABSOLUTELY disgusted," said Rep. Nita M. Lowey of New York, sponsor of a reasonable and effective curb on drunk driving that got sideswiped in a committee this week. She had good cause: Lobbyists for alcohol interests managed to ply enough members of the House Rules Committee with contributions and loaded arguments to deny a vote in the full House. The lobbyists know that in the full House there is broad bipartisan support for the measure, which would set a single approved medical standard for defining drunkenness behind the wheel (and for decreasing federal transportation allocations for states with looser standards). The Senate approved the provision earlier last month by a solid margin, as part of its highway bill.

But the Rules Committee trap, orchestrated with a full-court press by lobbyists for beer, wine and restaurant interests, worked perfectly. No need even to consider the proposal's merits—just block it from the rest of the House. The focus of the measure's supporters throughout Congress now will be on the highway bill conferees. The Senate's strong vote—and the fact that the House never got to vote at all—speaks for conference approval of the proposal, which at least would allow House members to go on record.

The bill has to do with the blood-alcohol content of drivers. Nearly all physicians' groups and highway research organizations consider a reading of .08 as sufficient evidence of a drunk driver. They cite tests showing that the average 170-pound man would have to throw down four drinks in one hour on an empty stomach before reaching .08; a 137-pound woman would have to consume three drinks under the same conditions. Does anybody seriously relish being on the road with or near drivers who have belted down that much? Let Congress—both houses—answer that.

DRIVING PATTERN



THE BAD -- SPECIAL INTEREST
MOTOR CARRIER EXEMPTIONS

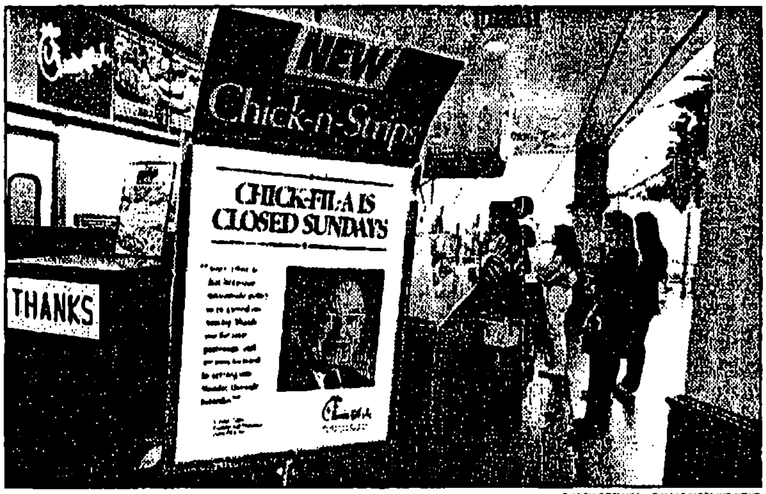
The Washington Post

MONDAY, APRIL 6, 1998 A23

Highway Bill's Bounty Isn't Always in Dollars

Favors for Haulers, Eateries Included

By CHARLES R. BABCOCK
Washington Post Staff Writer



Chick-fil-A restaurants have been excluded from interstate highway "food and lodging" exit signs because they are closed on Sundays. The House-passed highway bill includes a proviso making "a food business" open six days a week eligible to be on the highway signs.

BY LOUIS DELUCA—DALLAS MORNING NEWS

You won't find Chick-fil-A Inc. named in the massive $217 billion highway bill that the House passed last week. But there is a favor in the bill for the Atlanta-based restaurant chain and several more salted away for other companies and industries.

There's more to the legislation, it seems, than the billions earmarked for roads and bridges in members' districts. It contains provisions that may translate into profits or cost savings for various special interests, even though their requests don't call for any federal funds.

Rocky Mountain Prestress Inc. of Denver, sugarcane growers in Louisiana and truckers in Maine, for example, are seeking exceptions to federal truck weight limits.

Brian O'Neill, president of the Insurance Institute for Highway Safety, denounced the exceptions to federal weight limits as "obviously egregious examples of what shouldn't be happening in this legislation."

A more controversial safety issue, a provision that would block federal inspectors from using "global positioning satellite" records to check on whether truckers are driving too many hours, was pulled from the bill at the last minute.

It's not always easy to tell from the legislative language who got what. The Chick-fil-A provision is found in Section 133, Eligibility. It refers only to "a food business" being eligible to be included on highway signs even though it is open only six days a week. That means Chick-fil-A.

The company's problem, according to spokesman Don Perry, is that Transportation Department regulations say restaurants should be open seven days a week to be included on those interstate highway "food and lodging next exit" signs. The chain, which has 775 locations and is expanding, has always been closed on Sundays, he said, because its founders saw Sunday as a day for church, family and rest.

If the House-passed provision becomes law, Chick-fil-A will pay for the signs, which already are allowed under state law in Georgia, Florida and Texas. They will say "closed Sundays" so motorists won't be confused, Perry added.

Rep. Mac Collins (R-Ga.) carried the company's request to the House Transportation and Infrastructure Committee.

Another section of the bill contains the exceptions to the 80,000-pound weight limit for trucks using federal highways. One provision, sponsored by Rep. Dan Schaefer (R-Colo.), would benefit several prefabricated concrete companies in Colorado, including Rocky Mountain Prestress, a Schaefer aide said.

The provision would let the firms haul two or more giant concrete slabs on their trucks, a practice already permitted on state roads. Dan Hopkins, a spokesman for the Colorado transportation department, said the state feels the variance is important from a safety standpoint "to get these large moves done with fewer trips."

Louisiana sugarcane growers would benefit from a similar provision allowing 100,000-pound loads on federal roads, like the loads they now carry on state highways, according to Charlie Melancon, president of the American Sugar Cane League in Thibodaux, La.

Melancon said the growers hope to get railroads to carry much of the load in coming years, but need the exemption now to cut costs and make local roads safer. Rep. Richard H. Baker (R-La.) championed the growers' cause, Melancon added.

The 100,000-pound weight limit is also an issue in Maine, where logging trucks are a way of life. The Federal Highway Administration has started sanction proceedings against the state because it isn't enforcing the federal limit after designating a part of the state turnpike a federal interstate several years ago, according to Alan Stearns, director of policy for the state Transportation Department. He called the federal limit "a farce" because roads in Massachusetts and New York are allowed to carry heavier loads. The House bill would exempt that state-turned-federal highway from the weight limit.

Paul Oakley, a lobbyist for the Association of American Railroads, which competes with trucks to haul freight, said the exemptions in the House bill would create "a bad precedent." Asked about the administration's position on the weight-limit variances, a Transportation Department spokesman read a statement that didn't address the issue. The department said it looks forward to working with the House and Senate conferees.

The insurance institute's O'Neill wasn't so reticent. He said he does not buy the Colorado and Louisiana advocates' contention that it is safer to move the heavyweight trucks from state roads to the interstates.

"It would be safer to keep them off the roads altogether," O'Neill said.

The bill reported out of the Transportation and Infrastructure Committee last week contained a "moratorium" on most federal efforts to use "global positioning satellite" records to check on driver hours. Companies use the Global Positioning System to keep tabs on where their trucks are, but they don't want enforcers to use the same records to double-check logs that drivers keep on how long they drive each day. That section also budgeted $500,000 for a study of government access to such data.

The "moratorium" was dropped in the "manager's amendment" to the bill introduced by Rep. Bud Shuster (R-Pa.), the committee chairman, shortly before final passage Wednesday night. Just the study remains.

The highway bill also has something for bikers.

Motorcycle riders lobbied for and won a provision aimed at cities, including Chicago and Philadelphia, which have banned their vehicles from some streets because of complaints about noise. The provision states that no state or locality can bar motorcycle access to any federally funded highway.

As Kelita Svoboda, lobbyist for the American Motorcyclist Association, put it: "Our members pay gas taxes too."

AND THE UGLY . . .

The Washington Post

IN THE LOOP

Al Kamen

DUI Arrest for Lawmaker Against Lowering Limit

This just in from State Capital Strategies, an online report: A Connecticut lawmaker who has been leading the fight against lowering the legal drunk driving threshold from 0.10 to 0.08 was arrested last month for driving under the influence. State Rep. **William Varese** (R) was arrested after he crashed his car into five parked cars after leaving a topless dancing club in Bridgeport. At the time of his arrest, his blood alcohol level was 0.167. Varese has not yet indicated whether he will vote on the blood alcohol level measure when it comes up.

MONDAY, APRIL 6, 1998 A23

- Dwelle ldr.

- Vitanium - SCA
- Shipbuilding -
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- Review issues.-
  - GCC car tax
- weekly rpt.
- Real #s of the nominal
- Peter - tax mtg.

Diane R. Montgomery 04/17/98 01:48:20 PM

Record Type: Record

To: Michael Deich/OMB/EOP

cc: See the distribution list at the bottom of this message
Subject: STPP ISTEA Mtg. (4/17) and Conference Letter Timing

The Surface Transportation Policy Project (STPP) met today (4/17) to share the latest intelligence on what is happening during staff level Conference meetings on the surface transportation reauthorization bill. In short, STPP, like most everyone else, does not know a great deal of information regarding the substance or outcome of the staff level meetings, so much of what is reported below is speculation. The following is a summary of highlights from today's meeting:

- Staff Conference Meetings This Week. House and Senate staff has been engaged in Conference meetings all week. The purpose of the meetings have been to work out smaller details of the bill, so that Conference Members can make an announcement mid-next week to show that progress is being made on the bill.

- House and Senate Staff Have Different Agendas. Reportedly, the House staff efforts have focused on getting agreement on Member projects and earmarks while the Senate staff efforts have focused on the lesser important policy details and want to leave project issues to the Members for resolution. These difference focuses have slowed staff discussions.

- Some Progress on Research. According to STPP, the staff have made progress on reconciling research and development bill disagreements and have attempted to address planning differences with no luck. Senate Environment and Public Works and Banking staff met this week to discuss disagreements in each Committee's planning provisions. Senate Banking and House Transportation and Infrastructure staff have also met to discuss planning provisions.

- Truck Size and Weight. Senator Chafee may have resolved some or all of the truck size and weight exemptions issues. Chafee's resolution apparently may have worked out an agreement to delete some or all of these provisions.

- Transit Concerns. STPP has repeatedly expressed concerns regarding the impact of funding choices on transit. In particular, STPP is concerned that General Fund appropriations authorizations will not materialize in the future and transit will lose out, especially if large highway funding increases are approved. In addition, STPP is concerned that the final bill will contain a funding mechanism based upon revenue. Transit gas tax revenues are insufficient to support transit spending.

- Potential Meeting. STPP is very interested in the Administration's position on funding and certain policy issues, i.e., transit, environment, etc. I would not be surprised if they called to request a meeting to express their concerns within the next week.

Finally, it is expected that the Department of Transportation will provide a draft Conference letter to OMB LRD for circulation to the agencies next Tuesday (4/21) with the goal of sending the letter to the Conferees the following Monday (4/27).

drm

~~Hwy~~ ISTEA
4-15-98

LS:

Our initial disc's

When they cut deal, no idea what b/line

so Domenici's deal.

What they need
CBO scoring of BESTEA vs. CBO w/DT

House demos are clearly scored as mandatory under BEA

House bill doesn't abide by BEA — it takes it off budget

but for pol. reasons, it says everything has to be paid for.

DJL:
They have to find $34.44B
not his understanding
English:

Dom. mod. $17B in offsets
House " 24B

incl. pledge of all other DOT programs

They thought they needed $24; they found $16.

But CBO is telling them they need $34 (w/th) $24.

If they keep them mandatory. will have to pay for them w/ VA offset — pol. untenable.

If ~~th~~ they don't make them mandatory, — —

Assuming they have trouble getting VA offset, they have ~$6B

They're $28B under caps

what's their stg. for getting around stg. pol. hurdles?

lower the Ks by diff. in offsets, what they need

They will need 60 votes if they put cap lowering in the bill.

They're looking to l/ship to give them o/sets.

Worst alt for us is where they're headed:

- use our offsets

- lower Ks by Δ

(POTUS request is close to WODI)

English: Thinks Δ Pw. Domenici / House is $6B

Now, w/ CBO scoring, he shld realize his problem is more like $28B (?)

If they lower the caps, will come out of fixed pot — Educ., etc.

will be obvious

LS:
- We need to let them know how prob. this is

Why Sen. bill scored higher in outlays:

- House Demos score out more slowly

THE WHITE HOUSE

OFFICE OF LEGISLATIVE AFFAIRS

FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: 4/23/98

TO: Dorothy Robyn

FAX: 6-2223

FROM: ✓ PETER GREENBERGER ___ ELI JOSEPH

456-7500 (TEL) 456-6221 (FAX)

RE: I am now the Director of Cong. Correspondence for Leg. Affairs. Call me if I can be of any help. I have tasked this letter to Transportation; FYI

PAGE 1 OF 3

If there are any problems with this transmission, please call (202) 456-7500.

04/24/98 FRI 01:10 FAX ☑002
APR 22 '98 10:45

DAVID MINGE
2ND DISTRICT, MINNESOTA

1415 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-2331

E-MAIL: WWW.HOUSE.GOV/MINGE/

COMMITTEE ON AGRICULTURE
GENERAL FARM COMMODITIES
FORESTRY, RESOURCE CONSERVATION, AND RESEARCH

COMMITTEE ON THE BUDGET

UNITED STATES
HOUSE OF REPRESENTATIVES

April 22, 1998

The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

I am taking this opportunity to express my concerns about the House-passed transportation bill, H.R. 2400: Building Efficient Surface Transportation and Equity Act (BESTEA) and urge a veto of the legislation. I agree that America's aging infrastructure needs to be repaired, which requires adequate funding. Unfortunately, H.R. 2400 attempts to solve this problem by mortgaging the country's fiscal future.

Last year, Democrats and Republicans were able to come together and pass a landmark balanced budget bill. Each side had to make sacrifices and carefully consider their priorities to reach a truly remarkable compromise. Less than a year later, we have blown a $33 billion hole in that agreement. Many of us supported amendments to BESTEA that would have lowered the level of spending to amounts consistent with the balanced budget agreement. Such amendments were not made in order, and I regret that I could not underscore the issue more forcefully with our colleagues.

H.R. 2400 was brought to the House floor before Congress had a chance to debate and pass a budget resolution providing a framework for all federal spending. This allowed Members of Congress to cast a painless vote for increased transportation spending without having to choose between highways and other priority programs, including veterans, health care, education, agricultural research, housing, national defense, and many others.

The level of highway funding spending must be determined through a responsible budgeting process, just like every other federal priority. The rules we have established to balance the budget dictate that Congress must offset any increases in spending by cutting the budget in other areas. The House's version of the highway bill makes no mention of these obligatory cuts. By putting the cart before the horse, we will be forced into some very painful decisions.

The bill's proponents have argued that all the new highway spending will be paid for by the gasoline tax. While it is true that we raise billions of dollars from the gas tax, the federal government has spent much more on highways than gas tax revenues. In fact, when all such federal spending is considered, the so-called "Highway Trust Fund" has a deficit of $152 billion.

— DISTRICT OFFICES: —

(SOUTHTOWN PLAZA)
542 FIRST STREET SOUTH
MONTEVIDEO, MN 56265
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(CITY SQUARE)
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(612) 448-6567

(COURTHOUSE SQUARE)
938 FOURTH AVENUE
P.O. BOX 367
WINDOM, MN 56101
(507) 831-0115

Another fact that has troubled many of us is that BESTEA provides money for more than 1,400 "high priority" Congressionally-mandated projects. Although most of the projects are deserving, these earmarks were included in the bill to secure votes of House Members. Equally disturbing, dozens of projects are hard to justify under any analysis and are sure to become an embarrassment. Because these projects were added to the bill with virtually no debate or public scrutiny, and because of the large number of projects, it is nearly impossible to separate the good from the bad, the worthy from the unworthy.

Another troubling aspect of the House bill is that it eliminates the ethanol tax credit program. This is a tragic mistake. Ethanol reduces our dependence on foreign oil. And because ethanol is a renewable fuel, it is more environmentally friendly than fossil fuels. It's also cleaner burning than gas. According to one recent national study, an ethanol/gas blend results in a substantial reduction in fossil fuel energy use and a reduction in greenhouse gas emissions.

To add insult to injury, the reason the ethanol tax credit was knocked out of the bill was to give railroads a break on their diesel fuel tax. Given the atrocious service we have had from the big railroads, this was doubly infuriating. I think Agriculture Secretary Dan Glickman said it best: "I am disappointed that America's farmers and ranchers are being asked to foot the bill for railroad tax relief." I couldn't agree more. With the transportation crowd angling to cut agricultural research and crop insurance support to offset highway spending, the transportation bill at best holds out the possibility of improved roads for fewer farmers facing higher costs and diminished market opportunities. This is truly a lose-lose situation for agriculture.

While I agree that transportation spending is a national priority, it is not the *only* priority. I also understand the urgency some feel about reauthorization of a transportation bill. The deadline on the legislation should not be an excuse to ransom the fiscal health of the country. I ask that should this legislation progress to your desk in its current form, it be vetoed and that you call on Congress to either immediately repass a bill within the budget and without the sweet rewards of individual projects or extend our existing ISTEA law for this construction cycle.

Sincerely,

DMinge

DAVID MINGE
Member of Congress

Dorothy Robyn
04/27/98 08:09:51 PM

Record Type: Record

To: Gene B. Sperling/OPD/EOP

cc: Melissa G. Green/OPD/EOP, Sally Katzen/OPD/EOP
Subject: today's ISTEA meeting

Larry Stein kicked off today's mtg., then left and Deich ran it. Three weeks ago, Stein made decision that DOT and other staff should refrain from weighing in on any issues in the ISTEA bill, even "technical" ones, so as not to confuse our bigger message about the unacceptable funding levels. Today, Stein gave the OK for staff to go to Hill and work certain issues but not others. The meeting was devoted to deciding which issues fell in which category -- i.e., which issues staff could work. I'll forward Deich's e-mail summarizing the results.

OK
Thanks

Gene
4/27

Peter A. Weissman

04/27/98 07:48:32 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP

cc:

Subject: ISTEA Reauthorization Issues

--------------------- Forwarded by Peter A. Weissman/OPD/EOP on 04/27/98 07:48 PM ---------------------------

Michael Deich
04/27/98 06:43:52 PM

Record Type: Record

To: Lawrence J. Stein/WHO/EOP

cc: See the distribution list at the bottom of this message

Subject: ISTEA Reauthorization Issues

Following our meeting this afternoon, David Tornquist drafted the attached side-by-side, which sorts reauthorization issues into three classes:

-- "principals' issues" are those that we think can be resolved only by discussion amongst the principals. Staff will not be discussing these issues with Hill staff until further guidance is received from the principals.
-- "funding issues" are those that we think can be resolved by staff, but only after the principals are close to agreement on aggregate funding levels. Staff will not discuss the issues until principals give the go-ahead.
-- Agency and WH staff will work with Hill staff on the remaining "staff issues." We will advocate the Administration's position, listen for ways to resolve these issues, and advise the principals of likely compromises.

Please let me know if you think we've misclassified any of the issues.

adminsxs.wp

Message Copied To:

April 27, 1998

ISTEA Reauthorization Issues

Principal's Issues

	Issue	Proposed Administration Position
1.	Funding levels and offsets.	Oppose funding levels as too high, seek to work with Hill to find mutually acceptable offsets for spending above President's Budget. Maintain appropriate ratio of highway/transit funding levels, i.e., protect transit.
2.	Off-budget.	Oppose House provision taking the Highway Trust Fund off-budget.
3.	Demonstration projects	Oppose House FHWA and FTA earmarks. Seek some flexibility in University Research Institute/University Transportation Center designations.
4.	Mid-course correction.	Oppose House provision as possible funding cutoff could be disruptive.
5.	Woodrow Wilson Bridge.	Support alternatives to service contract proposal which avoids adverse scoring impact.

Funding Issues

1.	FHWA/FTA Admin. Funds.	FHWA: support Senate 1.5% takedown from larger number or programs. Transit: oppose takedown, support House dollar amount.
2.	Inadequate NHTSA funding.	Support House funding levels.
	Grade crossing funding.	Support NEXTEA level of $165M.
3.	BTS Funding.	Support NEXTEA $31M funding level.

	Issue	Proposed Administration Position
4.	Surface transportation R&D.	Support NEXTEA levels; oppose Senate cuts.

Staff Level Issues

1.	Ethanol.	Oppose House bill which lets current partial exemption to lapse; support Senate exemption through 2007 without phase down.
2.	.08 BAC.	Support Senate provision withholding 5% of Federal-aid funds from States that do not implement .08 BAC standard.
3.	Truck size and weight laws.	Oppose House state -specific exemptions; support sense of the Senate opposing LCV changes.
4.	Lobbying ban.	Oppose Senate ban which would adversely affect DOT safety mission.
5.	Air bag safety.	Support Senate provision which temporarily suspends unbelted testing standard pending rulemaking.
6.	Drugged driving.	Support Senate research program as first step to our proposed incentive grant program.
7.	Hazmat reauthorization.	Support Senate reauthorization without special interest exemptions.
8.	RSPA One-call program.	Support Senate reauthorization without special interest exemptions.
9.	Welfare to work.	Support Senate's $150M Access-to-Jobs funding and reserving of highway training positions for welfare recipients. Add employment preferences for EZ/EC (not in either bill).

	Issue	Proposed Administration Position
10.	Environmental streamlining.	Senate process language preferable to House, except for its barring of environmental review of transportation plans. Oppose House provision permitting DOT to "close the record". Oppose House pilot program to delegate to States the Secretary's NEPA responsibilities. Support allowing States to use Title 23 funds to support other resource agencies' environmental reviews (in both bills). Oppose House provision permitting States to define a project's purpose and need.
11.	CMAQ.	Oppose House and Senate provisions which permit transferability of CMAQ funds to other ~~programs~~ if a State has air quality non-attainment or maintenance areas. Support including new non-attainment areas, PM, and current population data in distribution formula. Support eligibility for funding of new non-attainment and maintenance areas and clarify PM eligibility.
12.	Transit benefits.	Support Senate language or better increasing transit benefits to $100/month.
13.	Transit and Rail eligibility.	Support Senate expanded eligibility but add public freight rail.
14.	Park Roads funding.	Object to inadequate funding in either bill, support $161M NEXTEA level.
15.	Federal Lands eligibility.	Oppose Senate provision which extends eligibility for Federal Lands highway funds to non-Federal roads, including those off Federal properties.
16.	ITS Eligibility.	Support Senate provision clarifying that ITS infrastructure is eligible for NHS, STP and IM funds and changing definition of operational improvements.

	Issue	Proposed Administration Position
17.	FTA preventive maint.	Oppose House cap on total preventive maintenance funding and restrictive definition. Support Senate.
18.	Trade Corridor/border cross.	Oppose designations of corridors; allow funds to be used for other Federal inspection agencies, e.g., INS and Customs.
19.	Labor Standard.	Strongly support retaining standards and applying them to new federally-assisted transportation construction projects.
20.	DBE.	Support Senate language which retains uniform certification criteria.
21.	Innovative Financing.	Oppose Senate provisions; support NEXTEA grant program.
22.	ADHS.	Support ADHS funding; oppose expansion of eligible counties or road network.
23.	Planning.	Support Senate Banking language. Strongly oppose Senate EPW language which eliminates fiscal constraint requirements. Oppose House language which makes consideration of planning factors voluntary and weakens fiscal constraints requirements.
24.	Rail credit.	Oppose House provision because it is inconsistent with credit reform.

INFORMATION REPORT

Document No. 254178

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/11/98 ACTION/CONCURRENCE/COMMENT DUE BY: --/--/--

SUBJECT: Transportation Statistics Beyond ISTEA: Critical Gaps and Strateg Responses, Produced by U.S. Department of Transportation

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McCURRY	☐	☐
BOWLES	☐	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☐	☐	RADD	☐	☐
MATHEWS	☐	☐	REED	☐	☐
RAINES	☐	☐	RUFF	☐	☐
BLUMENTHAL	☐	☐	SMITH	☐	☐
BERGER	☐	☐	SOSNIK	☐	☐
ECHAVESTE	☐	☐	SPERLING	☑	☐
EMANUEL	☐	☐	STREETT	☐	☐
GIBBONS	☐	☐	TARULLO	☐	☐
HILLEY	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	BEGALA	☐	☐
LINDSEY	☐	☐		☐	☐
MARSHALL	☐	☐		☐	☐
				☐	☐

REMARKS: Please return report to this office after review. If you would like a copy of this report to keep, contact this office. Thanks.

RESPONSE:

Staff Secretary
Ext. 6-2702

ID# 254178

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: FEBRUARY 24, 1998

'98 MAR 11 PM 4:

NAME OF CORRESPONDENT: ROBERT A. KNISELY

SUBJECT: SUBMITS A COPY OF TRANSPORTATION STATISTICS BEYOND ISTEA:CRITICAL GAPS AND STRATEGIC RESPONSES, PRODUCED BY U.S. DEPARTMENT OF TRANSPORTATION

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION: ACT CODE	ACTION: DATE YY/MM/DD	DISPOSITION: TYPE RESP	DISPOSITION: C D	DISPOSITION: COMPLETED YY/MM/DD
TIM SAUNDERS	ORG	98/02/24		C	98/3/10
REFERRAL NOTE:					
~~to~~ Phil Caplan	A	98/3/10			__/__/__
REFERRAL NOTE:					
		__/__/__			__/__/__
REFERRAL NOTE:					
		__/__/__			__/__/__
REFERRAL NOTE:					
		__/__/__			__/__/__
REFERRAL NOTE:					

COMMENTS: ENCLOSURE
Not for the President's transmittal to the Congress

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: ____ ____ ____

MI MAIL USER CODES: (A)__________ (B)__________ (C)__________

*ACTION CODES:	*DISPOSITION	*OUTGOING CORRESPONDENCE:
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS OF SIGNER
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	* CODE = A
*D-DRAFT RESPONSE	*C-COMPLETED	*COMPLETED = DATE OF OUTGOING
*F-FURNISH FACT SHEET	*S-SUSPENDED	
*I-INFO COPY/NO ACT NEC		
*R-DIRECT REPLY W/COPY		
*S-FOR-SIGNATURE		
*X-INTERIM REPLY		

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

U.S. Department
of Transportation

**Bureau of
Transportation Statistics**

OFFICE OF THE DIRECTOR

400 Seventh Street, SW
Suite 3430
Washington, DC 20590

#254178
FEB 20 1998

February 16, 1998

The Honorable William Clinton
The President
The White House
Washington, DC 20500

Dear Mr. President:

I am pleased to provide you with a copy of *Transportation Statistics Beyond ISTEA: Critical Gaps and Strategic Responses*. The report, produced by the Bureau of Transportation Statistics (BTS), discusses current and emerging information needs for transportation decisionmaking.

In creating BTS in the Intermodal Surface Transportation Efficiency Act of 1991, Congress called on the Bureau to make recommendations for improving transportation statistical information as part of the *Transportation Statistics Annual Report* transmitted each year to the President and Congress. ISTEA also called on BTS to annually review transportation information needs.

Building on BTS analyses in the four *Transportation Statistics Annual Reports* produced to date, the enclosed report examines data needs in several areas, including the extent and use of the transportation system, its economic dimensions, and transportation-related safety, energy, and environmental impacts. It also discusses ways to make national data more relevant to state and local decisionmakers, and technological developments that promise to make data collection less burdensome to respondents and less costly. The report concludes with a brief discussion of initiatives proposed in the Administration's surface transportation reauthorization bill to help fill critically important information gaps.

If you would like further information or a briefing on this report or other BTS activities, please feel free to contact me at 202-366-9777 or Rolf R. Schmitt, Associate Director for Transportation Studies, at 202-366-9258.

Sincerely,

RA Knisely

Robert A. Knisely
Deputy Director

Enclosure

FEB 20 1998

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

TRANSPORTATION STATISTICS BEYOND ISTEA

critical gaps and strategic responses

Bureau of Transportation Statistics US Department of Transportation

Implications of Funding NIH at the President's Request, and Surface Transportation Programs at the House BESTEA Level

Funding NIH at the President's request, and Surface Transportation programs at the House level would result in a **1.3 percent outlay reduction** in FY 1999 to "all other NDD programs." Assuming an average spendout rate for these other programs, this would require a **2.5 percent budget authority reduction.** On average over the next five years, outlays for all other NDD programs would be cut by 4.7 percent. Budget authority would be cut by 6 percent on average over the next five years.

ASSUMPTIONS:

(1) NIH is held at the request level of $14,798 million in budget authority and $13,898 million in outlays,

(2) Surface Transportation programs are funded at the House authorized BESTEA level

(3) all other NDD programs were reduced proportionally.

PROGRAMMATIC IMPLICATIONS:

Agriculture:

- **Undermines food safety.** A reduction of 2.5 percent in FY 1999 and larger reductions in the outyears for food safety funding could mean the layoff or RIFof an estimated 250 meat and poultry inspectors, which would result in the slowdown of production, or even rotating shut-downs, in some meat and poultry slaughter and processing plants. This could also deny vital investments proposed for the President's Food Safety Initiative. The reduction could mean a delay of USDA's modernization of the Federal meat and poultry inspection system, as well as reduced funding for mandatory improvements in state inspection systems, including upgraded state lab testing for pathogens.

- **Cuts in half the requested increase for Forest Service priority maintenance and construction.** A 2.5 percent reduction would reduce the increase requested for Forest Service maintenance and construction funds by $12 million from the President's Budget for FY 1999 (and correspondingly greater amounts in the out-years). These increases are needed to reduce the serious backlog of maintenance and construction projects designed to protect and enhance national forest resources available for recreational and other uses.

Commerce:

- The Administration has requested $849 million for **final decennial census** preparations in 1999. This is an increase of $459 million over the 1998 enacted level and provides essential funding to continue key preparatory activities -- such as finalizing the master address file, expanding the field infrastructure, and producing the questionnaires and public use forms -- for the Constitutionally-mandated decennial census. In the year 2000, the President's budget includes $2.187 billion to conduct the census. Both the GAO and the DOC IG have recently warned that funding restrictions at this period in the decennial cycle would seriously threaten its accuracy.

- **Other Commerce Programs.** If the decennial census was protected from the across the board reduction of 2.5 percent at the President's Request, $21 million in 1999 and $55 million in 2000 would have to be taken from other programs.

Education Department:

- Every budget authority increase proposed in the budget for base programs would be eliminated:

  -- 500,000 children would be denied assistance under **Title I,**

  -- 300 to 400 new **Charter Schools** could not be opened, and,

  -- 3.9 million students would be prevented from getting an increase in the **Pell Grant** maximum award.

- All funding for new discretionary initiatives would be eliminated and (e.g. **Education Opportunity Zones, High Hopes**) -- preventing 175,000 at-risk middle school students from receiving mentoring and tutoring, denying additional assistance to poor schools in their efforts to undertake school reforms, preventing after school programs from serving an additional 450,000 students, and preventing new efforts to improve teacher training and recruit 7,000 new teachers.

Energy Department:

- **Cancels and closes science user facilities**. Faced with a 1.3 percent outlay cut, Energy would be unable to build the Spallation Neutron Source, leaving the United States without a facility comparable to those in Europe and Japan which is vital to research in materials science, structural biology, metallurgy, and chemistry. Operation of existing DOE user facilities that serve thousands of Government and private scientists would have to be curtailed or suspended.

Health and Human Services:

- requires **Head Start** budget authority level of $4,512 million in FY 1999, $148 million below the President's request. The President's FY 1999 budget provides funds for up to 36,000 slots for regular Head Start, 10,000 slots for Early Head Start, and a COLA and quality investments. At a funding level of $4,512, the program could maintain its expansion goals only by foregoing the COLA and quality investments in FY 1999. Alternatively, the program can preserve the COLA and quality investments within a funding level of $4,512 by creating fewer new slots in FY 1999. Specifically, such a funding level could mean that Head Start will not be able to expand Early Head Start in FY 1999 and can only add up to 23,000 new slots for regular Head Start.

- reduces budget authority for the **Child Care and Development Block Grant** by $22 million, potentially eliminating child care assistance to nearly 8,000 low-income children.

- undermine funding for **HRSA**'s health care and services for women and children, uninsured people and people with AIDS; it would cut the Health Centers well below the President's request -- possibly preventing at least 250,000 people from receiving health services); it would reduce both the Maternal and Child Health Block Grant and the Ryan White program well below the President's Budget.

- eliminate funding in the **Office of Emergency Preparedness** for one to two cities' Metropolitan Medical Strike Teams (MMSTs), which are part of a system to respond to the medical consequences of terrorist events involving biological and chemical weapons.

- reduce funding for **The Initiative to Improve Health Care Quality,** which would impede the development of research and research tools to measure the quality of health care, as well as research on consumers' use of information on quality.

- reduce funding for **SAMHSA**, with sizable cuts to the **Mental Health**

Block Grant and a the **Substance Abuse Block Grant**, denying substance abuse treatment to many people.

- reduce funding for **CDC**, cutting childhood immunization funding, reducing funding for HIV prevention and breast and cervical cancer screening.

- reduce funding for **HCFA Program Management** necessitating deep cuts across all HCFA activities. Assuming that Congress does not enact any of the HCFA user fees, a reduction of this magnitude would impact base functions (e.g., contractor non-renewals, the Medicare handbook, initial and recertification surveys, and beneficiary appeals) as well as the implementation of new initiatives (e.g., the Balanced Budget Act, the Health Insurance Portability and Accountability Act, and Medicare+Choice). The effects of such a funding level would be felt by both Medicare contractors and beneficiaries.

Interior:

- **Cuts by over half the requested increase for National Park Service priority maintenance.** A 2.5 percent reduction in FY 1999 below the President's request would cut by over half (-$33 million) the President's 1999 Budget requested increase for National Park Service (NPS) priority maintenance. The required outyear reductions averaging 6 percent per year would have similar impacts. These increases are needed to reduce the serious backlog of maintenance and construction projects designed to preserve and protect the Nation's precious natural, historic, and cultural resources for the enjoyment of current and future generations.

- **Reductions in BIA Schools and Trust Management Reform.** A 2.5 percent reduction in BIA's FY 1999 request level would limit the ability of BIA-funded elementary and secondary schools to meet the demands caused by increasing enrollment (about 3 percent per year over the last decade) such as classroom operations, transportation, and much needed facilities improvements and repair. A reduction of this magnitude in FY 1999 and larger outyear reductions would also adversely impact reservation-level programs such as law enforcement, social services, and natural resource management and protection programs that are within BIA's Tribal Priority Allocations. This reduction would also impact BIA land record improvement and probate backlog reduction activities, which are integral parts of DOI's broader trust management improvement efforts, and could reduce the likelihood of implementation of the FY 1999 Budget's land consolidation pilot project.

- **Inadequately funds the Endangered Species Act (ESA) program.** A 2.5 percent reduction would cut the President's request for Interior's Fish and Wildlife Service by $21 million (and larger outyear reductions). This funding level would severely affect successful implementation of the ESA reforms initiated by the Administration and included in pending ESA reauthorization legislation, and fails to fund the proposed private landowners incentives program.

Justice:

- **Reduces funding for Border Patrol agents.** A 2.5 percent cut from the President's budget would not provide enough resources to fund 1,000 agents in 1999, which are needed to fill enforcement gaps and to enhance Border Patrol presence along the Southwest border. Additionally, the cut means that mandated detention and removal requirements could not be met. The cut would also adversely affect our ability to deploy "force multiplying" technology, which will increase the effectiveness of Border Patrol agents and enable INS to better control the border. A 6 percent over five years would significantly constrain our ability to shift our focus from observing the border to responding to known intrusions.

- **Federal Bureau of Investigation and Drug Enforcement Administration.** A 2.5 percent cut from the President's budget would cut the FBI's budget by 1.4 percent from the 1998 enacted level. The cut would reduce the number of new agents that could be added by the FBI, which are needed to combat increased acts of domestic and international terrorism and cyber crime and to protect our critical infrastructure. The cut would also reduce the number of DEA agents that could be hired to enhance domestic anti-heroin and anti-methamphetamine efforts. A 6 percent reduction over five years would adversely impact FBI and DEA ability to respond to new and emerging law enforcement demands.

- **Federal Prisons.** A 2.5 percent cut would mean no money for new activations or sufficient resources to provide annualization of prior year increases in 1999, adversely impacting the activation of the following facilities and expansions: Loretto, PA expansion 200 beds; Butner, NC 763 beds; Edgefield, SC 1,664 beds; and Beaumont, TX 1,152 beds. The resulting delays would negatively affect the Bureau of Prisons' ability to fill as many as 3,800 beds.

Labor Department:

- **Job Training Programs.** Most of the Department's job training programs in the Training and Employment Services (TES) account are forward-funded. Thus, to achieve a 1.3 percent outlay cut, relatively large BA reductions are required. In total, a 1.3% outlay reduction to the TES account translates into a $69 million BA cut. This cut would have the following effect:

  -- **Dislocated workers.** Result in about 9,200 fewer dislocated workers receiving training, job search assistance, and support services, compared with the President's request.

  -- **Summer Jobs.** Eliminate about 7,000 summer job opportunities for low-income youth in the Summer of 1999, compared with the President's request.

  -- **Adult training grants.** Result in 5,200 fewer low-income adults receiving training and employment services, compared with the President's request. About 40 percent of program participants are welfare recipients.

  -- **Job Corps.** Eliminate more than 500 residential training slots for extremely disadvantaged youth. The 5-center expansion initiative launched in FY 1998 in response to Congressional appropriations report language would be delayed or stopped.

- **One-Stop Career Centers.** To cut outlays by 1.3 percent for this program, the $147 million BA request would have to be reduced by $33 million or 22 percent. This would mean significant cuts to the implementation grants to States to develop One-stop Career Center systems and jeopardize funding for America's Labor Market Information System including America's Job Bank.

- **Employment Service.** Also forward-funded, to cut outlays 1.3 percent for this program, BA would have to be reduced by $53 million or 6 percent of the $817 million request. Cuts of this magnitude would harm labor exchange and job search assistance for unemployed workers.

- **Community Service Employment for Older Americans (Labor)** is forward funded. BA would be cut by $30.2 million (6.9 percent) and 4,200 low-income older Americans would lose their part-time jobs.

Veterans Affairs:

- **Veterans Medical Care**. A $246 million reduction in veterans medical care funding from the President's budget would impede on the Department's ability to increase access to high quality health care. As a result, VA would treat an estimated 48,000 fewer veteran patients--resulting in 9,730 fewer inpatients treated in VA hospitals and 518,400 fewer outpatient visits.

Environmental Protection Agency:

- **EPA Operating Program** -- An average six percent cut in EPA's Operating program over the five year period would significantly hamper EPA's ability to protect and improve the environment. In particular, it would jeopardize EPA's ability to carry out the Clean Water Action Plan to address pollution from factory farms, and the Climate Change Technology Initiative which would reduce greenhouse gas emissions, cut energy usage and save consumers money.

- **Lost Capitalization for the Clean Water and Drinking Water State Revolving Funds (SRFs)** -- The combined SRFs funding request provides Federal capitalization to help meet the Administration's goal of providing $2.5 billion a year in loans to municipalities to provide clean water and drinking water to their communities. A 2.5% cut to the FY 1999 combined SRF request of $1.85 billion would reduce Federal capitalization by more than $46 million. Because over time approximately $4 is generated in loans to municipalities for every $1 of Federal capitalization, this 2.5 percent cut to FY 99 would result in a loss of more than $184 million in loans to municipalities. A 6 percent cut to the FY 99-2003 combined SRFs request of $8.35 billion would reduce Federal capitalization by $500 million, resulting in a total loss of about $2 billion in loans to municipalities.

- **Slows Superfund cleanups** -- Funding BESTEA, while protecting the President's request for NIH, would result in reducing funding for Superfund cleanups by $52 million in FY 1999 and $425 million over five years. This would result in five fewer completions of Superfund toxic waste sites in FY 1999 and 105 fewer completions over five years, needlessly jeopardizing public health.

National Service:

- The **National Service program** would be cut by $6.2 million (2.2 percent) from the President's request, reducing funding for the America Reads initiative. Those amounts would finance about 600 VISTA volunteers who would have been engaged in recruiting, training, and supervising about 18,000 new volunteer tutors in communities and schools to participate in America Reads.

06-Apr-98
01:27 PM
BRB:ELR
G:\99BUDGET\TRNS_NIH.wk4

Potential Reduction to "Other Programs" in the Budget Assuming: NIH is Funded at Request and Transportation Funded at Levels Authorized in the House-Reported ISTEA Bill

(in millions of dollars)

	FY 1998		FY 1999		FY 2000		FY 2001		FY 2002		FY 2003		FYs 1999 - FY 2003	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
President's Request (Excluding Mandatory Offsets):														
NDD	259,089	287,575	270,703	299,713	269,200	304,136	268,183	304,376	270,324	303,645	275,353	305,810	1,353,763	1,517,680
NIH	13,648	12,893	14,798	13,898	15,661	14,934	16,632	15,816	17,997	16,896	20,188	18,460	85,276	80,004
Highways/Transit/NHTSA	1,030	24,553	613	25,568	563	26,250	563	26,623	563	26,964	563	27,202	2,865	132,607
Other Programs	244,411	250,129	255,292	260,247	252,976	262,952	250,988	261,937	251,764	259,785	254,602	260,148	1,265,622	1,305,069
CBO WODI Baseline:														
NDD	259,399	288,378	261,293	297,307	261,308	299,367	261,081	297,273	261,215	294,353	261,456	293,637	1,306,353	1,481,937
NIH	13,649	12,800	13,649	13,486	13,649	13,618	13,649	13,648	13,649	13,649	13,649	13,649	68,245	68,050
Highways/Transit/NHTSA	1,031	25,186	1,031	26,483	1,031	27,108	1,031	27,507	1,031	27,472	1,031	27,567	5,155	136,137
Other Programs	244,719	250,392	246,613	257,338	246,628	258,641	246,401	256,118	246,535	253,232	246,776	252,421	1,232,953	1,277,750
Fund NIH at President's Request and Highways/Transit/NHTSA at House-Reported ISTEA level:														
NDD (CBO WODI)	259,399	288,378	261,293	297,307	261,308	299,367	261,081	297,273	261,215	294,353	261,456	293,637	1,306,353	1,481,937
NIH (President's Request)	13,648	12,893	14,798	13,898	15,661	14,934	16,632	15,816	17,997	16,896	20,188	18,460	85,276	80,004
Highways/Transit/NHTSA (House)	1,030	24,553	926	26,610	477	30,119	422	32,680	347	34,074	317	34,803	2,489	158,286
Other Programs	244,721	250,932	245,569	256,799	245,170	254,314	244,027	248,777	242,871	243,383	240,951	240,374	1,218,588	1,243,647
Cut to "Other Programs:"														
From President's Request	N/A	N/A	(9,723)	(3,448)	(7,806)	(8,638)	(6,961)	(13,160)	(8,893)	(16,402)	(13,651)	(19,774)	(47,034)	(61,422)
From CBO WODI Baseline	N/A	N/A	(1,044)	(539)	(1,458)	(4,327)	(2,374)	(7,341)	(3,664)	(9,849)	(5,825)	(12,047)	(14,365)	(34,103)
% Cut from President's Request to "Other Programs" Necessary to Achieve Required OL cut			-2.5%	-1.3%	-4.9%	-3.3%	-6.4%	-5.0%	-7.3%	-6.3%	-8.7%	-7.6%	-6.0%	-4.7%

Dorothy Robyn
04/03/98 05:11:49 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP

cc: Sally Katzen/OPD/EOP, Jonathan A. Kaplan/OPD/EOP
Subject: Today's Raines, Stein, Slater, Lew Meeting on ISTEA

Here's a quick read out of the meeting, which I attended in Gene's place:

Slater asked for meeting because he's doing a 6-state tour next week, and wants to know what message he should be sending. (Also, he'll be doing a speech at Nat'l Press Club the week after.)

Raines summarized the problems in ISTEA as four: 1) it's too big, relative to BBA; 2) as a result, it crowds out other priority investments -- either directly, or by using offsets needed for other things; 3) $9B in House demo's; and 4) the off-budget provision. Although we haven't said much about #3 and #4, where we want to go w. ISTEA is: smaller, less crowding out, fewer dem's, and on-budget. That said, there's no agreement internally on how to get there, and Frank can't really predict where we'll come out.

Raines and Stein suggested that Rodney talk about the importance of transportation investment -- and our good record -- but make clear it can't crowd out other important investments. (Rodney emphasized that non-highway transportation investments are the hardest hit in the Senate budget resolution -- that's half of what domenici uses to pay for ISTEA; he can obviously say that very effectively with a lot of audiences.) Rodney wanted guidance on what to say about the timing of the bill. We agreed that he should say: 1) We think we can get a good bill by May 1. 2) But if Congress can't get a good bill by May 1, they should slow down a bit in order to do it right.

In sum, Rodney's message should be: 1) it's too big; 2) it crowds out other investments; 3) we need a good bill by May 1; and 4) we need to maintain the good policies that are now in both bills -- DBE, WTW transportation services, environmental funding, etc.

The rest of the meeting was a discussion of strategy. Stein thinks that if we do some additional analysis and see how things play out, the right answer in terms of strategy will make itself apparent. He thinks we need 3 pieces of analysis: 1) crowding out effects of ISTEA -- both aggregate and compelling examples; 2) demonstration projects -- again, both aggregate and compelling examples; and 3) the best response to the Shuster, et al argument that we just want to spend what's rightfully ours -- namely, everything in the HTF. OMB is doing 1); DOT is doing 2); i'm going to take a crack at 3), by summarizing relevant info from the House Budget committee and possibly a GAO report on non-HTF spending on highways.

Larry thinks press coverage of the demo's has been brutal -- ABC even linked it to Shuster's need to deal with his legal problems. (He stressed that we should not be the source of any information on pork/demos; he thinks that story can tell itself.) Plus, he met w. Sen. Warner, who said he was embarrassed by the House bill -- the pork, the off-budget and the sheer size. He's mortified by the prospect of a Democratic president vetoing a GOP bill b/c of pork and excessive spending. Larry thinks the environment is there for things to turn around somewhat -- mostly likely, a jettisoning of the demo's. But he and others think it will be hard to get Congress to scale back the size of the bill much beyond that b/c increasing the pie was the way they solved the fractious formula fights.

Larry may also be underestimating the difficulty of getting rid of demos. He said he thought the House porkfest had embarrassed the Senate so much that it wouldn't add its own demos. But DOT officials (Steve Palmer and Jack Basso) tended to disagree; they said the Senate will likely get rid of some of the House's pork to make room for its own.

Larry and Frank agreed that they would jointly call Chafee, Warner and Baucus on Monday to try to slow them down a bit in terms of the conference. Slater said he would also try to use DOT's role in providing technical assistance -- e.g., in resolving the House-Senate formula differences -- to slow things down. We want to slow things down without being seen as doing so.

Talking Points for ISTEA Phone Calls
April 6, 1998

We commend Congress for passing reauthorization bills that build upon ISTEA's successes and that include many of the President's initiatives.

> --Both bills retain most of the principles that have made ISTEA so successful; they protect safety and the environment; and they create opportunity -- both by preserving the DBE program and by providing funds for welfare-to-work transportation services.

However, we have very serious concerns about the spending levels in both bills, the earmarked demonstration projects in the House bill, and the House provision to take the Highway Trust Fund off-budget.

The sheer level of funding in both bills is a serious problem. It would undermine the balanced budget agreement we all worked so hard to achieve. And it would squeeze out Congressional priorities not to mention the President's priority investments.

> ***--According to OMB, the spending levels in the House bill would result in a 1.7 percent outlay reduction in FY99 to all other NDD programs. Assuming an average spendout rate for these programs, this would require a 2.5 percent BA reduction.*** On average over the next 5 years, outlays for all other NDD programs would be cut by 4.7 percent. BA would be cut by 6 percent on average over the next 5 years.
>
> --[See OMB paper for examples of how key programs would be affected.]

The $9 billion in demonstration projects is also a serious problem. We have all seen the press coverage of these demos; it has been embarrassing and it is sure to continue.

> --Even the Wall Street Journal called the highway bill "the lowest moment since Republicans regained Congress" -- referring both to the demos and to the "mammoth" size of the bill.

Finally, the off-budget provision of HR2400 is a major problem.

We appreciate the pressure you are getting from governors and mayors to complete a bill by May 1. But we sincerely hope you don't rush to judgment and instead take the time to craft a bill that the President will find acceptable.

Dorothy Robyn
04/03/98 05:11:49 PM

Thanks — Will Be Post article on Shuster on Sunday
ES 4/7/98

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Let me see as soon as you see anything.

In sum, Rodney's message should be: 1) it's too big; 2) it crowds out other investments; 3) we need a good bill by May 1; and 4) we need to maintain the good policies that are now in both bills -- DBE, WTW transportation services, environmental funding, etc.

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	CA	Outlays	Ret's	Rep'ts + Int.
H	#219B	#203	201	215
S	217	208	201	215

DRAFT

April 6, 1998

MEMORANDUM FOR GENE SPERLING

FROM: Dorothy Robyn

SUBJ: Responses to the "HTF-is-for-Highways" Argument

Proponents of higher spending on surface transportation argue that federal budget decisions, by restricting outlays from the Highway Trust Fund (HTF) in order to lower the deficit, have broken an implicit agreement that tax receipts would be fully used for highway and related expenses. The House and Senate ISTEA bills, in their view, serve to mend this agreement. This memo summarizes two responses -- the second more controversial than the first -- to this argument.

Response #1: Outlays have Exceeded Receipts

A March 23 briefing paper from the House Budget Committee Democratic Caucus provides some little known information about HTF account balances, which are a major justification for raising transportation spending. Contrary to popular belief, the HTF surplus -- currently about $23 billion ($13 billion from highways, $10 billion from transit) does not result from years of tax receipts exceeding outlays. In fact, from the HTF's inception in 1956 through 1995, total outlays from the fund exceeded excise tax receipts by $6.3 billion. Moreover, from 1980 through 1995, outlays outpaced tax receipts by an even greater $14.2 billion.

The HTF surplus exists largely because of a build-up of account balances in the late 1960s through the 1970s, which have continued earning compound interest to this day, even though spending has usually exceeded tax receipts. These balances -- largely the result of deliberate efforts by the Johnson and Nixon Administrations to control spending on certain non-defense programs -- increased the HTF surplus from $243 million at the end of 1966 to $12.6 billion at the end of 1979, a level not reached again until 1997.

From 1980 through 1995, highways fared particularly well, with outlays from the highway account of the HTF exceeding comparable receipts by $18 billion and exceeding total revenues (highway account receipts plus interest) by $3.1 billion. (If transit is included, HTF outlays from 1980 through 1995 fell short of total fund revenues by $6.4 billion.) The HTF account balance fell sharply in 1980 and 1981 but began growing again in 1983, due largely to increasing balances in the transit account.[1]

[1]Although the transit account was not created until 1983, outlays through 1995 fell short of tax receipts by $3.8 billion and by receipts plus interest by $9.6 billion. For the highway account only, outlays from 1956 through 1995 exceeded tax receipts by $10.1 billion but fell short of receipts plus interest by $9.4 billion.

Since 1995, HTF balances have begun to grow more quickly: OBRA93 extended a 2.5 cents per gallon excise tax instituted by OBRA90 but transferred it from the general fund to the HTF effective Oct. 1, 1995. That marked a significant departure, because it shifted money that had not been considered as part of the regular surface transportation authorization. Similarly, the Taxpayer Relief Act of 1997 included a provision to transfer to the HTF the 4.3 cents per gallon excise tax that OBRA93 dedicated to the general fund for deficit reduction.

Despite the growing size of these balances, both the House and Senate ISTEA reauthorization bills would fund surface transportation at (contract authority) levels that far exceed projections for HTF tax receipts over the next six years, and they even exceed projections for tax receipts plus interest: The House bill provides for $219 billion in contract authority over six years and the Senate for $217 billion. But projected excise tax receipts are only $201 billion; receipts plus interest will total about $215 billion. (These claims don't hold if one substitutes outlays for contract authority. Six-year outlays are $203 for the House bill and $201 for the Senate bill.)

Response #2: The General Fund has Spent Money on Highways

The "HTF-is-for-highways" argument conveniently ignores federal spending on highways that has been paid for from the general fund. In response to a request from Sen. Chafee, GAO on February 6 released a report stating that from FY57 through FY96, general fund highway expenses totaled $39.3 billion. Moreover, according to GAO, had those funds come out of the HTF and the fund been charged interest on its negative balance, the HTF would have a huge deficit :

> If these expenses [$39.3 billion] had been paid through the highway account of the Highway Trust Fund, the interest that would not have been earned by the highway account or would have been due to the General Fund of the U.S. Treasury would have totaled $124.9 billion. Together, General Fund highway expenses and interest not earned by the highway account or due to the General Fund would have totaled $164.2 billion. If this amount were deducted from the actual fiscal year 1996 highway account balance of $11.6 billion, the highway account balance reflecting the impact of not paying any highway expenditures from the General Fund would have been a negative $152.7 billion.

GAO's figures have been criticized as artificial, in that Congress would have increased revenues or reduced authorizations to prevent such a shortfall from actually occurring. There is also some disagreement about how GAO defines a highway expenditure. But, even granting critics the first point, GAO's report suggests that total transportation funding -- including both trust fund and general fund spending -- has significantly exceeded fuel tax revenues plus interest.

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#9B $175 → 100

Transit:

- altho off-budget is unlikely

- Bond-Chafee works for h/ways but not for transit

Corbett understands this

Let transit account keep its balance

T/Ed ;

BNA
Daily Report for Executives

No. 66
Tuesday April 7, 1998

Regulation, Law & Economics

Transportation
House, Senate Aides Meet to Discuss Upcoming Conference on ISTEA Bill

With a short-term extension of the federal highway and transit act due to expire in less than a month, House and Senate aides began a series of meetings April 6 that they hope will lay the groundwork for a quick conference on the reauthorization of the Intermodal Surface Transportation Efficiency Act later this month.

The meeting between House and Senate aides was described as preliminary, with aides focusing on detailing the provisions in their competing six-year ISTEA reauthorization bills. The session, which was held in the House Transportation and Infrastructure Committee hearing room, is expected to be the first of several on the staff level, with aides saying they have planned daily meetings during the week.

One of the first assignments for aides to Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa), Senate Environment and Public Works Committee Chairman John Chafee (R-RI), and other lawmakers is to go through the competing bills (HR 2400/S 1173) and develop a "side-by-side" analysis, they said. With both ISTEA bills having been heavily amended since first debuting in committee, they said, initially aides want to clarify the similarities and differences in the two recently-passed bills.

While the two bills are lengthy and complex and raise many issues, aides said one of the first exercises will be to establish exactly what the House and Senate measures provide in funding, including the budget authority and outlays for federal highway and transit programs.

Although the Senate six-year bill was said to provide $214 billion in funding when it was passed early in March, the measure now is being scored by the Clinton administration as providing $217 billion in budget authority. The House ISTEA bill, approved April 1, provided about $218 billion in funds.

Meanwhile, at the White House, spokesman Mike McCurry continued to raise concerns about the legislation, saying that lawmakers' rewrite of the ISTEA bill has a long way to go before it "passes muster" with the administration. However, McCurry avoided any threats of a veto of the legislation, which was passed overwhelmingly by both the House and Senate.

"We're working to improve that bill and achieve legislation that more resembles the president's proposal," McCurry said.

FHWA Analysis of Bills

The meetings among aides to Shuster, Chafee, and other lawmakers are expected to occur during both weeks of the spring recess in order to allow conferees on the bill to make faster progress when Congress returns the week of April 20. However, some meetings between key lawmakers also are likely during the recess, aides said.

Shuster, who is planning to meet with aides early April 8 to discuss the status of the talks with Senate staff, said earlier he will have meetings with lawmakers during the recess. For his part, Shuster continues to position himself as chairman of the upcoming House-Senate conference, saying Chafee chaired the

1995 conference on the National Highway System bill.

According to the Federal Highway Administration, which on April 6 posted a comprehensive analysis of the two bills on its website, the funding levels in the two bills now are very similar. While the House bill provides an average annual funding level of $36.6 billion for all modes covered by the ISTEA rewrite, the Senate bill now provides an average of $36.2 billion.

While the Senate bill originally carried much lower funding levels, the legislation was amended on the floor after Senate GOP Leader Trent Lott (R-Miss) struck a deal with key lawmakers that led to increases in both the highway and transit authorizations.

In contrast, FHWA said, the Clinton administration's proposal (HR 1268/S 468) proposed only $29 billion for all modes during the same six-year period. That amounts to a small increase over the 1991 act's average funding, which FHWA said was $26.2 billion for all the modes.

However, a major difference in the House and Senate bills is that almost all of the funding in the House bill is contract authority drawn from the Highway Trust Fund. After being amended on the Senate floor, S 1173 now would cover a large amount of the increased transit authorizations with money from the general fund. As a result, outlay and obligation rates under the two bills will vary, aides said.

Appropriators to Begin Work on Bills

In a related development, the Senate has set the stage for the Appropriations Committee to begin work soon on the 13 annual spending bills, including the FY 1999 transportation spending bill.

As one of the last items of business before the start of the recess, the Senate late April 2 passed a resolution (S Res 209) that will permit appropriators to begin work on the spending bills prior to passage of the FY 1999 budget resolution by both the House and Senate.

Under the resolution, the Senate provided the so-called 302 (a) allocations for non-defense, defense, violent crime reduction, and mandatory spending.

With those allocations made, the Senate soon will go ahead and make the 302 (b) allocations to subcommittees, including Transportation, a source said.

Hearings held by the Appropriations Transportation Subcommittee, chaired by Sen. Richard Shelby (R-Ala), should be finished by the end of May, the source said, adding that markup of the transportation spending bill could occur in June this year.

FHWA Side-By-Side Comparison of the ISTEA Bills can be found at FHWA's website: http://www.fhwa.dot.gov/reauthorization/index.htm.

By Nancy Ognanovich

BNA
Daily Report for Executives

No.
Monday April 6, 1998

Regulation, Law & Economics

Transportation
Offsets Emerging as Leading Issue
For House-Senate ISTEA Conference

While reconciling the competing House and Senate six-year transportation bills presents many difficult issues, the source of budgetary offsets to cover big highway and transit program spending increases is emerging as a leading problem as conferees begin meetings aimed at finalizing the legislation by May 1.

With both House and Senate GOP leaders on record as saying the conference report on the Intermodal Surface Transportation Efficiency Act rewrite must carry offsets to cover the extra spending, conferees are expected to devote significant time to identifying offsets that can pass muster with lawmakers as well as the Clinton administration.

Although the issue of offsets did not generate much discussion when the Senate passed its $214 billion ISTEA reauthorization bill (S 1173) in early March, the subject had drawn considerable attention by the time the House ISTEA bill (HR 2400) was brought to the floor April 1. While the House legislation had only slightly more for transportation -- $218 billion -- for ISTEA during the same period, in the intervening weeks the administration and many others had become aware that their own favored programs might end up being cut in order to cover the large increases for ISTEA.

Already two of the six offsets that Senate Budget Committee Chairman Pete Domenici (R-NM) hoped to use to cover ISTEA funding appear to be vulnerable, particularly the $10.5 billion in savings from a veterans' program for service-related nicotine dependency. In taking up the FY 1999 budget resolution shortly before the start of the Easter recess, many senators indicated that they do not want veterans' programs cut in order to cover extra highway and transit spending.

Another offset identified by Domenici to help pay for ISTEA also is vulnerable: the $1.7 billion in savings from the food stamp administrative budget. Already, conferees on the agricultural research bill used those offsets, and last-minute tinkering with that conference report could jeopardize the legislation, congressional sources said.

For his part, Senate GOP Leader Trent Lott (R-Miss) said Budget Committee lawmakers, who will be among the conferees on the ISTEA bill, will work to ensure that adequate offsets are found. But if they cannot be identified, he said, transportation funding levels may have to be cut back.

"[T]here will have to be offsets, and if offsets cannot be achieved then the funding is going to have to be adjusted to comply with budget requirements," Lott told reporters April 3.

Agriculture Offsets in Play

Although the House and Senate will both be in recess during the next two weeks, both lawmakers and their aides are expected to begin work during that period to reconcile the two bills. Shortly before beginning the recess, both sides appointed conferees. In addition to the 18 conferees from the House Transportation and Infrastructure Committee (64 DER A-31, 4/3/98), the Senate on April 3 announced the naming of Environment and Public Works Committee Chairman John Chafee (R-RI) and all 17 other committee members as conferees. Also, the Senate named as conferees 16 lawmakers from other committees.

Besides the Environment Committee members, the Senate also named as conferees Finance Committee members Sens. William Roth (R-Del), Charles Grassley (R-Iowa), Orrin Hatch (R-Utah), John Breaux (D-La), and Kent Conrad (D-ND); Banking Committee members Sens. Al D'Amato (D-NY), Phil Gramm (R-Texas), Richard Shelby (R-Ala), Paul Sarbanes (D-Md), and Chris Dodd (D-Mass); Commerce Committee members John McCain (R-Ariz), Ted Stevens (R-Alaska), and Ernest Hollings (D-SC); and Budget Committee members Sens. Pete Domenici (R-NM), Don Nickles (R-Okla), and Patty Murray (D-Wash).

Lott, who helped to broker the deal that increased the highway authorizations in S 1173 by about $26 billion, made clear that passage of the multi-year ISTEA bill is one of his top priorties this spring -- and he said that the agriculture conference report may have to be revamped in order to provide for transportation. The agriculture bill had been expected to be on the Senate floor shortly after recess ends.

"I think that money should go for the highway bill, personally," Lott said when asked how the offsets from the food stamp administrative program should be used. On the issue of the agriculture bill, Lott said he would keep working with Agriculture Committee members on the legislation. "We'll get the job done, but not the way probably that it came out of conference," he said.

Instead, Lott, who discussed the outlook for the ISTEA bill earlier in the week with House Speaker Newt Gingrich (R-Ga) and others, called the transportation bill "one of the most important things we'll do this year." Sources said aides to both Lott and Gingrich plan to closely monitor the work of conferees.

"Some people describe it in derogatory terms, but if you don't have safe roads, if you don't have bridges, if you don't have mass transportation our people cannot get to work, jobs won't be created, and worse of all, they are in danger," Lott said. "So we hope that that conference will also be completed by the first of May, which is when the current extension does run out."

Veterans' Program Still May Be Cut

Besides the potential offsets from the agriculture program, conferees are expected to continue looking at savings from the veterans' program as a means to cover ISTEA's extra spending. Although many lawmakers are fearful of cutting veterans' benefits -- and the administration wants to use the same cuts to cover other spending priorities -- the $10.5 billion was the primary offset Domenici proposed for paying for the ISTEA increase.

While senators in a series of votes on the budget resolution indicated concern about cutting the veterans' benefit, congressional sources noted that lawmakers did not make a clear statement on the issue of using those savings to help pay for the ISTEA bill, which was passed on a vote of 96 to 4.

"It was not a direct up and down vote, they simply maneuvered around it," a source said. "It's a question the conferees themselves will have to answer."

The issue also came up before the House passed its six-year bill on a vote of 337 to 80. Under the rule governing HR 2400, the bill was automatically amended to include language saying that the House prefers that offsets should not be taken from veterans' programs. However, Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa) said that provision did not completely rule out offsets from the veterans' program for nicotine dependence.

But the pressure will be on the conferees to find offsets that ultimately do not erode support for the bill. And with the administration increasingly wary of the big increases in store for transportation, conferees appear intent on crafting a final bill that can survive a veto.

At the same time that conferees are negotiating on the issue of offsets, they also have to tackle the issue of finding a way to guarantee that states actually receive the increased funding promised by the legislation. The issue of ensuring that the funding is realized is particularly important to House conferees, who included in HR 2400 language to take the Highway Trust Fund off budget.

But Shuster already said he is not wedded to the provision and will look at other mechanisms to ensure the spending, including the legislation that Chafee proposed last year to create a new budget category for transportation. But any provisions in an ISTEA conference report that change the scoring of transportation programs will be vulnerable on the Senate floor to attacks that they violates budget rules, the sources said.

"Do you want a 60-vote point-of-order problem at the same time you have controversial offsets and the president is saying the bill is too big?" a source said. "That's a good little problem."

By Nancy Ognanovich

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Regulation, Law & Economics

Transportation
House, Senate Staffs Set to Meet To Lay Groundwork for ISTEA Conference

With House work on the six-year rewrite of the Intermodal Surface Transportation Efficiency Act now complete, aides to House and Senate lawmakers are readying to meet the week of April 6 to lay the groundwork for what increasingly appears to be a contentious conference after the Easter recess.

After easily passing ISTEA reauthorization bill on a vote of 337 to 80 late April 1, the House quickly named Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa) and 17 other committee members as conferees on the legislation (HR 2400). Shuster said that although the House officially will be in recess until April 21, work on reconciling HR 2400 and the Senate-passed ISTEA bill (S 1173) will begin immediately.

Shuster, who scored a major victory in passing the $218 billion ISTEA over the strong objections of budget hawks, said he and Speaker Newt Gingrich (R-Ga) already met with Senate GOP Leader Trent Lott (R-Miss) and Senate Environment and Public Works Committee Chairman John Chafee (R-RI) to discuss the upcoming conference.

"We agreed our staffs will start working on Monday on the bill," Shuster said shortly after HR 2400 was approved.

Shuster said he expects most of the controversies in the conference will revolve around money. Conferees, he said, will have to determine how to guarantee the funding increases authorized for highways and transit and identify offsets to cover the extra spending. The state-by-state allocation of the funds also will be a contentious issue, he said.

For his part, Shuster said the House goes into the conference with a strong position. While HR 2400 drew criticisms for boosting highway and transit funding and including $9 billion in projects, Shuster said the bill always had the strong backing of House GOP and Democratic members.

"We're prepared for this," Shuster said of charges that the 1,500 highway projects amount to "pork." "The important thing was the vote."

But the Clinton administration continues to send signals that it is growing wary of the funding increases if they will lead to cuts in other programs. While earlier Transportation Secretary Rodney Slater expressed enthusiasm for the $214 billion Senate bill, in a statement issued April 1 Slater said the balanced budget agreement is being threatened by the funding in the House-passed legislation. The bill, Slater said, could "starve other critical investments, such as the president's proposals for education and child care."

Shuster, however, downplayed the various letters sent by the administration in recent days raising concerns about the funding levels in HR 2400.

"The important thing is that none of them mention a veto," Shuster said.

Budget Hawks' Proposals Fail

Besides the strong vote on final passage, Shuster said he was encouraged that all of the amendments brought by critics of the bill were easily defeated.

In particular, Shuster noted that a proposal brought by Rep. Lindsey Graham (R-SC) and others to strip out the bill's highway and transit projects failed 79 to 337.

Also defeated 98 to 318 was Budget Committee Chairman John Kasich's (R-Ohio) proposal to "turn back" the transportation programs to the states. Meanwhile, House members rejected 106 to 312 the plan by committee ranking member Rep. John Spratt (D-SC) to extend ISTEA temporarily in order to allow the issue of road and transit money to be settled during development of the FY 1999 budget resolution.

Shuster had been prepared for that outcome after he and Gingrich met with Lott and Chafee late March 31 to discuss strategy on the ISTEA reauthorization. Shuster said Gingrich and Lott are closely monitoring the legislation's progress and are anxious for a final bill to be produced soon. A short-term extension of ISTEA expired March 31, and on May 1 states face a real cutoff in their highway construction dollars.

Shuster also has forged an alliance with Sens. Robert Byrd (D-WV) and Phil Gramm (R-Texas), who led the effort to raise the highway authorization levels in S 1173. Shuster also met recently with the two lawmakers to discuss the upcoming conference, including the need to find a way to guarantee the funding increases.

For his part, Shuster is positioning himself to be chairman of the House-Senate conference. Chafee chaired the last House-Senate highway bill conference, he said.

"Since the Senate was chair of the [1995] National Highway System bill, it's the House's turn now," Shuster said. "So I expect we'll be chairman."

House Conferees Increase in Number

Shortly after the House approved HR 2400, 18 members of the Transportation and Infrastructure Committee were appointed conferees. Besides Shuster and ranking member Rep. James Oberstar (D-Minn), the conferees are: Reps. Don Young (R-Alaska), Thomas Petri (R-Wis), Sherwood Boehlert (R-NY), Jay Kim (R-Calif), Stephen Horn (R-Calif), Tillie Fowler (R-Fla), Richard Baker (R-La), Robert Ney (R-Ohio), Jack Metcalf (R-Wash), Nick Rahall (D-WV), Robert Borski (D-Pa), William Lipinski (D-Ill), Bob Wise (D-WV), James Clyburn (D-SC), Bob Filner (D-Calif), and Jim McGovern (D-Mass).

Although earlier the committee was planning on naming about a dozen members as conferees, the number now is identical to the number of conferees that Chafee's committee plans to name. According to Sen. John Warner (R-Va), all 18 members of that committee wanted to be conferees on the ISTEA bill.

Shuster said a tentative schedule was discussed during the meeting with Gingrich, Lott, and Chafee.

During the week of April 6, Shuster said, House and Senate aides will work on a side-by-side comparison of the competing bills and do preliminary work to "clear the underbrush" for conferees.

Although the House and Senate still will be in recess during the week of April 13, Shuster said he and other lawmakers may meet to have what he called "preliminary discussions" on the legislation. Then conferees could be ready to begin their work in earnest when the House and Senate are officially back in session the next week, he said.

Discussing the major issues for conference, Shuster said the top item will be to write into the law a mechanism that guarantees that states actually receive the $218 billion in funds. While HR 2400 now carries language to take the Highway Trust Fund off budget, Shuster said conferees will look at other means to "unlock the trust fund in some fashion and get the funding spent."

Shuster said he and other House conferees also intend to work in conference to find the $26 billion in required budgetary offsets.

"We are committed as part of this whole procedure to finding the offsets," Shuster said.

However, so far Shuster has not given many specifics about where the offsets will be found, except to say they may come from mandatory savings.

Although HR 2400 was amended on the floor to include language saying that the House prefers that offsets should not be taken from veterans' programs, Shuster said that the provision does not completely rule out offsets from the veterans' program for post-service smoking-related illnesses.

"It does not take it off the table," Shuster said.

Another issue in conference will be projects, which the Senate already has criticized, Shuster said. But ultimately, he said, the Senate will add on to those already in the House bill.

"We take the heat for projects here in the House," Shuster said. "But, in conference, the Senate pulls out a list of projects that never passed the committee or were approved on the floor."

By Nancy Ognanovich

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Regulation, Law & Economics

Transportation
Size, Use of Hike in Air Quality Funds Depends on House-Senate Conference

A House-Senate conference committee will have to reconcile different approaches to the expansion of a program aimed at mitigating automobile pollution in areas of the country that have trouble meeting federal air standards.

Both the House and Senate have passed broad transportation bills that would significantly increase authorization levels for the Congestion Mitigation and Air Quality program (HR 2400, S 1173). The Senate bill would boost authorized CMAQ levels by between $150 million to $230 million annually through 2003, while the House bill would increase the authorization for CMAQ appropriations by between $400 million to $750 million annually.

The House bill, however, would allow half of that additional money to be put toward non-CMAQ programs, including highway construction, according to the Surface Transportation Policy Project, a coalition of environmental and other groups. The Senate bill also allows some flexibility for CMAQ funds, but it would not let the money be used for road building, STPP spokeswoman Laura Olson told BNA.

The House passed the six-year, $218 billion bill to reauthorize national highway and transit programs April 1. The Senate passed its $214 billion version of the bill in March (49 DER AA-2, 3/13/98).

The Congestion Mitigation and Air Quality program directs money at areas of the country that do not comply with national air quality standards. The Senate bill would expand that coverage to so-called "maintenance" areas--regions that have come into attainment with air standards but must maintain that status.

Under current law authorizing national transit and highway programs, CMAQ is authorized at about $1 billion annually. The House and Senate bills would gradually increase that level over the next several years.

"CMAQ should remain dedicated to air quality," Olson said of the House bill. State transportation officials "should not be able to raid CMAQ" to build highways.

A conference committee is expected to begin reconciling the two bills later in April. Both House and Senate lawmakers have indicated that the conference will be contentious.

Ozone, PM Schedule in Play

A second issue that will have to be resolved by the conference committee will affect the implementation schedule of the Environmental Protection Agency's new standards for ozone and particulate matter.

The Senate bill includes a provision by Sen. James Inhofe (R-Okla) that would guarantee states several years before they must begin implementing the standards (43 DER A-31, 3/5/98). The Inhofe language essentially would put into law a delayed implementation plan originally suggested by the Clinton administration.

According to at least one Republican aide, House Republicans did not offer a similar amendment but did plan to agree to the Senate language in conference. However, other congressional sources, who also spoke on condition of anonymity, said some House members may try to kill the Inhofe provision in conference.

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Tax, Budget & Accounting

Transportation
Highway Funding Bill Includes Several Revenue Provisions, No Ethanol Extension

The highway and transit funding bill (HR 2400) approved by the House late April 1 includes several revenue related provisions, including a repeal of the 4.3 cents per gallon tax on railroad diesel fuel.

The bill approved by a 337-80 vote in the House would extend the 18.3 cents per gallon gasoline user tax. Other key revenue provisions of the bill would:

- transfer the 6.8 cents per gallon tax on motorboat gasoline from the general fund to the Aquatic Resources Trust Fund;
- repeal the tax on truck tires and tread rubber; and
- simplify fuels tax refund procedures.

The amendments the House approved to the funding package did not affect the revenue title of the bill.

The House, by a 98-318 vote, rejected an amendment offered in the nature of a substitute by House Budget Committee Chairman John Kasich (R-Ohio). The amendment, among other things, would have lowered the federal gas tax by 11 cents per gallon.

No Amendments on Ethanol

No amendments regarding the tax credit for ethanol were offered during floor debate on the bill.

The revenue-related provisions of the bill were approved by the House Ways and Means Committee March 26. Much of the discussion during that markup focused on the fact that the mark offered by Ways and Means Committee Chairman Bill Archer (R-Texas) was silent on the issue of extending the tax credit for ethanol. The credit currently is set to expire in 2000.

Under Congressional Budget Office scoring rules, continuation of existing excise taxes and exemptions to these taxes are considered to have no effect on budget baselines, and as a consequence are revenue neutral. If the exemptions to the taxes are not extended, and reinstated at a later date, they must be paid for through revenue increases or spending cuts.

The Senate included an extension of the tax credit for ethanol through 2007 in its version of the highway funding bill (48 DTR G-3, 3/12/98). Ethanol supporters--including Speaker Newt Gingrich (R-Ga) and Ways and Means Committee member Jim Nussle (R-Iowa)--are expected to seek the inclusion of the ethanol provision when the bill goes to conference.

Text of the revenue title of the bill report is in Section L.

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Regulation, Law & Economics

Transportation
House Ready To Approve ISTEA Over Objections of Budget Hawks

After pushing back several challenges from congressional budget hawks, the House was preparing to pass the $218 billion highway and transit bill as the last item of business before leaving for the Easter recess April 1.

As lawmakers began an evening session, the House was expected to overwhelmingly approve the rewrite of the Intermodal Surface Transportation Efficiency Act, which includes large funding increases for the federal highway and transit programs over the six-year reauthorization period.

The final vote was expected to mirror one made earlier in the day on the bill's rule, which had sharply limited the amendments that could be offered to the Transportation and Infrastructure Committee's massive ISTEA bill (HR 2400). Although Budget Committee members and others sharply criticized that rule for limiting the changes they hoped to offer to the bill, the House still backed it on a vote of 357 to 61.

The strong show of support for the legislation amounts to a large victory for committee Chairman Bud Shuster (R-Pa) and ranking member Rep. James Oberstar (D-Minn), who last year saw the same bill blocked by the House GOP leadership as budget hawks attacked the measure for spending more on transportation than the balanced budget agreement allowed. The measure now will be readied for a conference with the Senate, which endorsed similar large highway and transit program increases when it passed a six-year ISTEA bill (S 1173) in March.

While fiscal conservatives of both parties continued to question the bill's impact on the budget, Shuster said the deal worked out earlier with House Speaker Newt Gingrich (R-Ga) and other members of a budgetary task force requires all the bill's funding to be covered by gas tax revenues flowing into the Highway Trust Fund. But in addition to the spending being covered by gas tax revenues, Shuster said the legislation requires the offsets also to be found in order to comply with budgetary rules.

"People have a right to believe that the gas taxes they pay are going to be used on transportation," said Shuster, who had been laying the groundwork for passage of the Building Efficient Surface Transportation and Equity Act--or BESTEA--for at least three years.

Shuster and others also defended the inclusion of $9 billion in highway projects, saying lawmakers should be able to say where some of the bill's funding is directed. With 88 percent of the funds put in the hands of states and another 7 percent controlled by the secretary of transportation, "it is reasonable to say that the members of Congress who have to make the tough votes can say where [5 percent] of this money goes," Shuster said.

But other lawmakers said that tough choices are being skirted by the leadership's decision to allow the bill's offsets to be found later. Under the deal agreed to by Gingrich, offsets will be identified when the House and Senate conferees on the ISTEA bill meet this spring.

Both Budget Committee ranking member Rep. John Spratt (D-SC) and Rep. Chris Shays (R-Conn), who saw many of their proposed amendments blocked by the Rules Committee, said they believe the $218 billion transportation legislation will lead to deep cuts in other parts of the domestic budget.

"Transportation will trump all other programs," Spratt said, including education and housing.

Veterans' Programs Protected

The total $218 billion represents a large increase over the roughly $155 billion provided when ISTEA was passed in 1991. But the legislation authorizes only slightly more than the $214 billion ISTEA bill endorsed by the Senate last month.

At the White House, Office of Management and Budget Director Franklin Raines criticized both the House and Senate bills for increasing transportation spending too much and without offsets.

"The Senate was too high as well as unpaid for as well," Raines told reporters at a briefing. "We have to come down from those levels."

In all, the bill brought to the floor provides $179.577 billion for the federal highway program, $2.089 billion for highway safety, and $36.678 billion for mass transit. And of the total $218.344 billion authorized for the programs, $217 billion is to be contract authority drawn from the Highway Trust Fund. Only $1.344 billion comes from the general fund, with much of that to fund the Clinton administration's welfare-to-work initiative.

The funding levels will translate into an annual federal highway program that ramps up from $24.417 billion in FY 1998 to $31.940 billion in FY 2003. Annual transit funding, meanwhile, would grow from $5.365 billion in FY 1998 to $6.358 billion during the last year of the six-year reauthorization period.

The Transportation Committee said gas tax revenues during the new six-year reauthorization period are estimated to be $197 billion. In contrast, outlays under HR 2400 will be $194 billion. But the committee said lawmakers still must identify offsets of about $26 billion to comply with budget rules.

The job of finding offsets, however, was made more difficult by the rule governing debate on HR 2400. That rule automatically adopted into the bill's text an amendment expressing the sense of the House that offsets for the bill should not be taken from veterans' programs. Rep. Bill Redmond (R-NM), a sponsor of the amendment, said the amendment would allow lawmakers to keep their commitment to veterans while also keeping a promise to spend the gas taxes on transportation improvements.

But while Rep. Pete Stark (D-Calif) said he was pleased to see that veterans' programs will not be the source of offsets for the bill, Start also said he is fearful that other important domestic programs will be reduced to cover the transportation bill.

"I don't like legislating in the blind," Stark said. "I'm afraid this summer I'm going to have to deliver the bad news on how we pay for this Easter present." Among others, programs for education, public safety, and housing now will be vulnerable to cuts, Stark said.

Although senators also did not identify cuts for their ISTEA spending increases before they passed S 1173, subsequently Senate Budget Committee Chairman Pete Domenici (R-NM) included in the FY 1999 budget resolution the required offsets--which in large part came from veterans' programs.

Members Defend Projects

Besides the Redmond amendment, the House also approved the managers' amendment that Shuster and Oberstar offered. While the amendment made many minor changes to the bill, it also increased the bill's list of projects to more than 1,500.

But numerous lawmakers defended the projects, saying they address the real needs of their constituents. "One of those bridges collapsed last week," said Rep. James Traficant. "They don't call it 'pork.'"

"I don't apologize for any damn thing," Traficant added. "If you don't take care of your district, no one's going to take care of your district."

As the House started a late evening session, Reps. Lindsey Graham (R-SC) and Steve Largent (R-Okla) offered an amendment to eliminate from the bill the $9 billion in highway projects and $2 billion for transit new starts. However, the amendment is expected to be defeated.

Graham said he decided to drop his bid for project money when the committee proposed levels that were twice what he requested. "You're going to make us take it out of somebody else's hide," Graham told Shuster.

Rep. Michael Castle (R-Del) also criticized the projects, saying they should be selected by "qualified" officials in the states. But Rep. Thomas Petri (R-Wis), chairman of the Surface Transportation Subcommittee, said that both state and local officials accompanied the 170 House members who testified at the series of public hearings that the subcommittee held on the project requests last year.

Rep. Nick Rahall (D-WV), the subcommittee's ranking Democrat, said eliminating the projects would not take the politics out of the selection process.

"Let's get real," Rahall said. "The last time I checked, governors were elected."

Also pending was an amendment offered by Spratt to continue the current temporary extension of ISTEA until July 1 in order to remove the urgency to pass reauthorizing legislation before the recess.

Spratt said the amendment would ensure that decisions about ISTEA funding would not be made prior to the Budget Committee's development of the House FY 1999 budget resolution. However, the amendment also is expected to fail.

Rahall said that while Spratt's arguments sounded logical, the amendment actually appeared to be a "backdoor effort" to kill the bill.

Lastly, Budget Committee Chairman John Kasich (R-Ohio) was set to offer his substitute plan to repeal all but a portion of the federal gas tax and "turn back" most of the highway program to the states. But the amendment, which would implement a four-year transition period beginning in FY 1998, also was expected to fail by a large margin.

DBE Amendment Defeated 194-225

Earlier in the day, lawmakers debated at length but then defeated an amendment to eliminate ISTEA's affirmative action program. On a vote of 194 to 225, the House rejected an amendment offered by Rep. Marge Roukema (R-NJ) to end the Disadvantaged Business Enterprise program, which encourages minority-owned businesses to participate in the federal aid highway program. Roukema said the program, which establishes a 10 percent spending goal for minority-owned businesses, amounts to reverse discrimination.

The vote came after President Clinton wrote to Gingrich saying the administration was strongly opposed to the amendment. "As the House prepares to consider this bill, I want you to know that I am adamantly opposed to any attempts to weaken or repeal the [DBE] program extension contained in this legislation," the president said in a letter sent from Senegal.

But lawmakers then went ahead and approved an item backed by the Clinton administration. On a vote of 242 to 175, lawmakers agreed to increase the bill's funding levels for the welfare-to-work program. The House agreed to adopt an amendment offered by Rep. Danny Davis (D-Ill) to increase the bill's authorization for the program from $42 million to $150 million. The extra funds would be paid for by the general fund and thus would be subject to the annual appropriations process.

Contentious Conference Ahead

The passage of the House ISTEA bill will set the stage for a conference committee to meet in April. With a short-term extension of the programs calling for a cutoff in construction funds to occur on May 1, lawmakers will be under pressure to reconcile their competing bills soon.

But both House and Senate lawmakers indicated that the conference will be contentious and probably will not be done by that cutoff date. Among other things, the two sides already have no agreement on who will chair the conference.

Senate sources said all 18 members of the Senate Environment and Public Works Committee plan to be conferees on the bill. In addition, they said, committee Chairman John Chafee (R-RI) believes the Senate should chair the conference since in 1991 Rep. Robert Roe (D-NJ), then-chairman of the House committee, served as chairman of the ISTEA conference.

But an aide to Shuster said that although the two sides have a tradition of alternating the chair, Chafee subsequently served as chairman of the 1995 conference on the National Highway System legislation.

"They said it was their turn then, now they say it's their turn now," the aide said. "But we're chairman of this conference."

For its part, the 75-member House Transportation Committee is planning to name about a dozen of its members as conferees, the aide said.

By Nancy Ognanovich

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Regulation, Law & Economics

Transportation
House Set to Approve $218 Billion Rewrite of Highway, Transit Laws

Despite budget hawks' protests about its record spending levels, the $218 billion rewrite of the Intermodal Surface Transportation Efficiency Act now is expected to be easily approved by House members shortly before they leave Washington April 1 for a three-week recess.

With the House GOP leadership determined to bring the session to a close by late afternoon, lawmakers are planning to consider only a handful of amendments to the massive ISTEA reauthorization bill (HR 2400), including the Transportation and Infrastructure Committee's package of changes and a substitute developed by the Budget Committee. Also, some proposals to address the bill's funding and highway project money and ISTEA's affirmative action program will be considered before the legislation is approved.

However, late March 31 the Rules Committee said it had decided not to make in order the amendment offered by Reps. Nita Lowey (D-NY) and Charles Canady (R-Fla) to force states to adopt tougher drunk driving laws. In a major blow to highway safety groups and the Clinton administration, Rules said it would not allow members to vote on the proposal to require states to adopt .08 blood alcohol laws. In all, the Rules committee rejected all but a half-dozen of the roughly 30 amendments that lawmakers proposed in order to limit debate on the bill and ensure passage of the ISTEA bill by the recess target.

While Budget Committee Chairman John Kasich (R-Ohio) and other lawmakers plan to criticize the bill's funding levels as too high, Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa) and other committee members said they are confident the bill will pass by a large margin. With all but one state set to receive more in funding than they did under the 1991 law, the legislation continues to enjoy broad support in the House.

In a "Dear Colleague" sent to House members on the eve of the vote March 31, Shuster and committee ranking Democrat Rep. James Oberstar (D-Minn) said the states will benefit under the bill, dubbed the Building Efficient Surface Transportation and Equity Act. An accompanying chart in the letter shows overall funding will grow about 50 percent over the 1991 act's levels.

"Every state will receive at least 95 percent of their proportionate contribution to the Highway Trust Fund calculated on the basis of all formula programs and high priority projects," said Shuster, Oberstar, Surface Transportation Subcommittee Chairman Thomas Petri (R-Wis), and subcommittee ranking Democrat Nick Rahall (D-WV). "In addition, there is no penalty on discretionary grants for states that receive minimum allocation funding. The result is that every state benefits under BESTEA."

But at the White House, Office of Management and Budget Director Franklin Raines signaled that the Clinton administration is having second thoughts about the big transportation spending increases that both the House and Senate have proposed. Earlier in the month, the Senate voted 96-4 to endorse $214 billion in spending on ISTEA.

Raines, in comments to reporters, said the House and Senate should "take a deep breath" and consider lower levels of funding for the highway and transit programs. Raines called the funding levels "too high" and said it would be "unwise" for President Clinton to sign into law legislation with such increases.

'Dust Up' On Offsets Expected

Although the House $218 billion bill authorizes only $4 billion more than the six-year Senate bill (S 1173), the House version has been under attack from budget hawks since being unanimously reported by the Transportation Committee. In particular, the bill's $9 billion in highway projects has been a lightning rod for criticism.

In addition, the House GOP leadership's decision to allow budgetary offsets to be found later to cover the spending increases continues to raise concerns from lawmakers. Oberstar said he expects a "dust up" on the offset issue during the debate on the bill April 1.

Under the rule, Shuster and Oberstar will lead two hours of general debate on the bill. After that, Kasich is expected to offer his substitute bill to repeal most of the federal gas tax and "turn back" all but a fraction of the federal aid highway program to the states. Also, Rep. John Spratt (D-SC), the Budget Committee's ranking member, will offer an amendment to again extend ISTEA temporarily in order to allow the budgetary issues to be reexamined after the recess.

Another amendment will deal with the bill's lengthy list of projects, which some lawmakers have criticized as "pork." Rep. Lindsey Graham (R-SC), who the Transportation Committee said submitted $179 million in project requests, now is proposing to strip out from the bill the list of highway and transit projects.

During a lengthy Rules Committee hearing on the bill, Shuster assured members that the bill's spending is fully covered by revenues from the federal gas tax. In addition, he said the agreement made earlier with the leadership calls for the spending to be fully offset with mandatory savings. The latter, he said, will be identified in the upcoming conference with the Senate.

"The bill provides none of this money can be spent unless offsets are identified," Shuster told the committee. "There are some mandatory offsets which may be less painful to do . . . this will be worked out with the Senate."

But the possibility that House and Senate conferees on ISTEA may decide to use the offsets identified by President Clinton for his own spending initiatives is causing concern. Already, Senate Budget Committee Chairman Pete Domenici (R-NM) in his FY 1999 budget resolution used the president's offsets for ISTEA.

Separately, Sen. John Rockefeller (D-WV) said March 31 that he and Sen. Paul Wellstone (D-Minn) may offer an amendment to the budget resolution to ensure that veterans' funds are not used to pay for highway increases. Rockefeller, the ranking Democrat on the Senate Veterans' Affairs Committee, made his comments at a hearing on tobacco-related illnesses.

"Simply stated, the administration and the Budget Committee have made a midnight raid on veterans' funds," Rockefeller said. "I intend to fight this on the Senate floor as best I can, but as you know, there are powerful forces who now see veterans' funds as a cash cow to be used for other purposes."

Solomon, meanwhile, warned Shuster that he hopes the conference report on ISTEA will not come back to the House with offsets drawn from the defense budget.

"You should take that into consideration when you come back here with the conference report," Solomon told Shuster.

Demise Of .08 BAC Criticized

Another issue that will be debated on the House floor will be an amendment proposed by Canady and Rep. Marge Roukema (R-NJ) to repeal ISTEA's program to encourage the participation of minority-owned businesses in the federal aid highway program. During the Rules Committee hearing, Roukema characterized the set-aside program as "reverse discrimination" and blamed it for many qualified contractors losing construction work.

But Rules decided to block Lowey's effort to offer the .08 BAC amendment, even though the proposal was approved by the Senate earlier in March on a vote of 62-32 and is strongly backed by the administration. As currently written, HR 2400 includes language to provide incentives to states to adopt the tougher drunk driving standard; Lowey's amendment would force action by withholding funds if states do not adopt the laws.

Going into the late session at Rules, where Solomon announced the amendment would not be in order, Lowey linked the outcome directly to heavy lobbying by the liquor industry.

"The liquor lobby seems more interested in saving money than saving lives," Lowey told reporters. "They want to keep this bill bottled up."

Lowey also said heavy campaign contributions from the industry may have been a factor that led the GOP leadership to instruct Rules to keep the amendment out.

"They've been known to support the reelections," Lowey said. "There's a lot of money involved."

By Nancy Ognanovich

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Regulation, Law & Economics

Transportation

Rules Committee To Decide Fate Of Drunk Driving, Other ISTEA Add-Ons

With the $218 billion rewrite of the Intermodal Surface Transportation Efficiency Act moving to the House floor, the Rules Committee is set to meet early March 31 to decide whether to allow lawmakers to vote on a series of amendments to the bill, including a plan to force states to adopt tougher drunk driving laws.

Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa), who with the House GOP leadership is pushing for passage of the ISTEA reauthorization bill (HR 2400) before lawmakers leave for the Easter recess, said he will ask Rules to sharply limit the number of amendments that can be offered when the bill comes to the floor April 1. While more than 30 amendments were filed with the Rules Committee, Shuster said he and Transportation Committee ranking Democrat Rep. James Oberstar (D-Minn) will seek to keep the changes offered on the floor to a minimum.

Although budget hawks in Congress have loudly criticized the highway and transit bill for providing large spending increases without budgetary offsets, Shuster told BNA that the rank-and-file members' support for the bill remains strong. "I think it will be a veto-proof vote," he said.

Shuster said he has a meeting planned with the House leadership early March 31 to discuss the outlook for the bill. After that, he said, Rules will take up the measure.

One of the issues still to be decided is whether House lawmakers will be given the chance to vote on an amendment offered by Reps. Nita Lowey (D-NY) and Charles Canady (R-Fla) to impose sanctions on states that do not adopt .08 blood alcohol content as the standard for drunk driving. While Shuster and Oberstar instead back the language in HR 2400 to give states incentives to adopt .08 BAC laws, Shuster said the leadership is weighing whether to allow the Lowey plan to be offered.

"While I oppose the amendment, it's not my decision whether it comes up," Shuster said shortly after Lowey and Canady joined Clinton administration officials at a White House press conference to urge the House to allow a vote on the issue.

The amendment is similar to one that the Senate easily approved before passing its ISTEA reauthorization bill (S 1173) earlier in the month. But since the Senate endorsed the use of sanctions to force .08 BAC laws, Lowey said the liquor and hospitality industries have been lobbying "nonstop" against the measure.

In a statement issued from Africa March 30, President Clinton indicated his own strong support for the approach taken by the Lowey amendment.

"It is my fervent hope that the majority of the House will join the large bipartisan majority in the Senate and send me legislation that will make our streets safer, our drivers sober, and our laws more sensible," the president said in the statement from Botswana.

Funding Levels In Question

With $218 billion in total funding, the House bill provides large funding increases for both highways and transit. While House Budget Committee Chairman John Kasich (R-Ohio) and other budget hawks have criticized the increases as too large, the GOP leadership sided with Shuster's arguments that the spending can be supported by the gas tax revenues flowing into the Highway Trust Fund.

The spending level is also only slightly higher than the $214 billion agreed to on a 96-4 vote by the Senate. On the Senate side, Budget Committee Chairman Pete Domenici (R-NM) agreed in meetings with key lawmakers involved in the ISTEA rewrite to find the required offsets.

But while the Clinton administration earlier did not object to the Senate's decision to boost ISTEA funding, the president said in a March 28 letter to the House and Senate leaders of both parties that he now is having some concerns about the budgetary impact of the bills.

"I have serious concerns that the extent of proposed new spending in this transportation bill goes too far and could threaten both our fiscal discipline and our commitment to education and other critical investments in our future," the president said in a letter sent to House Speaker Newt Gingrich (R-Ga), House Minority Leader Richard Gephardt (D-Mo), Senate GOP Leader Trent Lott (R-Miss), and Senate Minority Leader Thomas Daschle (D-SD). "Transportation is an important domestic priority, but we must strike a balance so that we do not allow one priority to squeeze out other critical investments such as education or undermine our fiscal discipline."

However, Clinton did not hint at any plans to veto the bill, a move Kasich urged in a March 30 television interview. And a senior Transportation Department official downplayed the letter, saying it does not represent a major departure from earlier statements by Transportation Secretary Rodney Slater and others that the administration backs the increases in store for ISTEA.

"The position is not different than before," the official said. "We just want to make sure there is room for other [spending] priorities of the president."

The official said some of the White House concern originated with Domenici's decision to use as offsets those that the president identified in his own FY 1999 budget for new spending programs, including education and child care.

For his part, Shuster said he believes the administration earlier did not express opposition to the $214 billion Senate bill because the funding was far from being realized. "It wasn't real," he said.

Shuster said the $218 billion House bill represents more of a threat to budget hawks. Not only is $217 billion of the total actual contract authority drawn from the Highway Trust Fund, the legislation also carries language to take the trust fund off budget to guarantee the spending.

But while the Transportation Committee's bill will continue to face criticisms for its funding and list of "demonstration" projects, the legislation is not drawing veto threats from the administration because it has strong support from both House GOP and Democratic members and is expected to be easily approved, others said.

Amendment On 'Turnback' Pending

The issue of the bill's funding levels is expected to be fully aired on the House floor, where Kasich said he will lead lawmakers in an attack on the bill's funding levels and $9 billion list of highway projects.

After earlier meetings with the GOP leadership, Kasich said he will be allowed to offer his amendment to "turn back" most of the federal transportation programs to the states. However, the Budget Committee chairman also said he expects the amendment to fail.

Beyond that, Rules Committee is being asked to allow several other amendments that seek to change the bill's funding provisions. Reps. John Spratt (D-SC), the Budget Committee's ranking member, Chris Shays (R-Conn), and other lawmakers have proposed several amendments aimed at addressing the funding increases as well as the inclusion of projects. Among other things, lawmakers are proposing to strip out the bill's roughly 1,400 highway projects.

Kasich said he expects Rules Committee will reject many of the proposals and is preparing for a fight over the rule itself.

Meanwhile, Rules Committee Chairman Gerald Solomon (R-NY) and members of the panel are being heavily lobbied on the .08 BAC amendment, with representatives of highway safety groups saying that it is not known what decision Rules will make on the issue. However, they said the Lowey amendment would have a good chance of passage if Rules permitted the House to vote on the measure.

"We are working all members of the Rules Committee," one safety representative said. "Everyone is playing this very close."

While safety and insurance groups are pushing for Lowey and Canady to be able to offer the amendment, the alcohol and hospitality industries also are at work trying to block a vote on the measure. The latter continue to argue that the Lowey approach of using sanctions instead of incentives amounts to "federal blackmail" on states.

House sources said both Solomon and some key Democrats--including Rules Committee member Rep. Martin Frost (D-Texas)--oppose the Lowey amendment. But the GOP leadership still has to weigh in on the issue, they said.

"This week Congress will decide who makes our nation's drunk driving laws --the American people or the powerful liquor lobby," Lowey said.

"It would be a travesty, a disgrace, if members of the House were denied an opportunity to vote on this amendment," Canady said.

By Nancy Ognanovich

Kenneth L. Schwartz
04/06/98 08:31:31 AM

Record Type: Record

To: Dorothy Robyn/OPD/EOP

cc: David E. Tornquist/OMB/EOP
Subject: ISTEA Conference -- A Potential Strategy for Dealing With "High Priority" Projects

Dorothy...the EMail below has **not** been sent. I would be interested in hearing your views regarding whether it is sensible or not. Also, MD was unable to give us feedback from the Friday meeting with Slater. Can you fill us in re: what happened? Thanks.

--------------------- Forwarded by Kenneth L. Schwartz/OMB/EOP on 04/06/98 08:29 AM ---------------------------

Kenneth L. Schwartz
04/01/98 08:58:02 AM

Record Type: Record

To: Franklin D. Raines/OMB/EOP@EOP, Jacob J. Lew/OMB/EOP@EOP, Michael Deich/OMB/EOP@EOP
cc: Jill M. Blickstein/OMB/EOP@EOP, Janet Himler/OMB/EOP@EOP, Charles E. Kieffer/OMB/EOP@EOP, Charles Konigsberg/OMB/EOP@EOP, James J. Jukes/OMB/EOP@EOP, David E. Tornquist/OMB/EOP@EOP, David J. Worzala/OMB/EOP@EOP, Diane R. Montgomery/OMB/EOP@EOP, Kim C. Nakahara/OMB/EOP@EOP, Mark J. Schwartz/OMB/EOP@EOP, Theodore Wartell/OMB/EOP@EOP
bcc:
Subject: ISTEA Conference -- A Potential Strategy for Dealing With "High Priority" Projects

Current State of Play with ISTEA Reauthorization. We now have an expensive Senate bill and a yet more expensive House bill. The House bill includes two particularly troublesome provisions not in the Senate bill: 1) $9B of mandatory "high priority" projects, and 2) taking the highway trust fund "off budget." To date, the Administration has taken a relatively resstrained approach to these bills as expressed in the SAPs (no veto threats). The restrained approach has surprised to some, especially compared to more strident positions taken by the Administration on similar provisions in prior bills.

Pressures on Conferees. So far, the Senate has resisted pressures to fund "high priority" projects and to embark on an "off budget" tack. I suspect that they will counter the "off budget" proposal with some type of compromise -- e.g., equating highway/transit spending to income received in the trust fund (Chafee/Bond proposal). However, if enactment of ISTEA in 1991 is any guide, there now will be intense pressure on the Senate to opt for their own "high priority" projects in order that the House won't get all the goodies. In short, it would not be surprising if a final list of "high priority" conference projects did not exceed the levels currently in the House bill. For example, in 1991, the House-passed ISTEA bill provided $5.0B for highway demonstration projects, while the Senate bill included no projects. Yet, the conference bill provided $6.2B.

Possible Strategy to Avoid More "High Priority" Projects. If we are to seek to avoid this type of scenario, it will be important to develop a legislative strategy quickly, before pressures build in the Senate to develop their own list of "high priority" projects. One possibility is a veto threat strategy , as outlined below for discussion with the White House. Two underlying assumptions, which may or may not be accurate, are:

-- The President would sign the Senate bill as currently passed, despite its high funding levels.

-- While it would be impossible to sustain a veto of the Senate bill in the Senate and the House bill in the House, it may be feasible to sustain a veto of the House bill in the Senate.

The strategy entails alerting the conferees that the House bill, as drafted, would be vetoed for three reasons: 1) it is "pork laden," 2) it lacks reductions to offset the high aggregate funding levels, and 3) it undermines the unified budget by taking the trust fund off budget. Arguably, the Senate bill suffers the same ill as the House bill in regards to aggregate funding levels (point 3), but the Senate Budget Resolution does not assume that the higher levels would be fully obligated and outlayed; hence, the risk is somewhat mitigated.

Presumably points 2 and 3 will be resolved in the conference process. Point 1, however, is likely to remain a problem. The real issue, therefore, is whether the Administration wishes to focus attention to the "pork" aspect of the bill in order to restrain its growth (and perhaps even reduce it).