

The 1991 Federal-Aid Highway Act

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INTRODUCTION

Today, I plan to discuss the 1991 Federal Highway Act. Two members — or past members — of the Federal Highway Administration have already said something about it, so some of the things I have to say they have already told you. The luncheon speaker, Richard Morgan, a past executive director of FHWA, mentioned a great deal about the Act, but not everything I am going to say. Mr. McCormick, the deputy federal highway administrator, also had some things to say in his speech. My presentation will not be about any particular point that has been proposed. I will try and tell you today some of my opinions as to the general consensus of the many groups that have been considering transportation policy for the last couple of years. Many studies were made for the 2020 program and a number of others have also been made. I am going to try and relate what the consensus of these groups has been and what we can expect or should try to get.

FEDERAL LEGISLATION

One of the periodic significant pieces of highway legislation in the United States has always been the passage of a current Federal Aid Highway Act. In 1987, the Congress passed the legislation that authorized the Federal Highway program from the fall of 1986 to the fall of 1991. That legislation will terminate on September 30, 1991. To continue the Federal Aid Highway Program, new Federal Legislation is obviously necessary. Now, we hope that Congress can get a new Act passed by September 30, 1991, because that is when the present one will terminate. They haven't always been able to do so. We certainly do not want any delay relative to continuing activities that are so badly needed.

Hearings are scheduled to begin on the next highway bill by committee tomorrow (March 8, 1990). That is official. There have been many studies done by legislative committees, but the first official public inquiry at a public hearing will be tomorrow. FHWA will testify, I understand, at that hearing, as well as, perhaps, AASHTO. That organization will testify very soon, if not tomorrow, and other organizations will follow. For the following many months there will be a continuing hearing held and testimony presented by interested people from organizations throughout the United States. What are we going to get? What will it be? I know that is what you want to know.

MAJOR CHARACTERISTICS OF FEDERAL HIGHWAY ACTS

There are several major characteristics that have developed during the studies of the past two years that I think we can expect will form the basis upon which the new act will have to be built. One of these is that the economic strength

of the United States is heavily dependent upon the great mobility we currently have, and have enjoyed for many years. That mobility must be continued. Two, our high quality of life in this country is also heavily dependent on this mobility, and I haven't heard anybody who is saying that they want to decrease the quality of life. We will always be trying to improve it for our people.

Three, a major factor is the defense of this nation, and the maintenance of that mobility for our defense. And four, a major factor is retention of our world leadership. This too is dependent upon maintenance and improvement of our mobility on land, on the sea, and in the air. That mobility has to be continually improved if we are going to maintain our rank among the world leaders.

OTHER CHARACTERISTICS

In addition to these major characteristics, each of the several studies of the past few years has produced a number of other characteristics. An FHWA study, which was made in-house, and through public hearings throughout the country, the 2020 study, made under the direction of the Highway Users Federation in cooperation with many transportation organizations, the study made by AASHTO and others found that people throughout the United States were quite certain about important characteristics they wanted in the new highway act. Let me enumerate some of these.

Perhaps the characteristic found to be most important among almost everyone — virtually unanimous — was the protection of the interstate system and completion of the few miles still under construction or that will be under construction by 1991. Importance of that system is clearly recognized by almost everyone in this country. Also clearly recognized is the current deterioration of that system; that it needs a great deal of improvement, maintenance and, in many cases, rehabilitation. So, one of the characteristics of the new act must be to "Protect" the interstate system.

A second popular goal was to redefine from within the current federal-aid primary system into a new National System of Significant Highways. Some would add a few thousand miles to the present interstate system. Some do not believe the present interstate system ought to be added to at all. These instead would develop a new system of perhaps as much as 150,000 of the most important miles from the primary system. These highways, in the minds of many who are in favor of this particular approach, would provide interstate type highways to serve those large, important developed or developing areas of this country not now served by an interstate highway, or to add more traffic capacity to an interstate corridor where traffic volumes already demand it or will demand it soon.

A third generally accepted goal was to provide improved mobility in the larger urban areas of this country. Urban congestion is recognized by people living in urban areas or who travel through urban areas frequently. They know that no longer does that trip require fifteen minutes or even an hour during peak times. In many large urban areas congestion occurs all day long. Urban congestion was declared by many to be unacceptable and demands for improvement were often expressed. Metropolitan mobility has to be improved.

On the other hand, and contrary to the ideas of some highway planners and executives, there was a strong and virtually heavy demand that federal assistance to secondary road improvement must continue. The secret as to why highways

are, in fact, so successful in this country in providing a great share of the mobility that we enjoy is that the only way most trips can be completed is on secondary and/or local roads and streets. Without them, conditions are not the same. It is not practical, for example, to require loading and unloading of trucks before they need to use such roads. Hence local roads have to be built to carry loads that we permit on the highway system. State and local governments need assistance for such activity. Almost every such official who testified indicated this was necessary to insure that such local roads were well maintained and perhaps improved where needed.

Another characteristic that received requests from many people was development of improved access to scenic and recreational areas. This would be valuable to the development of certain areas of the country, and would help satisfy recreational demands of our growing population. This is development that has to occur and should be financed under the new highway act.

High in favor also was our bridges. All bridges, not just bridges on any particular system, but all badly deteriorated and inadequate bridges were typically agreed to have needs of repair and replacement that only federal assistance could realistically solve within a reasonable period of time. Another topic with high acclaim was improved highway safety. Although safety on our highway system today is better than ever — the best in the world in fact — it still results in 47,000 fatalities each year. Developments have resulted in improvements in recent years and even in the year just completed. This resulted primarily because of the greater use of seat belts, which have become socially desirable and acceptable, and also the growing social opposition to driving after drinking. Undoubtedly this has had a great effect upon improved safety in recent years. Yet, we still have a long way to go, and there may be other ways that safety can be improved; 47,000 fatalities are simply too many. We cannot diminish safety activities now.

Finally, research — transportation research — needs to be expanded. Historically, we have not really done much research on transportation. Much new technology has become known that certainly will have some applications to provide improved highway transportation. Today, from available highway funds, only about two percent of the total federal funds are dedicated to research and planning. There was a great deal of opinion among those testifying that this should at least be doubled to four or five percent.

Finally, there is one area that has received decreasing interest in the last few years after a period of time in which it was heavily endorsed is transportation planning. Too often transportation planning is performed, but is not effective, because it is not implemented or it is not enforced. Sound planning should become mandatory. And then when a plan is accepted by a community it must be enforced. Coordination of transportation planning and land use development of benefit to the community must be improved and widely implemented. Unless that is done, we are going to find that many of the highway improvements that we make in the years ahead will soon be out of date.

RESOURCES NEEDED

Finally, there was also almost unanimous agreement that in order to fulfill the needs that everybody felt to be desirable, more resources will be needed to make significant improvements in future highway development. In addition to

what I have mentioned about specific items, some studies made in recent years included needs for the rest of this century. What are the needs that really need to be satisfied? This is not only the needs as far as the year 2000, but the needs that exist today that we have allowed to accumulate.

A national committee established by congressional legislation looked at the total structural needs problem in this country. In the highway area, it found a need for expansion of current funding by \$49 billion per year. A study made of conditions in the highway area as of 1987 found annual resources needed to increase about \$34 billion per year. AASHTO, in a recent study, found that highway funding required at least a 100 percent increase to provide the needed maintenance and capital investments between now and the next century, the year 2000. The source of virtually all federal funds for highways is the Federal Highway Trust Fund. The Trust Fund receives its funds from user fees collected by the Federal government on fuels used, vehicle license fees, truck weight fees and other use fees. They are truly user fees. It is a dedicated trust fund whose receipts can only be used on highway and mass transit improvements.

As of June 30, 1989, the total funds collected in the highway trust fund has been \$225.5 billion. The total paid out as of that date was \$208.5 billion, leaving a balance, as of June 30, 1989 of \$17 billion. Current revenue coming into the trust fund in 1988 was \$15.3 billion. Current annual expenditures out of the trust fund for highways has been about \$12 billion. By 1991, it is anticipated that the unused balance in the trust fund will be about \$20 billion. One of the means very popular with highway advocates to use this surplus is to expand the federal highway program during each of the next five years so that at the end of that five years, the balance has been used, and from then on, whatever comes in should be spent each year.

The major reason that congress is not allowing use of all funds collected is to utilize this account as a bookkeeping technique to show the national deficit is less than it actually is. And as long as the highway trust fund is handled as another account in the federal budget, this will continue. Removal by Congress of the fund from the federal budget would prevent use of any trust fund balance for deficit reduction. It could then be maintained without a very big balance.

Another source of present user fees funds that should go into the trust fund but does not is the federal gasohol exemption. This five cent exemption per gallon currently decreases the amount collected each year by at least \$500 million. Vehicles using gasohol, however, use the facilities available without restriction. They should be assessed the same user fees for use of the highways as anyone else. If Congress wishes to continue the gasohol exemption, it simply should come from another source, not from the highway trust fund.

Advocates of highways say that if these two problems with current operation of the trust fund were eliminated somewhere between \$3 billion and \$4 billion more could be available each year for the five years of a new federal aid highway act. And when you add \$3 billion or \$4 billion to the \$15 billion plus coming in, you would be very close to a \$20 billion 1992 budget without an increase in taxes.

But, this still will not be enough to accomplish the highway needs of the future. Various plans have been proposed for increasing the funds available. Several propose increasing fees slightly one or two cents each year for the next ten years. Another suggested increase is to \$20 billion in 1992 with continuing annual

increases to \$30 billion in the year 2000. Instead of the \$12 billion that we have received in recent years, there would be \$20 billion in 1992 and \$30 billion in 2000.

Still another, the ARTBA plan, suggests a more realistic total of \$40 billion per year is needed for each of the years 1992 to 2000. That would still be less than the amount suggested by the several national studies that have been made. Remember, one was \$49 billion and another was \$45 billion. The increase from the current \$15 billion income to \$40 billion could be accomplished partially with the surplus funds now in the trust fund, partially with the alcohol exemption being eliminated and the rest of it by an increase in fees. To provide the highway system with what we want, it will take that kind of financing in 1992 and thereafter for many years.

Increased flexibility in the use of federal funds is another characteristic of most proposed plans that I have seen. Most of them would permit use of the funds as allocated for a particular highway system but also permit use of some of the funds on other highway facilities. Increased flexibility is undoubtedly one thing that many of the communities and states would like to have.

CONCLUSION

What I have outlined is my appraisal of the situation at this time. Tomorrow (March 8, 1990), Congress begins formal study of the 1991 Federal-aid Act. What will it be? Congress will decide, but remember, your voice can be heard and it might be important. Since Congress will decide what it will be from among the many suggestions that I have noted, or that Mr. Morgan or Mr. McCormick stated, let your congressman know what you want. It might make a difference.