

**FEDERAL HIGHWAY ADMINISTRATION BUDGET  
FOR FISCAL YEAR 2004**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON TRANSPORTATION AND  
INFRASTRUCTURE  
OF THE  
COMMITTEE ON ENVIRONMENT AND  
PUBLIC WORKS  
UNITED STATES SENATE  
ONE HUNDRED EIGHTH CONGRESS  
FIRST SESSION  
\_\_\_\_\_  
FEBRUARY 27, 2003  
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FIRST SESSION

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## **FEDERAL HIGHWAY ADMINISTRATION BUDGET FOR FISCAL YEAR 2004**

**THURSDAY, FEBRUARY 27, 2003**

U.S. SENATE,  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,  
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 9:30 a.m. in room 406, Senate Dirksen Building, Hon. Christopher S. Bond (chairman of the subcommittee) presiding.

Present: Senators Bond, Voinovich, Thomas, Boxer, Cornyn, Reid, Jeffords [ex officio] and Inhofe [ex officio].

### **OPENING STATEMENT OF HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM THE STATE OF MISSOURI**

Senator BOND. Good morning. It's a pleasure for me to be able to welcome you here today, Ms. Peters. We appreciate the opportunity to get your testimony on the Administration's fiscal year 2004 budget request for the Federal Highway Administration. I am glad to have my colleagues with me, and we wanted to get started on time.

Unfortunately, I cannot say that I am very pleased with the initial report of what is to come from the Administration in terms of a reauthorization proposal. I look forward to receiving your proposal so we might be able to work with the Administration as we develop our mark for this committee. We do need to work together, because there will be some changes.

As you know, the President's budget request includes \$29.3 billion obligation limitation for the Federal Aid Highway program. This is a \$2.5 billion cut to the \$31.8 billion that Congress just passed less than 2 weeks ago in the Omnibus Appropriations bill. It appears that the Administration has not heard the resounding support that the Senate has for our Nation's infrastructure, but, they send up a budget number that doesn't even reach the 2003 level of funding. My math skills are a little rusty, but I calculate it as somewhere around an 8 percent cut. When I've had the opportunity to ask some of my colleagues about their willingness to support a bill that provides an 8 percent cut, I have found literally not one single volunteer.

So at the \$29.3 billion level, there won't be any bill passed. I'm deeply honored and appreciate the chance to chair this subcommittee, to work with our Chairman and ranking members. But I didn't do it to run into a brick wall. To illustrate the level of support within the Senate for higher levels of funding, I circulated a

little letter to the Senate Budget Committee, the Senate Finance Committee and our leaders saying that \$29.3 billion is inadequate to enable Congress to pass the reauthorization of TEA-21. It says, "This amount is inadequate to enable the Congress to pass the reauthorization of TEA-21." We urge you to join us in working to boost highway funding to address these needs and improve our highway and transit systems.

I'll have a copy for you, but as you can see, I've only worked on this a few days and we have 64 signatures. We can get more, but I think maybe that makes the point. Twenty-nine point three billion dollars is inadequate even to get a bill out of the committee, because my own State of Missouri has the third worst roads in the Nation, 59 percent of its roads are either in poor or mediocre condition, requiring immediate repair or reconstruction. Missouri also has the second worst bridges in the Nation, with 26 percent of its bridges 20 feet or longer structurally deficient.

I think the needs of Missouri fall in line with the Department of Transportation's recently released conditions and performance report, which estimates that the annual Federal investment in roads must increase by 17 percent per year, simply to maintain, the Nation's existing highway and bridge system. Improving the system will require 65 percent more than is currently invested.

We know in Missouri that inadequate roads not only lead to congestion—therefore more pollution—they delay, deny and derail economic development opportunities, but they also kill people. We have more than one death a day on the highways in Missouri and I think that a large number of those are directly attributable to inadequate infrastructure. When you have traffic, 10, 15, 20,000 cars a day on a narrow, two-lane road, you're going to have people passing when they shouldn't, and they run into other people headlong.

I commend the Administration for proposing to spend some of the balances in the Highway Trust Fund, thereby spurring economic growth. But I believe we must spend the balances down even further over the life of the next authorization if we're to get the jobs, the economic stimulus and the economic opportunity as well as safety we need.

I do look forward to working with the Administration to structure a comprehensive reauthorization package to improve the overall condition of the highways. I will look forward to your testimony but first, let me call on the ranking member, Senator Jeffords, for any comments he may have.

[The prepared statement of Senator Bond follows:]

STATEMENT OF HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM THE  
STATE OF MISSOURI

I would like to thank you Ms. Peters, for testifying before our subcommittee today on the Administration's fiscal year 2004 budget request for the Federal Highway Administration.

I cannot say that I am very pleased with this initial report of what is to come from the Administration in terms of a reauthorization proposal. However, I look forward to receiving your proposal so that we might be able to work with the Administration as we develop our Chairman's mark.

As you know, the President's Budget request includes a \$29.3 billion obligation limitation for the Federal-aid Highways Program. This is a \$2.5 billion cut compared to the \$31.8 billion that Congress just passed less than 2-weeks ago in the Omnibus Appropriations bill.

It appears that the Administration has not yet heard the resounding support that the Senate has for our nation's infrastructure by sending up a budget number that does not even reach the FY2003 levels of funding.

To illustrate the level of support within the Senate for higher levels of funding, I have a letter which has been signed by 63 Senators and counting to the Senate Budget Committee, the Senate Finance Committee and our Leaders saying that \$29.3 billion is inadequate to enable the Congress to pass the reauthorization of TEA-21.

\$29.3 billion is inadequate to even get a bill out of this committee. My own state of Missouri has the 3rd worst roads in the nation, with 59 percent of its major roads in either poor or mediocre condition, and requiring immediate repair or reconstruction. Missouri also has the second worst bridges in the nation, with 26 percent of its bridges 20 feet or longer structurally deficient.

The needs of Missouri fall in line with the Department of Transportation's recently released Conditions and Performance Report which estimates that the annual Federal investment in roads must increase by 17 percent per year simply to maintain the nation's existing highway and bridge system. Improving the system will require 65 percent more than is currently invested.

I commend the Administration for proposing to spend some of the balances in the Highway Trust Fund, thereby spurring economic growth through additional revenue. I believe that we must spend the balances down even further over the life of the next authorization to create even greater revenue and jobs.

I look forward to working with the Administration in the coming months to structure a comprehensive reauthorization package to improve the overall condition of our nation's highways. Thank you for your testimony.

Senator BOND. Senator Jeffords.

**OPENING STATEMENT OF HON. JAMES M. JEFFORDS,  
U.S. SENATOR FROM THE STATE OF VERMONT**

Senator JEFFORDS. Thank you, Mr. Chairman. Thanks to Senator Reid also for convening this hearing on the President's proposed budget for surface transportation.

Today's hearing marks the beginning of our committee's reauthorization process in the 108th Congress. I look forward to working with each of you and with our Chairman, Senator Inhofe, on this important challenge.

I also look forward to working with the Administration, with my good friend the Secretary, Norm Mineta, and with Administrator Mary Peters, our witnesses for today's hearing. Pleased to see you here.

To you Norm, get well soon. Send a little message for me, will you, and get back to the arena. We will need your wise counsel in the future.

Now to the matter at hand. I am underwhelmed by the Administration's budget proposal for transportation. It is inadequate, a step backward, it underfunds transportation at this time of national economic need, at a time America needs to create more jobs and invest in infrastructure. The President's budget is really about priorities and making choices. I think the Administration is significantly underfunding transportation while proposing stock dividend cuts to the tune of \$390 billion.

Senator Voinovich and others have raised serious concerns about how the dividend tax cut could negatively affect construction projects. I share these concerns, as do many on this committee. The Administration's proposal also lacks vision when it comes to financing the program. Two arguments should no longer be operative: we've never done it this way before and we've always done it this way before. That said, we need to seek new ways.

The President has called for a national campaign to develop cars and trucks powered by hydrogen-based fuel cells. I support this. The President wants this Nation to break its dependency on foreign oil. We all do, and welcome the air quality benefits it will generate.

But I recognize such a shift would have implications on the Highway Trust Fund. As we turn to new sources of energy, we move away from the traditional funding sources. We need to consider bold, new measures to finance our surface transportation program. Fuel taxes have not kept pace with program needs. We are in a transition, moving from a reliance on fossil fuel user fees to deployment of a new system. We must start now to introduce the next generation of financing techniques for transportation. All options must be on the table to ensure that our program is adequately funded.

Foreign and domestic corporations are now racing to perfect vehicles which may run on hydrogen, derived from water. In addition, right now thousands of electric cars are sold each month in the country. Toyota plans to sell 300,000 of these so-called hybrid cars annually by 2005. This will nearly double the gas mileage and reduce the trust fund receipts nearly in half for those years.

I understand that these hydrogen fuel cells, or electric cars, could be on the road in greater numbers in 4 or 5 years, before our next TEA bill expires. Morgan Stanley predicts that these sales could grow to 15 percent of all vehicle sales. While that is bad for the foreign oil cartels, it is great for American consumers.

Our old funding formulas are becoming obsolete. We need an approach that distributes funds to solve transportation problems. Let's not waste time making arbitrary changes to arbitrary factors buried in outdated formulas. Let's get this job done on time by working together and addressing the national need.

I have a proposal for surface transportation renewal that will build on this principle. My proposal recognizes the need to grow the program. The 50-State transportation secretaries believe we need the multi-modal 6-year reauthorization bill valued at at least \$300 billion. I agree.

Spending at this level meets needs and generates millions of good paying jobs. This committee held 14 hearings last year with over 100 witnesses from 30 States and 60 organizations. The hearing record runs to over 1,000 pages. The hearings produced consensus on four priorities for the future program. These form my pillars for reauthorization.

First, safety is the first priority. We have made real progress in highway safety over the last 10 years. According to the U.S. Department of Transportation, the rate of fatalities has declined from 1.9 to 1.5 deaths per million vehicle miles. But the number of fatalities has held steady at roughly 42,000 per year. This number is just unacceptable. We need to expand the safety program with a particular focus on two-lane rural roads, where a disproportionate share of fatalities occur.

My second pillar, and perhaps our most pressing national transportation need, is congestion. Today, over 60 percent of our population lives in large metropolitan areas. Congestion in these areas is bad and getting worse. The Texas Transportation Institute estimates that Americans in metro areas experience 3.6 billion hours



of delay annually. Our current efforts obviously are not working. We need to target congestion, improve access and enhance mobility.

Third, we must continue our focus on asset management. We have made progress over the last 10 years improving the condition of our Nation's highways and bridges. To continue this positive trend, we must increase our investment in the system preservation.

Freight and trade is my fourth pillar. Growth in the volume of goods moved in our country is rapidly overwhelming our ports, borders, corridors, intermodal terminals. The forecast for the future is demanding, daunting, with U.S. DOT projecting that the volume of rate will increase 70 percent by 2020. I want to see our Nation expand trade capacity through new partnerships, investments and market financing techniques.

My proposal for reauthorization is simple. I want to produce a national bill, one that grows the program to keep pace with the national needs. I want to benefit all States. Let's create a new, flexible and focused program to address our national need. Let us focus on solving problems, be it freight or safety or congestion. Let us not focus on the mode, nor on the process, nor on the politics. Let us eliminate barriers, expand flexibility and free State and local officials to solve problems by applying the right solutions to their particular area.

I look forward to working with you, Mr. Chairman, and with all our colleagues to get this job done. I appreciate the help we have received from the Administration and look forward to hearing from Ms. Peters today and working with the U.S. Department of Transportation. Thank you.

Senator BOND. Thank you, Senator Jeffords.

[The prepared statement of Senator Jeffords follows:]

STATEMENT OF HON. JAMES M. JEFFORDS, U.S. SENATOR FROM  
THE STATE OF VERMONT

Thank you, Mr. Chairman and Senator Reid for convening this hearing on the President's proposed budget for surface transportation.

Today's hearing marks the beginning of our committee's reauthorization process in the 108th Congress. I look forward to working with each of you, and with our Chairman, Senator Inhofe, on this important challenge. I also look forward to working with the Administration, with my good friend, the Secretary, Norman Mineta, and with Administrator Mary Peters, our witness for today's hearing. Welcome, Mary.

To you, Norm, get well soon and get back in the arena. We will need your wise counsel in the months ahead.

Now, to the matter at hand. I am "underwhelmed" by the Administration's budget proposal for transportation. It is inadequate; a step backward. It underfunds transportation at a time of national economic need—at a time America needs to create more jobs and invest in infrastructure.

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Senator Voinovich, and others, has raised serious concerns about how the dividend tax cut could negatively affect construction projects. I share those concerns, as do many on this committee.

The Administration's proposal also lacks vision. When it comes to financing the program, two arguments should no longer be operative: "We've never done it this way before" and "We've always done it this way before." Instead, we need to seek new ways.

The President has called for a national campaign to develop cars and trucks powered by hydrogen-based fuel cells. I support this. The President wants this Nation to break its dependence on foreign oil. I agree, and welcome the air quality benefits it will generate. But I recognize such a shift would have implications for the High-

way Trust Fund. As we turn to new sources of energy, we move away from our traditional source of revenues.

We need to consider bold new measures to finance our surface transportation program. Fuel taxes have not kept pace with program needs. We are in a transition, moving from reliance on fossil-fuel user fees—to deployment of a new system. We must start now to introduce the next generation of financing techniques for transportation. All options must be on the table to ensure that our program is adequately funded. Foreign and domestic corporations are now racing to perfect vehicles which may run on hydrogen, derived from water.

In addition, right now thousands of electric cars are sold each month in this country. Toyota plans to sell 300,000 of these “so-called” hybrid cars annually, by 2005. This will nearly double the gas mileage, and reduce Trust Fund receipts nearly in half, for those cars. I understand that these hydrogen, fuel cell or electric cars could be on the road in much greater numbers in 4 or 5 years—before our next T-bill expires. Morgan Stanley predicts that these sales could grow to 15 percent of all vehicle sales. While that is bad for the foreign oil cartels, it is great for American consumers.

Our old funding formulas are becoming obsolete. We need an approach that distributes funds to solve transportation problems. Let's not waste time making arbitrary changes to arbitrary factors buried in outdated formulas. Let's get this job done, on time, by working together and addressing the nation's needs.

I have a proposal for surface transportation renewal that will build on this principal. My proposal recognizes the need to grow the program. The 50 state transportation secretaries believe that we need a multimodal 6-year reauthorization bill valued at, at least, \$300 billion. I agree.

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We need to expand the safety program with a particular focus on two-lane rural roads, where a disproportionate share of fatalities occur.

My second pillar, and perhaps our most pressing national transportation need, is congestion. Today, over 60 percent of our population lives in large metropolitan areas. Congestion in those areas is bad and getting worse. The Texas Transportation Institute estimates that Americans in metro areas experience 3.6 billion hours of delay annually. Our current efforts are not working. We need to target congestion, improve access and enhance mobility.

Third, we must continue our focus on Asset Management. We have made progress over the last 10 years improving the condition of our nation's highways and bridges. To continue this positive trend, we must increase our investment in system preservation.

“Freight and Trade” is my fourth pillar. Growth in the volume of goods moved in our country is rapidly overwhelming our ports, borders, corridors and Intermodal terminals. The forecast for future demand is daunting, with the U.S. DOT projecting that the volume of freight will increase 70 percent by 2020. I want to see our Nation expand freight capacity through new partnerships, investments and market financing techniques.

My proposal for reauthorization, then, is simple. I want to produce a national bill, one that grows the program to keep pace with our national needs. I want to benefit all states. Let's create a new, flexible and focused program to address our nation's needs.

Let us focus on solving problems, be it freight or safety or congestion. Let us not focus on the mode, nor on the process, nor on the politics. Let us eliminate barriers, expand flexibility, and free state and local officials to solve problems by applying the right solutions for their particular area.

I look forward to working with you, Mr. Chairman, with Senators Inhofe and Reid, and with all of our colleagues to get this job done.

I also appreciate the help we have received from the Administration and look forward to hearing from Ms. Peters today and working with U.S. DOT in the months ahead for a strong America.

Thank you.

Senator BOND. Chairman Inhofe.

**OPENING STATEMENT OF HON. JAMES M. INHOFE,  
U.S. SENATOR FROM THE STATE OF OKLAHOMA**

Senator INHOFE. Thank you, Mr. Chairman. First of all, let me say that Administrator Peters just did a miraculous job out in Oklahoma when we had our very tragic accident there on I-40. I'd like to make sure that my fellow members realize that it took about 3 days, I think, to get the initial funding in there to get the thing started. I was very familiar with this type of an accident, with the bridge coming down, because I witnessed the same thing happening in South Texas about a couple months before. You were able to get this done in much less time, far cheaper, you got everything routed around and got the funding. I want you to know that all of Oklahoma—not just Oklahoma, but that's a major east-west corridor across the country—we appreciate the fact that you did really a great job and I applaud you for it.

Now, that's the good news. The bad news is I agree with these guys. I do regret that we have to begin by noting we still haven't received the reauthorization proposal for TEA-21. As a result, we don't have any way of really thoroughly assessing what this budget means and where we want to go until we have it. For I think both the reauthorization proposal and your budget become less relevant with each week that we don't have the reauthorization program.

I am pleased to note that the request maintains a link between highway funding and user fees deposited into the Highway Trust Fund. That's an essential foundation for the reauthorization proposal. The proposal sets each year's funding level from a trust fund \$1 billion above that year's estimated trust fund receipts. An additional \$1 billion reflects the spending of the large cash balance in the Highway Trust Fund.

We've been working on this now since, well, back in the first early years that I was in the House, some 15, 16 years ago. We are making progress on this. That's kind of the good news. But I agree with the Chairman and with Senator Jeffords that we can do a better job of getting this down and using these funds.

I do appreciate the fact that you have come forth on the 2½ cents from the tax on gasohol currently being deposited in the general fund. I kind of look at that, and always have said this, Mr. Chairman, it's more of a moral issue. People go up and they pay money, they expect that money is going to go to improving the highways and the bridges. I have to remind our Chairman here that I feel very badly that Missouri has the second worst bridges in America. But not nearly as badly as I feel that Oklahoma has the worst bridges in America. So we have that interest in getting these things done.

I think it's inadequate, the amount of money that we're talking about. These low investment levels are problematic because highway needs today are staggering. The 2002 conditions and performance report published by this Administration estimates that the annual Federal investment in roads must increase by 17 percent each year to maintain the Nation's existing highway and bridge system. I think, you know, we're not anywhere near there, so what we have is not adequate.

I do want to make a correction in a misquote of me. I was talking to the U.S. Chamber of Commerce, and they said that I was not supporting the hydrogen fuel cells. That isn't true at all. We were actually talking about an ambient air issue at that time. I do support the research that is there for these, and I want to make sure the record does reflect that.

So we want to work with you on this. We want the reauthorization to come through, and we want something that we can get our hands into. We're going to work hard at this table to get as substantial an increase over what the President's budget was when it came in. It may sound funny for a conservative to say something like this, but conservatives really believe that Government has certain functions it must perform. Certainly infrastructure is way up there at the top. We've got to do a better job than we're doing right now.

Thank you, Mr. Chairman.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE  
STATE OF OKLAHOMA

Thank you Madam Administrator for coming before us to testify on the President's 2004 budget request. This request contains many good features. Of course there are some aspects that I feel need attention. I am certain we will be able to work cooperatively to address my concerns.

I regret that I must begin by noting that we still have not received your reauthorization proposal for TEA-21. As a result, we have no way of thoroughly assessing your budget request. It is simply a bunch of numbers with no policy behind them. I must also add that both your reauthorization proposal and your budget request become less relevant with each week that we do not have your reauthorization proposal.

The House and Senate Budget Committees are well on their way drafting the Budget Resolution that will lay out the budgetary framework for reauthorization. One of my greatest concerns is that the President's budget request did not include firewalls for highways, but I understand that your reauthorization proposal will likely include them. I suggest that you move ahead on this immediately to help ensure firewalls are included in the Budget Resolution.

With that said, I will turn to the specifics of the Administration's 2004 budget request for Federal-Aid Highways. This request is a reasonable starting point. I think it contains some very good ideas. But it is only a starting point.

I'm very pleased to note that the request maintains the link between highway funding and the user fees deposited into the Highway Trust Fund. That is an essential foundation for any reauthorization proposal. The proposal sets each year's funding level from the trust fund \$1 billion above that year's estimated trust fund receipts. The additional \$1 billion reflects a spending of the large cash balance in the Highway Trust Fund that has accumulated from unspent highway user fees. Unfortunately, the cash balance in the trust fund remains too high under the President's proposal. We need more responsible cash management in light of the existing needs. I would like to see the cash balance spent down significantly below the \$14.8 billion average under the President's request.

I am also pleased that the President's budget request returned the 2.5 cents from tax on gasohol currently deposited into the general fund back into the Highway Trust Fund. The gas tax is a true user fee and it simply does not make sense that any of it is deposited anywhere except the Highway Trust Fund. Cars burning fuel blended with ethanol take up the same amount of space and cause as much wear and tear on the roads as cars burning gasoline. They should pay the same amount into the Highway Trust Fund. Therefore, I will work to ensure that the subsidy on ethanol is paid for out of the general fund rather than the Highway Trust Fund. This would result in an additional \$1.5 billion a year available for investment in highway infrastructure.

As I said, this budget request is a starting point. Unfortunately, the investment levels are too low when compared to the system's needs. The 2004 request of \$29.3 billion would be a \$2.5 billion cut from 2003. Highway investment would not get back to the 2003 level until 2007 under the budget request. In fact, the 2009 re-

quested funding level would be \$2 billion less than if we simply grew the program at the rate of inflation. We need a highway funding level that will improve safety, congestion, and economic growth.

These low investment levels are problematic because highway needs today are staggering. The 2002 Conditions and Performance Report published by this Administration estimates that the annual Federal investment in roads must increase by 17 percent simply to maintain the nation's existing highway and bridge system. Improving the system will require 65 percent more than is currently invested. TEA-21 was a great step forward in terms of improving our nation's highway safety and road conditions. We need to build upon this success, not take a step backward. It would be irresponsible to cut highway funding to such a great extent.

The budget request does provide a couple of highlights of what we can expect to be included in the Administration's reauthorization proposal. From what I've seen so far, there are some very good ideas included. I look forward to hearing more detail on these policies.

Thank you for your time and I look forward to working with you on reauthorizing TEA-21.

Senator BOND. Thank you, Mr. Chairman, and I do have great sympathy for Oklahoma, knowing that you have the worst bridges in the Nation. I should have extended my sympathies to my Oklahoma friends for the humble Missouri basketball team last night beating the brains out of the third ranked Sooners.

[Laughter.]

Senator BOND. I meant to bring that up, but since we were talking about the close bonds of friendship and comradery, I thought I should extend that.

Senator INHOFE. I only hope that they drive carefully over the bridges on the way home.

[Laughter.]

Senator BOND. They're going back to Oklahoma, and we don't fare so well in Soonerville.

Senator Voinovich.

**OPENING STATEMENT OF HON. GEORGE V. VOINOVICH,  
U.S. SENATOR FROM THE STATE OF OHIO**

Senator VOINOVICH. Thank you, Mr. Chairman, for conducting this hearing this morning.

I'd like to welcome Administrator Peters to this hearing today. It's comforting to me as a former Governor to know that we have somebody in your job that's got experience on the State level and understands the great partnership that we have had over the years between your agency and the highways' directors throughout the United States.

Mr. Chairman, as the infrastructure built in the 19th and 20th century reaches the end of its useful life, we are now faced with the question of how to fill current requirements and make improvements to our infrastructure that will best serve the Nation in the 21st century. It's no secret that this Nation has an aging transportation infrastructure. According to FHWA's 2002 conditions and performance report, the average annual investment level needed to make improvements to highways and bridges is projected to be \$106.9 billion each year through 2020. This level of investment is required for system expansion and does not include the cost of routine maintenance.

This amount is 65 percent higher than the \$64.6 billion of total capital investment spent by all levels of Government in 2000. In Ohio, the costs to improve the State's infrastructure are high. For

example, the Brent Spence Bridge that carries Interstate 75 across the Ohio River into Kentucky is in need of replacement within the next 10 years at a cost of \$500 million. I've got a picture of this bridge. This is a double decker bridge that runs I-75 and I-71 across the Ohio. It was built in 1963. It has too many cars going over it right now and trucks. It's going to have to be replaced for sure within 10 years, probably before that time. We're talking at least \$500 million just to take care of that bridge.

The average annual investment level necessary to maintain the current condition and performance of highways and bridges is projected to be \$75 billion through 2020. Again, this level of investment does not include the cost of routine maintenance. This amount is 17.5 percent higher than capital spending in 2000. If we had continued to ignore the upkeep and allow the deterioration of our infrastructure, we risk disruptions in commerce and reduce protection for public safety, health and environment. We forget that roads and bridges are so important to the economic vitality of our Nation, and particularly I understand that, where Ohio is located, we're within 500 miles of 60 percent of the population. If we don't have the bridges and roads, we are in deep trouble in terms of our economy.

The purpose of this hearing is to determine whether the Administration's budget proposal and upcoming reauthorization will be sufficient to meet our needs. I am concerned that under the Administration's proposal, and I share my colleagues' concern, that funding will not even reach current levels until fiscal year 2007. That's unacceptable.

In 1998, Congress recognized the importance of the Nation's transportation system with the enactment of TEA-21. It increased 40 percent Federal investment in highways and transit. Under that, Ohio received about 23 percent more in funding. As chairman of the National Governors Association, I was involved in negotiating TEA-21 and lobbied Congress to ensure that all Highway Trust Fund revenues were spent on transportation. We all lobbied for that.

I also fought to even out Ohio funding, highway funding fluctuations and to assure a predictable flow of funding to the States. TEA-21 has achieved that goal because we have this up and down situation which made it almost impossible for us to move forward in a logical fashion with the funding for our responsibilities.

However, more recently, as evidenced by last year's negative revenue aligned budget authority, RABA, of \$4.4 billion, we need a better way to smooth that out. That's another thing that we'll be interested in hearing you talk about today. I think that we need to also understand that the money that was in the 2003 budget, the appropriations that we just took care of, that we're borrowing some of the money right now to take care of funding that, because the money isn't in the Highway Trust Fund.

I would like to make it very clear to you and anybody else that I am a fiscal hawk. My feeling is this, that we should not borrow money to take care of our highway needs, that we need to face up to them and if we need additional money, then we're going to have to raise that money in order to get the job done.

TEA-21 also dedicated nearly all highway gas taxes to transportation funding and guarantees that the States will receive at least 90.5 percent. There are many of us that feel we're not getting our fair share as donors. We'd like to see that bumped up to 95 percent. Again, I understand that if we do that from a practical point of view, we're going to have to have more money to take care of guaranteeing those States that would be hurt by that taking place.

Mr. Chairman, I have a longer statement here. I'm not going to read the rest of it, but just to say that I look forward to working with you. You have heavy responsibilities. I know it's difficult to be in the position you are, because you get the word from OMB and the rest of them, you've got to do certain things. But we really expect you to level with us in terms of what the needs are and then let us work on trying to convince OMB that we're going to need additional dollars to take care of the job that needs to be done.

I appreciate the fact also that you're recommending that 2.5 percent for ethanol be put in the Highway Trust Fund. That's very important, I've been trying to get that done for 3 years around here. It means \$50 million to the State of Ohio, and I thank you for that.

Senator BOND. Thank you very much, Senator Voinovich. Your full statement will be included in the record. I appreciate your submitting that. When the questions come around, I will ask that we put on the lights so everybody has a shot at the 5 minutes. I appreciate also your kind comments and your previous lobbying support for the Bond-Chafee proposal in TEA-21. For my colleagues' information, we will be going on my best guess at what the early bird rule was, and the next to come in at the opening of the hearing was Senator Thomas.

[The prepared statement of Senator Voinovich follows:]

STATEMENT OF HON. GEORGE V. VOINOVICH, U.S. SENATOR FROM THE  
STATE OF OHIO

Thank you, Mr. Chairman, for conducting this hearing today on the Federal Highway Administration's (FHWA) fiscal year 2004 budget request.

Mr. Chairman, as the infrastructure built in the 19th and 20th Centuries reaches the end of its useful life, we are now faced with the question of how to fulfill current requirements and make improvements to our infrastructure that will best serve the Nation in the 21st Century.

It is no secret that this Nation has an aging transportation infrastructure. According to FHWA's 2002 Conditions and Performance Report, the average annual investment level needed to make improvements to highways and bridges is projected to be \$106.9 billion through 2020. This level of investment is required for system expansion and does not include the costs of routine maintenance. This amount is 65.3 percent higher than the \$64.6 billion of total capital investments spent by all levels of government in 2000.

In Ohio, the costs to improve the state's infrastructure are high. For example, the Brent Spence Bridge that carries Interstate 75 across the Ohio River into Kentucky is in need of replacement within the next 10 years at a cost of about \$500 million.

The average annual investment level necessary to maintain the current condition and performance of highways and bridges is projected to be \$75.9 billion through 2020. Again, this level of investment does not include the costs of routine maintenance. This amount is 17.5 percent higher than capital spending in 2000.

If we continue to ignore the upkeep, and allow the deterioration of our infrastructure, we risk disruptions in commerce and reduced protection for public safety, health, and the environment. In my view, it is the responsibility of Congress to ensure that funding levels are adequate and efficiently allocated to our nation's priority needs.

The purpose of this hearing is to determine whether the Administration's budget proposal and upcoming reauthorization proposal will be sufficient to meet the nation's transportation needs. I am concerned that under the Administration's pro-

posal, highway funding would not even reach current spending levels until fiscal year 2007.

In 1998 Congress recognized the importance of the nation's transportation system through the enactment of the 6-year Transportation Equity Act for the 21st Century (TEA-21). TEA-21 increased by nearly 40 percent Federal investment in highways and transit. Under TEA-21, Ohio received a 23 percent increase in transportation funding.

As Chairman of the National Governors Association, I was involved in negotiating TEA-21 and lobbied Congress to ensure that all Highway Trust Fund revenues were spent on transportation. I also fought to even out highway funding fluctuations and assure a predictable flow of funding to the states. TEA-21 achieved this goal with record, guaranteed levels of funding.

However, more recently, as evidenced by last year's negative Revenue Aligned Budget Authority (RABA) calculation of \$4.4 billion, we need to find a better way to smooth out the effects of fluctuating trust fund receipts for the long-term without adding to the Federal budget deficit.

TEA-21 also dedicated nearly all highway gas taxes to transportation funding and guarantees that states will receive at least 90.5 percent of their share of their contribution to the highway account of the Highway Trust Fund. One of my top priorities for TEA-21 reauthorization is to increase Ohio's minimum share to at least 95 percent. This increase in Ohio's rate of return would generate an additional \$140 million in transportation revenues for the State of Ohio, realizing that the states that have to give up that funding will have to be taken care of.

While TEA-21 has enabled states and localities to improve the condition of deteriorating and unsafe highways and to increase capacity and performance, the system is still aging, and in need of additional investment.

As a member of this subcommittee—and its former chairman—I am eager to work on the reauthorization of the surface transportation program. I understand that certain groups are talking about funding levels of up to \$60 billion a year, which is supported by the Performance and Conditions Report I mentioned earlier.

The short- and long-term viability of the Highway Trust Fund to meet our transportation needs is an issue that will be discussed in the coming months. In the short-term, we will have to determine the annual funding level the Highway Trust Fund can sustain and still meet its obligations. With our country's finances already in the red, I do not think we can expect that additional resources outside the Highway Trust Fund will be available for highway projects.

In fact, in fiscal year 2002, we suffered a budget deficit of \$317 billion. In other words, we spent the entire \$160 billion Social Security surplus and then had to go out into the private markets and borrow an additional \$158 billion.

According to OMB's numbers, even though we kept discretionary spending down in fiscal year 2003 and the President's fiscal year 2004 budget keeps discretionary spending to an increase of 4 percent, we will still suffer budget deficits of close to half a trillion dollars (\$468 billion and \$482 billion, respectively) in each of fiscal years 2003 and 2004. This does not include what would happen if there is a war.

We must plan for the future based on the principle that the highway program is a fully user-fee based system that pays its own way. I will not support borrowing more money for highways and have my children and grandchildren pay for it. I believe everyone on this subcommittee should support that position.

I am pleased the Administration's budget request proposes that all revenue from gasohol taxes be deposited into the Highway Trust Fund rather than the General Fund of the Treasury, something many of my colleagues have asked for these last few years. This fix would provide Ohio with an additional \$50 million a year in highway funding. I urge my colleagues to support the Administration's proposal.

Mr. Chairman, another of my priorities for reauthorization is to enact an environmental streamlining provision which will actually expedite the project delivery process. I am disappointed with the implementation of the environmental streamlining provisions included in TEA-21, and I regret that we may have wasted an opportunity to realize the benefits of the expedited process that we envisioned 5 years ago.

In addition, as Chairman of the Clean Air Subcommittee, I will be looking closely at the effectiveness of conformity and the Congestion Mitigation and Air Quality Program (CMAQ).

Finally, I would like to thank Administrator Peters for testifying this morning on her agency's budget request for fiscal year 2004. I hope the Administrator will also share with the committee the highlights of the Administration's reauthorization proposal and when that proposal might be sent to Congress for its consideration.

Again, thank you, Mr. Chairman, for holding this hearing. I look forward to working with you in the coming weeks and months on this reauthorization.



Senator BOND. Senator Thomas.

**OPENING STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR  
FROM THE STATE OF WYOMING**

Senator THOMAS. Thank you, Mr. Chairman. I appreciate it. I am not a member of this subcommittee, but I was a member when this TEA-21 was passed, so I'm very much interested in it. Certainly it's an issue that our State is very much interested in. It has an impact over the whole country, and particularly, many times, the States that have relatively small populations but lots of miles, interstate highways and so on.

So I just agree with the members here this morning, this money has been collected for this purpose, it's there, we ought to have it out. Our director of transportation indicated the other day that just keeping up with the environmental streamlining of what needs to be done in the highways is a 10 percent increase. So that's very much of an interest to us. Certainly this is an economic matter, not only good highways, but I can't think of a quicker way to get money into the economy than this way.

So I'm just here to say I support what we're doing. I want to work with you on this. I think it's one of the most important issues we have before us. Thank you, Mr. Chairman.

Senator BOND. Thank you very much, Senator. Now, Senator Boxer.

**OPENING STATEMENT OF HON. BARBARA BOXER,  
U.S. SENATOR FROM THE STATE OF CALIFORNIA**

Senator BOXER. Thank you so much, Mr. Chairman.

I agree with Senator Thomas that when we're talking about stimulating the economy and doing something we need to do, this is it. So I'm so appreciative that you've held this hearing. I ask unanimous consent that my full statement be placed in the record.

Senator BOND. Without objection.

Senator BOXER. I'd like to put this on the record using the 5-minute rule. TEA-21 authorized \$31.8 billion for fiscal year 2003, yet the Administration's budget does not ask for that level of funding until 2007. So we're talking about a gap here. I haven't given it a name yet, it's a highway gap, I guess you'd say. It means less money for our States in those years.

I wanted to show you a chart about congestion in my State. This is how many hours are lost, Mr. Chairman, in Los Angeles, this is per year, 136 hours per year due to congestion, San Francisco-Oakland 92 hours, San Jose 74 hours, what we call our Inland Empire, some of you have been there, I think, east of Los Angeles, 64 hours, and San Diego, 51 hours. So we are really talking about a tremendous loss.

For example, if you look at the families of the Los Angeles, parents of a Los Angeles family, that's 136 hours they could be spending time with their kids or volunteering at a neighborhood charity or many other worthwhile endeavors or frankly, something they may want to do just to help themselves, take a class, read a book, relax. The only good that comes out of it, I guess you might say the oil companies make some profit, because they're burning oil. The fuel, the fuel that's lost is enormous in those periods.

But I also wanted to make the point that we are trying our best to reduce congestion. We have a lot of Californians that are using other forms of transportation. Public transit carries over 1.2 billion passengers a year. I would say that when we realize that our population is going to go up to 50 million people from 35 million in the year 2020, we have a lot of work to do to keep people going in transit, but also to keep up with the highway needs.

I'll also make a quick point that 40 percent of our Nation's imported goods come through California ports. I know many of you have visited those ports. Again, there's terrible local congestion around those ports. We really need to look at those ports and move the goods through. Because what happens is, Mr. Chairman, it affects people in your State and all over when they have to add on more costs and it means more expensive goods to our people.

So we have issues and I know that our Chair is very much in favor of doing the most that we can. I want to add my voice to that and do whatever I can to help get a good bill through. I know, Ms. Peters, that you are going to do your best within the constraints you are given. But I hope that you will become an advocate. Because when we authorized TEA-21, it was after careful consideration, and by the way, quite bipartisan, one of the areas where it's quite bipartisan. We can't have a circumstance where we're not going to get the funding we need today until 2007. I hope we can work together to do better.

Thank you very much, Mr. Chairman.

[The prepared statement of Senator Boxer follows:]

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM  
THE STATE OF CALIFORNIA

Mr. Chairman, good morning. I want to thank you for holding this hearing today.

With TEA-21 expiring this year, the President's Federal Highway Administration fiscal year 04 budget is a glimpse into the Administration's reauthorization proposal, which the Administration says is on its way. But, if this budget accurately reflects the TEA-21 proposal, it is not even close to adequate.

TEA-21 authorized \$31.8 billion for fiscal year 03. Yet, the Administration's budget does not ask for that level of funding until fiscal year 2007. For the 4 years in between, it will be less money for our states.

For my state of California, this funding is desperately needed. Our economy and our transportation system need the help.

According to the Texas Transportation Institute, Los Angeles and the San Francisco-Oakland region are ranked No. 1 and 2 for the worst roadway congestion in this country. California has two more cities in the top five with San Jose ranked four and San Diego ranked five. The Inland Empire of San Bernardino and Riverside Counties is ranked 12 and Sacramento is ranked 13.

What does this congestion translate to? [Indicate table—Shown at end of statement] Delays—in the Los Angeles area: 136 hours per year, on average per driver, in peak hours. San Francisco-Oakland drivers put up with 92 hours of delays, and San Jose drivers endure 74 hours of delays. Inland Empire drivers are delayed by 64 hours, and San Diego drivers are delayed by 51 hours a year.

What it really means—outside of the aggravation that Californians face sitting for these long hours in traffic is that in Los Angeles parents don't get to spend an additional 136 hours with their children.

Congestion is expensive. The total cost of traffic congestion in California was \$21.7 billion in lost time and fuel in 2000.

Congestion will not get better over time. California's population is expected to increase from 35 million people today to 50 million people by 2020. We need to make great strides in our transportation system.

Californians are trying to reduce congestion. More Californians are using alternative forms of transportation. Public transit carries over 1.2 billion passengers a year in California.

Transit ridership is up in California. The number of miles traveled annually by transit passengers grew by 20 percent between 1997 and 2001. The number of annual passenger trips was up 14 percent. In the San Francisco Bay Bridge corridor, 38 percent of all trips are on transit. Thirty percent of all trips into central Los Angeles are on transit.

At the same time, we need to get them assistance to relieve congestion. But, our congestion also stems from goods movement, which is not just a California problem.

Forty percent of all the nation's imported goods come through California ports. Thirty-five percent enter through the ports of LA—Long Beach. Many of the goods that are shipped by truck leave Los Angeles and go through Riverside and San Bernardino counties. This causes terrible local congestion. At the same time, this impacts the rest of the country by adding to the price of all of the goods that come from the port.

In TEA-21 reauthorization, we need to have a substantial program to solve the grade crossing problem and the number of trucks that drive from our ports through the state to the rest of the country.

Mr. Chairman, the Administration's budget shows us that we, as a subcommittee, have a lot of work this year.

Thank you.

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THE NUMBER OF HOURS PEOPLE WASTE SITTING IN TRAFFIC\*

Los Angeles: 136

San Francisco-Oakland: 92

San Jose: 74

Inland Empire (San Bernardino/Riverside Counties): 64

San Diego: 51

Senator BOND. Thank you very much, Senator Boxer.

With that, finally, Ms. Peters, we're ready for your presentation. I know it's not a great introduction, but we do appreciate your being here and we do look forward to working with you.

**STATEMENT OF HON. MARY E. PETERS, ADMINISTRATOR,  
FEDERAL HIGHWAY ADMINISTRATION**

Ms. PETERS. Thank you, Mr. Chairman, members of the subcommittee. Thank you so much for the opportunity to testify today in support of President Bush's fiscal year 2004 budget request for the Federal Highway Administration. It's a budget that provides the foundation for the Administration's reauthorization proposal for surface transportation programs.

I will briefly summarize my written statement and ask that you enter the full written statement in the record.

Senator BOND. Without objection, it will be so entered.

Ms. PETERS. Thank you, Senator.

Funding levels in the 2004 budget reflect the difficult choices that are facing the Administration as President Bush seeks to balance domestic needs and international responsibilities, as well as homeland security. The requested \$29.3 billion obligation limitation establishes a prudent basis for a sustainable highway program, provides for responsible program increases over a 6-year reauthorization period, and continues the traditional linkage of highway spending and Highway Trust Fund revenues. The President's 6-year reauthorization proposal outlined in the 2004 budget provides an overall increase of 19 percent above the 6 years of record level investment under TEA-21.

In developing the proposal and the budget, Secretary Mineta urged all of us at the Department to focus on one profoundly im-

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\*Per person over a year during peak times. Source: Texas Transportation Institute.

portant goal: saving lives. As was mentioned earlier, more than 42,000 people are killed annually in traffic accidents. That's 115 people each day. Another sad fact about this is that more than 30 of those people who die each day are under the age of 25.

We have worked very closely with the National Highway Traffic Safety Administration, our Motor Carrier Administration and the Rail Administration to design a Federal safety program that is comprehensive and complementary and that can build on existing State programs. The President's budget would make a meaningful investment in this comprehensive safety program. We will work with State and local authorities to invest the Federal dollars where they have determined the greater needs are, and where there is the greatest potential for reducing crashes.

To improve both safety and mobility, we will be working with the States for more efficient project delivery, improved system performance and increased program accountability. By simplifying and consolidating programs and through increased flexibility for the States, we will provide transportation programs that operate more efficiently and are easier to implement.

The President's budget also proposes a new program, \$1 billion each year for the Infrastructure Performance and Maintenance Program. This program will quickly address congestion, traffic bottlenecks and pavement conditions. We build on TEA-21 and maintain guaranteed funding, budgetary firewalls and RABA adjustments to link highway spending to Highway Trust Fund receipts. We do anticipate in our reauthorization proposal proposing a modification to RABA to smooth out the peaks and valleys, as was mentioned earlier.

State and local governments need the certainty and the predictability of transportation funding that these mechanisms will provide and allow them to build long range programs. To increase revenues more than \$600 million a year, the budget proposes that all gasohol taxes be deposited into the Highway Trust Fund. An additional \$1 billion per year in obligation authority, above the estimated receipts of the Trust Fund, would also be made available to the program I mentioned earlier. This would set spending at a level that keeps the Highway Trust Fund balance relatively constant during the reauthorization period and sufficient to meet program outlays. We believe this is a prudent course for this Nation at this time.

We will continue to encourage States to employ innovative financing tools to better leverage the Federal funds and encourage more private sector investment in infrastructure. Innovative financing has proven especially useful to advance intermodal projects that are so important for the efficient movement of freight.

Stewardship requires that we ensure the Nation's resources are used wisely to solve our Nation's transportation problems. FHWA will continue to work with States to better integrate planning, environmental review, and project delivery, and to emphasize program level and major project oversight and accountability. We will continue to focus on streamlining delivery of transportation projects to improve safety and ease congestion, balancing that with the need to improve communities and protect the environment.

Within today's constrained budget environment, President Bush's 2004 budget request makes a substantial commitment to ensuring a safe and efficient transportation system, and provides the basis for a program that can be sustained and expanded over the 6-year authorizing period.

Mr. Chairman and members, thank you so much for the opportunity to testify before you today, and I would be pleased to answer any questions you may have.

Senator BOND. Thank you very much, Ms. Peters.

We've been joined by the ranking member of the subcommittee, who was out partying late last night at the big Capitol sleepover. Senator Reid, you have many important responsibilities. We appreciate your being here.

Do you have an opening statement that you wish to—

**OPENING STATEMENT OF HON. HARRY REID, U.S. SENATOR  
FROM THE STATE OF NEVADA**

Senator REID. I do, Mr. Chairman, but I don't think it's fair for me to come in late. I appreciate the opportunity to see again our friend from Arizona. But indicate, my only point is, we need more money. You bring a tough message here for us. I know you've got a job to do with the Administration, as much you can do about it. But we really need more money, and you have to take this message back. This is not a partisan issue. This is an issue that we all feel strongly about. Anything you can do to help us in that regard, you should.

I ask unanimous consent that my statement be made part of the record.

Senator BOND. Without objection, thank you very much, Senator Reid.

[The prepared statement of Senator Reid follows:]

STATEMENT OF HON. HARRY REID, U.S. SENATOR FROM THE STATE OF NEVADA

Good morning. I want to extend a special welcome to Administrator Peters and thank her for joining us this morning.

I also want to extend her my sympathies for once again being sent here to defend a budget proposal that grossly underfunds the nation's surface transportation needs.

One year ago, we sat in this same room to discuss the President's proposed 27 percent cut in fiscal year 2003 highway funding.

Today we are here to discuss yet another proposed cut in highway funding for fiscal year 2004, the first year in the Administration's 6-year reauthorization proposal. This is unacceptable.

Last year the Administration hid behind RABA, this year there is no excuse.

The Administration proposes a fiscal year 2004 funding level of \$29.3 billion. This is over \$2 billion below the fiscal year 2003 enacted level.

Despite the Administration's rhetoric, this budget request does not provide an adequate foundation for any reauthorization proposal of the nation's surface transportation program.

Unfortunately, the proposal does not improve in the out years. Under the current Administration proposal, the highway program funding level would not reach the current fiscal year's program level until 2007, and then only with a modest increase.

The President's proposed funding level for fiscal year 2009, the last year of the reauthorization proposal, is \$34 billion.

The most recent Federal Highway Administration Conditions and Performance report estimates Federal investment necessary just to maintain our highway infrastructure will be at least \$34 billion per year. Given that report, I think any responsible, adequate reauthorization proposal should start with a fiscal year 2004 funding level of at least \$34 billion.

I have heard countless times that this budget represents a balancing of priorities. Sadly, it appears this President has shifted the balance in favor of tax cuts we cannot afford and to the detriment of highways and other domestic priorities. The American people deserve better.

I cannot understand, given the current state of our economy, why we would want to cut highway spending. For every \$1 billion of infrastructure spending we create over 42,000 well-paid private sector jobs.

Administrator Peters, I applaud your efforts to place additional emphasis on the national problems of safety and congestion. While the rate of roadway fatalities continues to decrease, we are still losing far too many lives on our nation's roadways, a disproportionate share of those fatalities on rural roads.

In addition to the personal tragedy associated with traffic accidents, accidents cost an estimated \$137 billion per year in property losses, losses in market productivity, and medical costs. We can and must do better.

Additionally, congestion continues to plague our nation's urban centers. The Texas Transportation Institute estimates this year residents in the top 75 metropolitan areas will lose more than 3.6 billion hours due to traffic congestion and \$67 billion in wasted time and fuel.

In Nevada, the fastest growing state in the union, we are working to address congestion problems in innovative ways.

In conclusion, I look forward to working with Senator Bond and my other EPW colleagues and with you, Administrator Peters, to craft a reauthorization proposal that adequately maintains and improves our nation's surface transportation system.

I look forward to hearing your testimony.

Senator BOND. Administrator Peters, when can we expect to get the Administration's proposal for reauthorization?

Ms. PETERS. Mr. Chairman, we are working very hard to get that proposal cleared through the administrative review process, and hope to get it to you very soon.

Senator BOND. Thank you. We've heard various figures from FHWA regarding the Highway Trust Fund balance estimates. At the time of the budget release, FHWA assumed \$17.1 billion in balances at the end of the next reauthorization period in 2009. We're now hearing a revised estimate of \$14.5 billion. Can you tell us what the actual number is, why it keeps changing, and also why there is a minimum balance? There's an \$8 billion balance required under TEA-21. From the people who have worked on it, they tell me that they don't think that you need to have that much of a balance. So I'd like to know what you project the balance to be, and what is the minimum you think it must be.

Ms. PETERS. I will address those questions, and thank you. At the end of fiscal year 2002, the cash balance in the highway account of the Highway Trust Fund was just over \$16 billion. If we look at the proposed period of reauthorization and what the budget would be, what the balance would be, rather, under the President's fiscal year 2004 budget, the highway account of the Highway Trust Fund is anticipated to drop from approximately \$16 billion at the onset of the period to \$14 billion at the end of 2009.

Senator BOND. You're saying billion, aren't you, with a B?

Ms. PETERS. I'm sorry, yes.

Senator BOND. We're in Washington, here.

[Laughter.]

Senator BOND. If you're talking millions, nobody pays attention.

Ms. PETERS. I'm sorry, sir.

Senator BOND. That's all right. Now everybody's listening.

Ms. PETERS. In terms of a minimum balance in the account, sir, we believe that approximately \$8 billion is an appropriate balance in the account. I have to tell you that that is not based on science,

it's based on a level where it reflects approximately one quarter of a year's deposits into the Highway Trust Fund. It's a figure that was arrived at in the past working with the committees in Congress.

Senator BOND. I talked with a man who apparently came up with that SWAG figure, and his latest guess is that it's about \$3 billion. We need to work with you on that. Why do you project the balance going down to \$14 billion in 2009?

Ms. PETERS. Actually, we believe if we take into account the fiscal year 2003 appropriations level, the level that was just passed as you all mentioned earlier, the highway account balance will actually drop to about \$10 billion by the year 2009. The \$14 billion figure was based on the President's budget proposal prior to the passage of the 2003 Budget Act.

We believe that will happen because we will spend down the balance, not only through the program that I outlined just a few moments ago, the additional \$1 billion a year, but also the inflation rate of the account and expenditures out of the account during that period of time.

Senator BOND. We'll work with you on that.

My understanding that the conditions and performance levels cited in the report as a benchmark are based on fiscal year 2000 data and that the total investment levels are expressed in 2000 year dollars. Is that correct?

Ms. PETERS. That's correct, sir.

Senator BOND. It's one of my understandings also the key assumption is that the rate of traffic growth in the country will actually decrease over the next 6 years, growing at a rate of only 2.01 percent, rather than the range of 2.5 percent, which has been the case. Is that correct?

Ms. PETERS. Sir, I want to look at my staff to make sure I'm getting the numbers exactly accurate. That is correct.

We have seen much more substantial growth in the past few years. We see that leveling off a bit in the future, not decreasing, but leveling off.

Senator BOND. If the committee were to assume that annual inflation will run at the next 6 years at the level suggested in the President's budget, apply those increases plus actual inflation increases since 2000 to the investment requirement number cited in the condition and performance report, if we were to assume the Federal share of capital investment remains at about 43 percent each year of the reauthorization, I believe you'd come up with a Federal capital investment requirement for highways and bridges that must average about \$45 billion per year over the next 6 years just to maintain the safety we had in year 2000, the traffic congestion and fiscal conditions of the system. That wouldn't do anything to get rid of the backlog. Is that a reasonable ball park number based on those assumptions?

Ms. PETERS. It is, sir.

Senator BOND. Thank you very much. That answers my questions, and I want to jump out of order and ask the ranking member on the committee, since we didn't hear his opening statements, to let him have first round of questions.

Senator REID. Thank you, Mr. Chairman. I don't want to butt in here.

One question I'd like you to comment on, it's somewhat involving Arizona and Nevada, but what do you see as the future of the Boulder Dam, I'm sorry, the new bridge over the river, the Colorado River?

Ms. PETERS. Sir, again, we do see that being built. I certainly share the goal of getting that built. In fact, we're meeting later today with officials from Nevada, the DOT and Arizona DOT to talk about the provisions that were in the 2003 Appropriations Act and to look at some of the financing mechanisms that might be available to that bridge. It is an important link.

Senator REID. I think, Madam Administrator, this is an example of how we're going to have to look at new ways of financing projects. This is a huge project. This was authorized when Bob Broadbent was head of the Bureau of Reclamation in the early 1980's, and we still haven't done anything about it.

As you know, traffic backs up there for miles and miles. It's not a problem just involving Arizona and Nevada. It's a problem that involves the whole country. Because commerce is stopped. I do believe that we should use this as a model to see what we can do to come up with financing that is not anything that is going to cost the Government any money, but a way of getting projects built and keep budget constraints as they should be.

I know that there's Nevada people back here, and I hope that you work with them and the Arizona officials to come up with a program there. Just for those of you who simply are not aware of what I'm talking about, the dam, Boulder Hoover Dam was built, as we know, and completed in the early 1930's. The bridge over the river comes right across the top of the dam. It is terribly prone to a terrorism attack, an accident. With 9-11, truck and bus traffic has been stopped over this and it has caused huge amounts of additional cost to haul commerce now in that part of the country.

In addition to that, since the early 1930's, people are traveling a lot more. I'm not joking when I say traffic can be backed up for 15 or 20 miles trying to get over that river. So we have authorized a new bridge to go over the river. We have appropriated a little bit of money, but keep in mind that the burdens upon Arizona and Nevada are tremendous, because this is very, very difficult, mountain terrain to get to the river.

The States of Arizona and Nevada have been burdened with trying to figure out a way to pay for their entrances to the bridge. The bridge alone is going to cost \$300 million to \$400 million, just the bridge itself over the river. It's a problem that we've had for decades there, and I hope that with your experience in Arizona, you'll be able to do some good things there.

Mr. Chairman, I came late and I don't want to take other people's time. I have a number of important questions. I would ask permission to submit these for the record and have the Administrator answer these within the next 2 weeks.

Senator BOND. We'll be happy to submit them, and thank you very much, Senator Reid. I'm looking forward to working with you on this. I know you have heavy responsibilities on the floor. But we'll find the time when we can work on this.



Now, the one who is also the earliest bird, the Senator from Ohio. He has a particular smile. Did you just get some good news, Senator?

Senator VOINOVICH. Yes, I just found out about 5 minutes ago that I have a new granddaughter.

Senator BOND. Congratulations.

[Applause.]

Senator VOINOVICH. No name yet—

Senator BOXER. I thought the name was Kit.

[Laughter.]

Senator VOINOVICH. Eight pounds, 13 ounces. Big baby.

Senator BOND. Mom doing well?

Senator VOINOVICH. Yes.

Senator BOND. Congratulations.

Senator VOINOVICH. I'd like to start out with kind of a provincial question. Bring that picture back here. First of all, I'd like to thank the Department for the wonderful cooperation that we've had on the bridge over the Maumee River.

Senator REID. You've been hanging around Kent Conrad too long. Visual aids.

Senator VOINOVICH. I would like to request that you convene a meeting fairly soon with the two Senators from Ohio and the two Senators from Kentucky to talk about some common sense way that we can approach this challenge. Because this bridge is not only important to Kentucky and Ohio, but it's a major bridge on I-75, 71.

If we don't do this thing right, down the road we're going to have some very, very severe problems. I've always found that if you get started early enough and develop a plan that you'll be able to be successful. So I would urge you to do that.

Ms. PETERS. We will do so.

Senator VOINOVICH. Thank you.

Second of all, I'm not going to ask you to explain this here, because it would take you probably, or maybe you couldn't explain it. But all of us are puzzled about how our estimates of what was in the Highway Trust Funds were so far off. Then we got the news, I did from Mitch Daniels about the fact that the money wasn't there. I'd like to have somebody explain what happened and how you intend to remedy the situation, so we don't end up with the same kind of situation that we had last year.

Second of all, and I will ask this question, I want to compare apples to apples and oranges to oranges. You're talking about an increase in funding. The issue is, is it increase in funding over what TEA-21 provided or is it an increase, and what does it look like in terms of the appropriation that we had, the recent appropriation that we passed, I think it was 31 point something or the other. My gut is that your percentage increase is over what TEA-21 provided, rather than this most recent appropriation that we had in the Omnibus Appropriations bill. Could you comment on that?

Ms. PETERS. Senator, that is accurate. The comparison I made was with what TEA-21 provided, over the life of TEA-21, versus what's been proposed in the President's budget. As to the balance in the Highway Trust Fund, sir, we would be happy to work with you and your staff and provide more documentation, more back-

ground in terms of what the actual balance is in the Trust Fund, both currently and what it's projected to be.

But, I do assure you that the Administration's proposal proposes that every dollar that goes into the highway account of the Highway Trust Fund—

Senator VOINOVICH. I understand that. But the fact is that the increase is, isn't it over the TEA-21 number rather than the last number that we passed in the Omnibus Appropriations bill?

Ms. PETERS. That's correct.

Senator VOINOVICH. So if you take that bill, it's a lot less of an increase than what you talk about here in your testimony.

Ms. PETERS. Again, we were looking at the guaranteed level of funding under TEA-21 with the RABA adjustment. So that's what we were looking at, versus the most recent budget. Yes, sir.

Senator VOINOVICH. Isn't it true, again, I have a tough time figuring out what the balance, in the trust fund, there isn't any money in the trust fund. Isn't that correct?

Ms. PETERS. There are obligations against the money.

Senator VOINOVICH. Obligations. But there is no money, and there is no such thing as, there's no money in the trust fund. It's a piece of paper that says we have this amount of money in the trust fund. But there's no money in it. If we were going to take the money out of it right now to do anything, it's money that we would have to borrow. Because we're in a deficit position in terms of the Federal budget. Is that correct?

Ms. PETERS. Correct.

Senator VOINOVICH. I think that to be realistic, you know and so do the people that work with you closely, that we don't have enough money. I'd like to, and if you feel comfortable, have you raised the issue that, with the burden that we have, I gave you the statistics, \$109 billion a year and \$79 billion for maintenance that we're just so far off from what we can do that we do need more money.

How do you answer that question? I know you're in a difficult position. But let's get real. We have this terrific challenge and if you really look at this, it's really not even in the real world. How are you going to deal with that?

Ms. PETERS. Senator, I reconcile it by saying this, that we do have a Highway Trust Fund and we do have some very important legislation that has been enacted in the past. The President's bill, the President's proposal, rather, budget proposal, adheres to the principle that moneys that go into the Highway Trust Fund, particularly into the highway account of the Highway Trust Fund, should then go back out and be spent. So, it's all determined, then, by how much money we expect will go into that account over the life of the next authorization period and what we can afford to spend from that account, using current funding mechanisms and with the addition, as I mentioned, of the—

Senator VOINOVICH. I understand that. But you know and I know and everyone at this table knows that that's not enough money. The Administration says, we wouldn't support any increase in revenue. Now that's again not realistic. In addition to that, we have numerous construction jobs all over this country today. I hope this economy gets better, but we may be back to a public works pro-

gram. I'm taking too much of your time. But has anybody ever sat down and figured, if you pumped in another \$10 billion or so into all these projects that are all over the country the impact that it would have on the economy and jobs? Has anybody asked you that question ever?

Ms. PETERS. Sir, no one has—

Senator BOND. Senator, we'll take that as a rhetorical question. I think that was a powerful statement. Let me turn to Senator Jeffords. Thank you very much, Senator Voinovich.

Senator JEFFORDS. I commend the Administration on its stand on making safety its No. 1 priority. Secretary Mineta, like his predecessors, has worked to focus the Transportation Department on improving operations and reducing the number of lives lost on our roadways. While the fatality rates overall keep going down overall, I am alarmed by the increase of fatalities in the rural areas. In my mostly rural State, Vermonters mostly travel rural, two-lane roadways as part of the routine, part of their lives.

I would like to see resources that can be used by State and local officials to address the real safety problems on the rural roads of America. Will the Administration's proposal assist in improving safety on these roadways?

Ms. PETERS. Senator Jeffords, yes, we will. What we are looking at in terms of where we want to spend the money in the safety program is to work with States to determine where the greatest need is, where the most crashes are occurring. As you said, in largely rural States, many of those crashes are occurring on rural, two-lane sections of road. We will work with States to make improvements where they can get the best benefit from the investment of funds.

We're also working with our National Highway Traffic Safety Administration to consolidate some of the funds so that States have more flexibility to spend that money where they can make, again, the biggest difference with it.

As I've talked with Dr. Runge at NHTSA, about some of the problems that we're facing, this two-lane rural problem aside, we're hitting up against some hard core folks who just simply won't wear their seat belts. We believe that there's tremendous potential for saving lives if we can just get more people to buckle up. In fact, we believe that we could save as many as 9,000 lives a year by that simple act.

So, we're looking at safety from a very comprehensive standpoint. But I do recognize your point, and the point that was made by several other members of this panel as well, that rural two-lane sections of road do have the highest incident rate.

Senator JEFFORDS. Despite the record level of investment that TEA-21 has not been able to keep pace with the growing demand for transportation, the performance of our transportation system is rapidly eroding. It is easy to see what congestion is doing to our lives. The average rush hours in most community averages 5.3 hours, and 7 to 8 hours a day in larger communities.

In the year 2000, a trip that would take 20 minutes during non-peak hours would require 30 minutes if taken during peak hours. These longer trips weigh on our Nation's productivity and reduce our quality of life. I would like to see the next bill target resources

toward fighting congestion. What does the Administration propose to address this congestion problem?

Ms. PETERS. Senator, again, I think you make a very excellent point. In fact, when I first had the opportunity to come to the Federal Highway Administration, I asked that we focus our efforts on three priority areas. We certainly share the position that congestion is one of those.

Safety and environmental stewardship are the other two areas that I have focused on. We're working on a number of fronts to try to relieve congestion, working with our State and local partners, understanding the types of congestion that we're dealing with, whether it's recurring congestion or it's spot congestion. Recurring congestion is most often just a capacity issue, there isn't enough capacity. Non-recurrent congestion, however, occurs because there are crashes, there are breakdowns in the roadway system where we have to take it out of service, or it's under construction.

Some of our efforts include: programs to get longer-life pavement so we don't have to go in as frequently; incident management systems so we can clear incidents more quickly, and get the roads back into working order; and using technology to help us improve the throughput of our transportation systems. We have a very active effort in working with other State and local governments to improve congestion.

Senator JEFFORDS. To date, 86 percent of our highways provide an acceptable ride quality, according to U.S. DOT, compared to 82 percent in 1993. The percent of deficient bridges dropped from 33 percent in 1994 to 28 percent today. These numbers show that with the proper investment levels, we can improve the condition of our transportation system. I am concerned that all the gains we are beginning to see in the condition of the transportation system may fall back under current budget proposals.

Help me understand how the Administration's budget will keep pace with the needs of our aging infrastructure with fewer resources available.

Ms. PETERS. Sir, I think the way the Administration's budget can help us do that is to help us invest our money as wisely as we can. I'd like to clarify a couple of things about the condition and performance report. First of all, it's based on scenarios. It wasn't meant to be, as I said, a recommendation. It is a very good report and I'm very pleased with the report, but it was based on several scenarios. It reflects, as was mentioned earlier by Senator Bond, the level of investment by all Government: Federal Government, State government and local government. The report does not predict or state at what level Federal, State and local should invest.

We certainly recognize that there are constraints on the Federal budget, as well as significant constraints on local budgets and State budgets as well. The cost to maintain and the cost to improve were based on scenarios and based over a long period of time. The report doesn't lend itself to year-to-year comparisons.

Further, and I think probably among the most important things that I would talk about today, the C&P report doesn't consider competing demands in an economy. It says that if we had the money to spend to improve or to maintain a system to certain levels over a 20-year period of time, that would be the amounts we

would spend. But again, it does not envision competing demands for funds, competing demands such as fighting the war on terrorism, competing demands such as protecting our homeland. Those are other issues that this Administration is having to work out within the context of the budget.

Senator JEFFORDS. Transportation is one of the great drivers of our Nation's economy. Nearly 7 million businesses rely upon the U.S. transportation network to conduct business and engage in interstate commerce, etc. Transportation is a significant share of the U.S. gross domestic product. As we try to stimulate the economy, we have to ensure the means of conducting business. We need to expand freight capacity.

How does the budget advance the effort to expand freight capacity?

Ms. PETERS. We have a number of efforts within the budget, and more that we will be able to reveal to you, when we get our reauthorization proposal over here, soon in terms of dealing with those issues.

As Senator Boxer mentioned as well, when you have intermodal connectors, when you have ports, either water ports or land ports, and intermodal facilities, those are areas where we're really seeing chokepoints on our system right now. As has been mentioned, this adds to the cost of goods and it has a detrimental effect on our economy.

So, we will be focusing some very specific efforts on freight and freight connectors in our reauthorization proposal. We have continued the funding for our ports of entry, our land ports of entry, our connections with Mexico and to try to make Canada improvements in those areas. But, we do recognize it as an area that hasn't achieved as much attention in the past as it should. It will be an area that we will emphasize even further, both within the context of how we apply the budget and again within our reauthorization proposal.

Senator JEFFORDS. I have one more question. In your testimony, you highlighted the role of the congestion mitigation and air quality program, CMAQ, in advancing projects that reduce emissions. How does your proposal for fiscal year 2004 treat this program? I'm concerned that you may be proposing to reduce CMAQ funding.

Ms. PETERS. Sir, we do recognize the importance of CMAQ funding, and I know you and I have had an opportunity to talk about this several times. I would ask that you reserve judgment until our reauthorization proposal is here and we look at the funding over time.

We have made a very strong effort to maintain the funding of our core programs over the 6-year period of the reauthorization. When we are able to get more details to you, I believe you will see we have maintained that commitment.

Senator JEFFORDS. Thank you, Mr. Chairman.

Senator BOND. Thank you very much, Senator Jeffords. We in Missouri are very jealous of that 82 or 86 percent figure of good condition highways, because our highway conditions are rated 59 percent poor or inadequate. So we're at about half the level nationally of acceptable roads.

But that's for another day. Turning now to questions from Senator Boxer.

Senator BOXER. Thank you so much, Mr. Chairman.

Ms. Peters, you said a couple of times, and I know it's very heartfelt, that there are other priorities, such as homeland security, that are basically taking money away from this. Mr. Chairman, I can make a very easy argument that having a good highway system is part of protecting our homeland. Because the first thing they tell you is, you may have to evacuate, you may have to get out. If you're sitting on a road and you can't move, because normally it's so congested, I would argue that to be able to move on our highways is something that you could say should fit into a homeland security plan.

I would also say that the Golden Gate Bridge, using it as an example, has been cited as a terrorist target. With the help of our State, our local people and Tom Ridge has spent a lot of time, though not money yet, talking about the best ways to protect this landmark, it seems to me an irony that a lot of the bridges in California that are targeted right now that have Coast Guard around them and the rest are not seismically retrofitted. I know years ago we amended our laws so that seismic retrofit and other hazards fit into the bridge program.

So when my colleagues are working on the bridge program, I'd like to work closely with you on this. Because we're getting just a trickle of funding for the Golden Gate Bridge retrofit. We need to do better than that.

I was interested, Senator Bond, to learn that Missouri got the first contract under the 1956 interstate—

Senator BOND. I-70 through St. Charles and it is something that would bring to mind the traffic jams in Los Angeles if you try to travel it now, as I do, twice a week. So we're very proud of it, but time to do something.

Senator BOXER. Right. I was going to lead into that by saying that as I looked at the top 85 cities out of the thousands of cities that we have, and I'm mentioning this to you, Ms. Peters, because you're going to see a lot of us have very intense interests. Because as it turns out, the members of this committee, many of us, our cities are on this list. Just to give you some idea, we've got several cities in Missouri, we've got several cities in Portland, in Florida, Las Vegas is on the list, Oklahoma is on the list with two cities. New York is on this list with several cities, Oregon with several cities, Providence is on the list. Even Anchorage, AK is on the list. Vermont I didn't see. But it says, soon will be on the list—

[Laughter.]

Senator BOXER. So bottom line is, there's a personal, I mean, as Senator Bond pointed out, he knows it first hand, I know it first hand, when I'm trying to go some place in Los Angeles. When I ask my staff, how long will it take us to get there, they say anywhere between 15 minutes and 1 hour and 15 minutes, something is wrong.

So I'm just making rhetorical comments here. But I want to support what Senator Voinovich said. It was alluded to by Senator Thomas. We all know the economy's got problems, everyone's got

different ways to stimulate the economy. The President's idea is tax cuts. He feels that's going to do it.

But I would respectfully say, and his \$600-plus billion tax cut plus add on interest on the debt, it comes perhaps to about a trillion, there's got to be \$10 billion to meet this terrible need that we have. I would say going back to the founding of the program, when you read a little history, it's interesting, President Eisenhower first saw the need for an interstate system in 1919.

But then he went—oh, listen, he participated then in the U.S. Army's first transcontinental motor convoy, which took 62 days to get from Washington, DC. to San Francisco. Sixty-two days to go across the country. He got very interested in this after World War II, when he became President. This was his landmark, one of his landmarks. He also did the National Defense Education Act, which I think was one of the greatest visions of any President.

But the bottom line here is, it took them 62 days. I don't want to see it start to take a long time to go across the country or within a State, because of congestion. We need to do more. We just can't rest on our laurels that our forefathers and mothers were so adept at addressing.

The last point I make, it's confusing about the money, and I want to make sure I've got it straight. So if you'll bear with me and tell me if you think this is accurate. In 2002 and 2003, the appropriators, all of us appropriated \$31.8 billion for this purpose. In 2003, as you well remember, we had to add some money to it in the end in the omnibus. So it was flat funded between 2002 and 2003, and in 2004 you're suggesting \$29.3 billion. In 2005, \$30.3 billion, and in 2006, \$31.3 billion. So you're still below, without even adding inflation for that period, you're below where we are today. Am I correct in that?

Ms. PETERS. Senator Boxer, yes, you are correct.

Senator BOXER. OK. I just wanted to make sure, because I believe it's unrealistic. I agree that you couldn't have a better stimulus than building the roads. It's a stimulus not only immediately for the people who go to work and the effect of that and the businesses that will supply all the equipment and everything we need to build the road. But it's also going to move the traffic, it's going to address the ports and the rest.

So I just think we're, I hope we're going to have strong bipartisan help. I hope you will make the case, as you talk to folks at OMB and to the President and the folks who make these budgetary decisions, I hope you'll let them know how strongly many of us feel on both sides of the aisle that this is an area that's a stimulus for our economy, a necessity, and it's a bipartisan, I think, strong support. It's the strongest support I've seen in a while around here. We've been pretty divided, but I think we're pretty united on this.

Will you let them know we feel this way?

Ms. PETERS. Senator Boxer, I certainly will, and Mr. Chairman and others, I will carry the message back. I would like to add that what the Administration has tried to do, again, as we acknowledge, between competing demands, is hold true to the principles of the Highway Trust Fund, and that the money that goes into the Trust Fund will be spent out of the Trust Fund. It is true that that money, our projections of the money that will go into the Trust

Fund over the coming years and then what would be spent out of the Trust Fund is lower than the 2003 appropriations level.

But it's also important that we look at the sanctity of the Trust Fund, the balance of the Trust Fund and what the Trust Fund will allow us to afford within existing funding mechanisms, and again, adding the 2.5 cents in. This Administration does not feel that this is the appropriate time to raise taxes. So we have not proposed raising taxes. But we have adhered very closely to the principles in the Fund.

But I hear and understand your concerns, your collective concerns.

Senator BOXER. How is it the President's cutting taxes and I think one thing I think about is doing a little better mix. They call it an economic growth package. This could be part of that. I don't think it's going to hurt the top 1 percent to get a little less of a tax cut. It's a different philosophical view from even my colleagues here.

Last point I'd make, you've also said sanctity of the Trust Fund a number of times. Think about the whole purpose of the Highway Trust Fund, in addition to the sanctity of The Fund. There's really the idea that was brought here by a Republican president that we've got to keep people moving.

Senator BOND. Thank you very much, Senator Boxer.

Senator VOINOVICH. I'm just going to drive this home again. According to your statistics, FHWA's 2000 conditions performance, the average annual investment level needed to make improvements to highways and bridges is projected to be \$106.9 billion per year. Statistics are that to just do the maintenance, maintain the current condition, and performance is another \$75.9 billion each year through 2020.

The question I have is, What does the Administration intend to do about this, or are they just going to abdicate any leadership role and leave it up to us to decide what we need to do in order to meet this challenge that we have for our country?

Ms. PETERS. Senator, you make a very good point. Several of the things that the Conditions and Performance Report tells us are that we have invested wisely in the past and that the money that was invested as a result of TEA-21 has resulted in an overall increased performance in our system, rather, improved condition of our system. It does point out, however, and this was a point that was made by several of you, that the operating condition of the system is not going to continue to improve and, in fact, will deteriorate absent future funding.

That's why we are, within the context of the President's proposal, sir, focusing money directly at the areas that we think will make the best difference.

Senator VOINOVICH. I understand that. But logic tells you, you're going to the Governor and you're saying to him, "Here is what the needs are and here's what we're doing, and yes, we're spending what's there and we're doing it as wisely as we can." But logic will tell you, it doesn't get the job done. The question is, Is the Administration going to take any leadership role in handling the challenge that we have in this area, based on your own numbers, or are you



going to leave it in the hands of the Congress to come forward and solve the problem for the Administration?

Ms. PETERS. Senator, the Administration believes that we have put forward a prudent, responsible budget for this time.

Senator VOINOVICH. I think that it's not adequate to get the job done. It just defies logic.

The other question I'd like to ask is, the Nation's transportation system contributes to economic revitalization. Do you have any idea of how many jobs are provided by \$1 billion investment in highway infrastructure?

Ms. PETERS. Yes, I do, sir, approximately 47,500 jobs are created by every billion dollars invested.

Senator VOINOVICH. So that if we—\$10 billion would be 470,000 jobs?

Ms. PETERS. That's correct.

Senator VOINOVICH. That's a lot of jobs. You ought to give some thought to that. So should the Administration.

Do I still have some time?

Senator BOND. Well, Senator, I've kind of made all of my points. If you haven't made any, we'd be delighted to hear those.

Senator JEFFORDS. I've made all my points.

Senator BOND. If you have any points you haven't made?

Senator VOINOVICH. Well, I do, if you don't mind.

Senator BOND. Sure, sure.

Senator VOINOVICH. One of my priorities in another committee is governmental affairs, and that's in improving the Federal workforce. I have the oversight of Government management and Federal workforce. Recently I met with Inspector General Ken Mead to discuss workforce issues and how getting the right people in the right jobs would help improve project delivery and project oversight and management.

I also understand that language was included in the Omnibus Appropriations Conference Report directing you to prepare and submit a strategy to Congress by May 15 on how the agency will improve large management and oversight. I look forward to working with you on this.

In your testimony you state that FHWA's budget would permit to hire 12 additional employees dedicated to oversight and major projects over \$1 billion in cost. What will you do to ensure that you have the right people in there to get the job done? What steps are you taking to develop a multi-disciplinary staff at your department as directed by the bill?

Ms. PETERS. Senator, I think the recommendation, I know the recommendation, will be fulfilled in terms of our report to Congress. We're doing a number of things to ensure that we are getting the right mix of people and the right number of people to look at our major project oversight, what we call megaprojects. We have, as you indicated, requested 12 additional staff. We would like to have at least one staff person for every major project. Some very large projects, we'd like to have two people assigned to those projects.

What we forecast, we currently have 14 projects that are over \$1 billion. We expect that number to grow to 20 by 2004 and 30 by 2007. Some of the projects that you all have mentioned here today

are among the important projects, rebuilding our interstate system in our urbanized areas, major interchanges between States, things like that.

We completed our stewardship and our oversight policy in June 2001, and that includes a risk assessment. I've instructed each of our division administrators, and Federal Highway is fortunate that we have a division administrator in every State, to conduct risk assessments with the local State officials on the megaprojects, on the major projects.

On our oversight and management of the improvement projects, we put guidance out to our field in October 2001. We have fully staffed and trained the team as it exists today. We recognize that that can't be all engineering expertise. Engineering still is important in our fulfilling our responsibilities, but understanding complex financial opportunities to finance these projects, understanding insurance issues, such as owner-controlled insurance, are all part of the responsibilities of this team now. It isn't just about engineering any more at all.

In the report that we will submit to you later this year, we will detail how we're bringing in that multi-disciplined cadre of personnel to make sure that we are managing these projects from a holistic sense, not just from an engineering sense.

Senator VOINOVICH. Well, I must say that it's just 12 individuals. But finding those individuals, there are different kinds of talents and skills that you ordinarily have in the Department. I make one other suggestion to you. It's my understanding from talking to Mr. Mead that that there are several States that are doing a very, very good job in the oversight of projects, and they've got some very good people. Perhaps one of the things you could do would be to find the best practices that are out there and conduct a major seminar program throughout the country to try and train some of the local people in terms of what they need and how they deal with the big picture on some of these projects so that you can enhance what you're doing here in Washington with some very good people out there in the States. So often they're more close to it on an every day basis than anyone you could possibly hire here in Washington to look over their shoulders.

Ms. PETERS. Senator, I think that's an excellent suggestion. As a former Governor, when someone who had broad-based responsibilities, you can understand, you can have best practices in different areas.

I have asked my deputy, Rick Capka, who is retired from 29 years with the Corps of Engineers and has extensive experience, to take this on as part of his direct portfolio and to report to me what and how we are doing to ensure that we are bringing in that proper diversity of experience and that we're attracting the right people into these positions and looking at best practices, sharing best practices. He's working very actively with AASHTO and with Director Stephens from the State of Nevada and others to try to find out where those best practices are, bring them in and share those with other States.

I certainly will pass on your guidance to him, sir, and if you'd like to have a more comprehensive briefing, I will ask my deputy

to come over and sit down and go over the other things we are doing in this area.

Senator VOINOVICH. I'd really like that, and I'd also like to know what impediment you're finding in terms of hiring and bringing these people on board. I'd also like to know anything that's standing in the way of your keeping some of your good people. Because in so many agencies, we've got folks that are right on the edge of retirement that we can't really afford to lose, because we need their skills and knowledge and institutional knowledge.

Ms. PETERS. You're very correct, sir. One of the things that keeps me awake at night is the number of our senior employees with a lot of experience and institutional knowledge that will be retirement eligible in the next decade.

Senator VOINOVICH. Thank you.

Senator BOND. Thank you very much, Senator Voinovich.

As I said, Administrator, we very much appreciate your coming here. We've heard your arguments I think you've heard the voices of people representing roughly 50 million Americans at this table. This is, as I think Senator Thomas said earlier, a matter of great importance. It doesn't matter whether you're from the east coast or the Midwest or the west coast or the Southwest, good highways, roads and bridges are absolutely essential to our economy.

We do really look forward to working with you. There are some obvious differences of opinion. But that's what this system is all about. I think you see a bipartisan, biregional or omniregional agreement that this is a priority. We look forward to working with you, and hope that we can make a case that OMB will understand.

So for the ranking member and the Senator from Ohio, thank you. The hearing is adjourned.

[Whereupon, at 10:52 a.m., the subcommittee was adjourned, to reconvene at the call of the chair.]

[Additional statements submitted for the record follow:]

STATEMENT OF MARY E. PETERS, ADMINISTRATOR, FEDERAL HIGHWAY  
ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION

Mr. Chairman and members of the subcommittee, thank you for the opportunity to testify today in support of President Bush's Fiscal Year (FY) 2004 Budget proposal for the Federal Highway Administration (FHWA). We are looking forward to working with this subcommittee and with Congress to achieve the goals outlined in the fiscal year 2004 budget request—a budget request that provides the foundation for the Administration's reauthorization proposal for surface transportation programs.

Funding levels in the 2004 budget reflect the difficult choices currently facing both the Administration and Congress. The President's budget seeks a balance in addressing domestic needs, meeting our international responsibilities, and protecting against terrorist attacks at home. The requested \$29.3 billion obligation limitation for the Federal-aid Highway program establishes a prudent basis for a sustainable highway program, provides for responsible program increases over the 6-year reauthorization period, and continues the traditional linkage of highway spending and trust fund revenues. When the President's 6-year surface transportation reauthorization proposal outlined in the fiscal year 2004 budget request—including highways, highway safety, transit, and motor carrier safety—is compared to the 6-years of record-level investments under the Transportation Equity Act for the 21st Century (TEA-21) for these programs, the proposal reveals an overall increase of 19 percent.

Transportation is essential to America's security, economic prosperity, and quality of life, and our highways and freight connectors are the critical links in the Nation's intermodal transportation system. With today's global economy, it is more important than ever to have the infrastructure necessary for seamless transitions between

modes of transportation, so that people and cargo can move effectively and efficiently. Moreover, highway infrastructure investment is an excellent investment for the Nation in normal times and, in a recovering economy, can play an important role in economic revitalization. The President's fiscal year 2004 Budget request proposes a responsible and substantial investment in our Federal-aid Highway Program.

#### PRIMARY GOAL: SAFETY

While maintaining our high-quality highway network and improving its operation presents a significant challenge, the greatest challenge facing the Department of Transportation, and specifically the Federal Highway Administration, is making our highways safer. On release of the fiscal year 2004 budget request, Secretary Mineta commended the substantial resources proposed for transportation safety improvements and reaffirmed safety as his top priority for transportation. Secretary Mineta has urged all of us at the Department to focus on a simple but profoundly important goal: Saving Lives. This has been a key consideration in developing both the 2004 FHWA budget request and our reauthorization proposal.

Forty-two thousand people are killed annually in traffic accidents—that is 115 people killed each and every day, including about thirty Americans under the age of twenty five. We must, and we are, finding new opportunities and developing new technologies for saving lives. We are aggressively advancing the activities and projects that we already know prevent accidents, and that reduce fatalities when accidents do happen. For example, thousands of lives could be saved if every vehicle occupant would only buckle-up. The President's budget request will make a meaningful investment in a comprehensive safety program—roadway, driver, and vehicle—to strengthen our partnership with States and the public for these vital safety efforts.

#### SIMPLER AND SMARTER PROGRAMS

Secretary Mineta has further challenged the Department to create not only a transportation system that is safer for all Americans, but transportation programs that operate smarter and are simpler to implement as well. While safety must be a consideration in every transportation investment, efficient movement of people and goods is the purpose of our surface transportation system.

At FHWA we will work to achieve a safer surface transportation system by placing the greatest emphasis on reducing accidents and saving lives. First and foremost we will be safety advocates. We will fulfill our mission of improving mobility through more efficient project delivery. By simplifying and consolidating programs and, in some areas, through increased flexibility for States, needed safety and mobility projects can be delivered sooner. By focusing on improved system performance and increased program accountability, smarter investments can be made for increasing both safety and mobility.

The FHWA fiscal year 2004 budget request includes the budgetary foundation for the Administration's proposal to reauthorize the Federal-aid Highway Program for the next 6 years. I would like now to highlight for you some of the priority areas in our funding request and, in the process, share with you some of the principles that guided our 2004 budget proposal and are central to our reauthorization proposals as well.

#### SAFETY

*Flexibility.* First, while the basic framework for national transportation systems may be established at the Federal level, we believe that local problems are best solved at the local level. We will continue to encourage State and local agencies to adopt a strategic approach to address highway safety when setting priorities among projects, and we believe that State and local authorities should have increased funding flexibility to invest their safety dollars where they have determined that needs are greatest and there is the greatest potential for accident and fatality prevention. This is the formula for smarter program investments, not only in safety but for mobility as well.

*Data Improvement.* Because crash data is the foundation for making better decisions to achieve more cost effective safety improvements, we will continue to encourage general improvements to State accident data collection and analysis systems, including a targeted analysis of causal factors at high-crash locations. Better data will mean smarter investments and lives saved.

*Comprehensive and Collaborative.* A comprehensive and collaborative safety program is a smarter program. FHWA has been working closely with the National Highway Traffic Safety Administration (NHTSA), the Federal Motor Carrier Safety

Administration (FMCSA), and the Federal Railroad Administration (FRA) to ensure that under this budget, and in our reauthorization proposal, we have designed comprehensive and complementary Federal safety programs. These collaborative efforts can translate into consolidated and simpler processes for State and local agencies to obtain and effectively invest Federal safety funds. These efforts also provide a way to coordinate successful techniques from all aspects of safety and have the greatest impact on reducing highway deaths and injuries.

*Infrastructure Investment.* Investments for safety cut across program lines in our budget request. Improvements in system conditions and operations benefit safety as well as mobility, and States may, and do, use Surface Transportation (STP), Interstate Maintenance (IM), Highway Bridge Replacement and Rehabilitation (HBRRP), and National Highway System (NHS) funding for safety-specific improvements. Construction programs contribute to safety by improving unsafe roadway design and operations, improving the condition of bridges, and removing roadway hazards. Signing and pavement improvements can enhance the safety of existing and new facilities for all users of the highway system. Safety can be built into every interchange upgrade, intersection redesign, or new facility through safety conscious planning and design.

*Research and Technology Investment.* Transportation research and technology is crucial to the future of our highway system. FHWA is proposing to step-up its investment in transportation research and technology (R&T) programs for fiscal year 2004, requesting a total of \$404 million. R&T benefits all of our programs, including safety, in a variety of ways.

Infrastructure R&T is focused on “the Infrastructure of the Future”—breakthrough technologies to reduce the need for repairs and replacement of our highway pavements and bridges. It is a fresh, bold approach to fulfill the need for a safe, efficient, effective, and reliable highway infrastructure. The program will emphasize the concept of “Get In, Stay In, Get Out, and Stay Out,” for the development and deployment of highway infrastructure with significantly improved life cycle cost, major extensions in life, and substantial extensions of the maintenance and rehabilitation cycle. The Infrastructure R&T effort will be concentrated in the technical areas of asset management, bridges, and pavements to achieve its goal. That goal is to develop and deploy the tools and technology to reliably produce 50-year performance pavements, 100-year performance bridges, and a holistic asset management process for infrastructure investment and re-investment decisionmaking. The program will include our partners and stakeholders to provide direction and input throughout the R&T process. Breakthrough technologies such as pre-fabricated bridges and pavements will be used to improve highway condition while reducing lane closures and congestion. Safety, mobility, and user satisfaction will be improved through development and deployment of better technologies for durability, smoothness, low noise and safe surface friction levels, and ability to withstand natural hazards and terrorist threats.

Safety R&T funds will help us identify opportunities for safety improvements, provide States with tools to better focus their safety investments, and permit development and deployment of safety technologies. In fiscal year 2004, FHWA is focusing its safety research and technology program on three high accident areas:

(1) *Roadway departures.* Activities to address this problem include refinement of an Interactive Highway Safety Design model, improvements for driver visibility, and increased crashworthiness of road and roadside safety features. Initiatives for fiscal year 2004 include development of a countermeasure evaluation tool to prevent two-lane rural road crashes, work to improve the retroreflectivity of pavement markings and highway signs, and promoting increased installation of skid-resistant pavements, center-line and edge-line rumble strips, and improved roadway safety hardware.

(2) *Intersections.* A comprehensive intersection analysis program will identify safety problems and opportunities, and implement cost-effective countermeasures. Initiatives planned for fiscal year 2004 include implementation of the National Intersection Safety Agenda, deployment of leading-edge traffic signalization technologies and practices, safety training for State and local personnel, evaluation of techniques to promote speed reduction at intersections, safety evaluations of intersection treatments, and refinement of roundabout designs to enhance safety for all users including pedestrians with disabilities.

(3) *Pedestrians.* The FHWA works in cooperation with NHTSA on developing and evaluating comprehensive countermeasures and appropriate tools and technology to improve safety for bicyclists and pedestrians, including pedestrians with disabilities. Countermeasures and tools range from integrating pedestrian and bicyclist issues in the planning, design, operations, and maintenance of roadway facilities, to implementing key recommendations from our partners and customers.

New initiatives for fiscal year 2004 include automatic pedestrian/bicyclist counting devices, modeling of decisionmaking at intersection crossings, and investigation of the implications of reduced vehicular sound on pedestrians with visual impairments.

In addition, the FHWA conducts a number of safety research projects which contribute to multiple objectives, including: work on speed management to encourage wider adoption of safe travel speeds appropriate for road and travel conditions; safety management to ensure that resources are allocated to assure maximum returns in reducing the severity and frequency of crashes; work on human-centered systems to incorporate human factors considerations into all aspects of highway design; work zone safety improvements; and a variety of safety outreach efforts.

Funding requested for the Department's Intelligent Transportation Systems program will not only advance our core mission of mobility, but will support technological solutions for safer vehicles, drivers, and roadways. The 2004 ITS program would continue the Intelligent Vehicle Initiative and the Commercial Vehicle Operations Program, and continue the development and implementation of technology for systems reliability and congestion reduction. Funds requested for the System Management and Information Program will increase the availability of real-time information about travel conditions, benefiting both safety and mobility.

Also funded under R&T, our training and education programs focus on delivering the skills the transportation community needs for timely implementation of the many new technologies as they become available.

#### FUNDING RESOURCES

The 2004 budget proposal for highways builds on the successes of prior legislation and will maintain guaranteed funding, budgetary firewalls, and Revenue Aligned Budget Authority (RABA) adjustments that link highway spending to Highway Trust Fund receipts. These guarantees and adjustments will be refined in our legislative proposal, but we believe the concepts are important to retain to provide State and local governments with the certainty and predictability in transportation funding crucial to their programs, and to better align highway spending with highway use.

To further assure that every dollar collected into the Highway Account of the Highway Trust Fund during the 6-years covered by the reauthorization period would be obligated and eventually spent, the President's Budget for fiscal year 2004 links highway program funding levels for each year to the current projections of Highway Account receipts for that same year, rather than the method under TEA-21 which linked funding to prior year receipts.

The 2004 budget also proposes, to augment Trust Fund receipts, that all revenue from gasohol taxes be deposited directly in the Highway Trust Fund, rather than the current practice of diverting 2.5 cents per gallon to the General Fund. If enacted, this one change would add more than \$600 million of available funding to the Highway Trust Fund for each year of the authorization cycle. All of this additional funding would go into the highway account of the Highway Trust Fund. This is an important step toward meeting our Nation's transportation needs during a period when finding additional resources for highways will test our ingenuity.

The President's budget request does not propose any new gasoline taxes.

The President's budget also proposes a new program—the Infrastructure Performance and Maintenance Program—intended to quickly address congestion, traffic bottlenecks, and pavement conditions. The proposal would add an additional \$1 billion per year over the 6-year reauthorization period in obligation authority above estimated receipts. The President's budget request will have the effect of spending at a level that keeps the Highway Trust Fund balance relatively constant and sufficient to meet program outlays. This proposal has been carefully evaluated and we believe it is prudent and responsible for the Nation at this time.

We will continue to encourage the States to employ innovative financing tools for more private sector investment in infrastructure and to better leverage our Federal transportation dollars. The 2004 budget requests funding to continue the Transportation Infrastructure Finance Innovation Act program (TIFIA) at the 2003 level. Innovative financing has proven especially useful to advance the intermodal projects that are so important for efficient movement of freight.

#### FREIGHT MOVEMENT

Effective freight transfer networks are crucial to our economy. In addition to encouraging States to use innovative financing methods and core program funds to address freight gateway and freight intermodal connector needs, we will work with other DOT agencies on more effective planning, improved data, multistate coordination, and infrastructure and operational improvements for these networks.

Freight movement carries many homeland security ramifications which must be properly integrated into an overall freight movement network to avoid adversely impacting operational efficiencies. Some of these concerns would be addressed with funding requested for ITS research and deployment. This research will focus on container security and the development of a "smart container" that will reduce the vulnerabilities that have been previously identified in the supply chain, and complement other container security initiatives in which the Department is involved such as Operation Safe Commerce. Joint tests are being proposed with partnering nations.

Proposed investment of \$47 million in fiscal year 2004, for cross-border safety inspection infrastructure at our southern international borders, will not only address highway safety and national security concerns, but should improve the flow of freight at border chokepoints. This investment will be the last installment of a 3-year effort totaling \$150.3 million.

#### SYSTEM CONDITION AND PERFORMANCE

As mentioned above, our proposal unveils a new \$1 billion Infrastructure Performance and Maintenance initiative specifically aimed at addressing immediate highway needs and at projects that can be implemented quickly. Totalling \$6 billion over the authorization period, this funding will target projects that address traffic congestion and bottlenecks, and improve pavement conditions. The idea is to promote projects that result in immediate benefits while avoiding long-term commitments of funds; that is, projects that can be undertaken and completed within a short time-frame. States would be required to obligate funds in the first half of each fiscal year. Funds not obligated during this period would be withdrawn and redistributed to States with projects ready to go.

Only highway projects for system preservation, preventive maintenance, or operational improvement that are already eligible under the Interstate Maintenance Program, the National Highway System program, and the Surface Transportation Program would be eligible. It is anticipated that these projects would improve highway system condition and performance. Safety will benefit as well from these system improvements coming online quickly.

#### PROGRAM AND FINANCIAL STEWARDSHIP

Stewardship requires that we ensure that the nation's resources entrusted to us are used to wisely solve our nation's transportation problems. Stewardship requires that we continue to find ways to meet our highway responsibilities to the public by efficiently delivering the very best in safe, secure, operationally efficient, and technically advanced highway facilities, while complementing our nation's many other vital public and community needs. It requires unquestioned corporate and individual integrity. This is a priority for the Department and the Federal Highway Administration.

With the funds requested for fiscal year 2004, FHWA will specifically focus on process improvements to ensure that challenging transportation solutions are provided as promised—on schedule and within budgets. We will work with the States to ensure new and expanded approaches to integrating the planning, environmental review, and project delivery processes, along with greater emphasis on program level and major project management oversight. We have requested additional administrative resources, including staffing, for these purposes.

*Oversight.* The availability of adequate administrative resources is necessary to ensure that the American public is getting the full value from its investment of highway user fees, by providing the level of oversight and stewardship necessary to deliver the Federal-aid Highway Program in an efficient and effective manner. It should be emphasized that the cost to taxpayers for the stewardship of the Federal-aid Highway Program is about 1 percent of the cost of the programs that the FHWA oversees. We believe this represents responsible taxpayer value. The funding requested for fiscal year 2004 will permit FHWA to hire 12 additional employees dedicated to oversight of major projects (projects of over \$1 billion in cost), providing at least one project oversight manager for each megaproject. In addition, we will work with States to ensure financial and project plans are adequate and in place before a project is started and that performance can be evaluated, in an effort to maximize each Highway Trust Fund dollar spent. With the administrative funding requested, we further propose to improve the security of our critical information systems and upgrade our information technology infrastructure.

An oversight program will be established which is responsive to all areas related to financial integrity and project delivery. Risk assessment tools will be used to focus on critical program areas and resources will be allocated accordingly.

## ENVIRONMENTAL STEWARDSHIP

FHWA is committed to fulfilling its environmental stewardship responsibilities. Continued progress in streamlining the delivery of transportation improvement projects will improve safety and ease congestion, but must be balanced with the need to protect communities and the environment. Funds requested for 2004 will allow us to continue to work closely with the Environmental Protection Agency (EPA) to reduce on-road mobile source emissions. Through Congestion Mitigation and Air Quality Improvement Program (CMAQ) funding we will advance transportation projects that reduce emissions—projects that also reduce traffic congestion.

Support for air quality and climate research will advance our understanding of the relationship of surface transportation to the emerging areas of fine particulate emissions, toxic air emissions, and regional haze. With this knowledge, the transportation community can develop mitigation tools and technologies to reduce such emissions.

Each year over 900 million people visit National parks, forests, and wildlife refuges. Through our Federal Lands Highways program we are providing funding to maintain and responsibly improve access to these areas. Because a substantial maintenance backlog has built up in our system of Park Roads and Parkways, the President's budget requests a \$135 million funding increase, for a total of \$300 million for fiscal year 2004, to improve National Park Service roads.

NHS, STP, and Federal Lands funds can support programs that reduce the social and environmental impacts of transportation improvement projects. FHWA will promote strategies that emphasize environmental values at the systems planning level, as well as the project level. We will seek to improve our ability, and that of our partners, to design and manage programs and projects that protect and improve the ecological quality of the larger watershed in which Federal-aid highway projects are located. Wider use of watershed and ecosystem level approaches that enhance, restore, and preserve aquatic and upland ecosystems will serve to maximize benefits while expediting the environmental review process.

*Environmental Streamlining.* Efficient environmental review processes will continue to be a priority. The President's budget will advance efforts to cooperatively establish realistic project development timeframes among the transportation and environmental agencies. Working together to adhere to those timeframes requires greater resource commitment, but is critical to success. An example of what can be achieved through early inter-agency coordination and big-picture, corridor decision-making early in the planning and review processes is the tiered environmental review for the 200-mile I-70 project in Missouri, which is expected to be completed in approximately 4 years rather than the 6 to 7 years often required for complex corridor studies.

In order to meet the intent of the President's Executive Order on Environmental Stewardship and Transportation Infrastructure Reviews, we will intensify efforts currently underway that focus on solidifying interagency partnerships. To this end, we have already identified seven priority projects for closer attention, including the Chittenden County Circumferential Highway in Vermont. This highway's status as a priority project ensures that resolution of project issues is treated as a high priority for both agencies, resulting in expedited reviews and increased communication between the agencies.

## EMERGENCY RELIEF

Another key component of the fiscal year 2004 budget that impacts safety, security, and mobility is a proposal for increasing mandatory Emergency Relief (ER) funding from \$100 million per year to \$200 million. Historically, the \$100 million per year authorization for the ER program has been inadequate to fund all the requests, and supplemental appropriations have been provided by Congress when large backlogs developed. The proposed increase will enable FHWA to respond more quickly to the urgent needs of the States and local communities. For example, ER funding permitted FHWA to provide an initial allocation of \$3 million to Oklahoma just a week after a barge accident last year caused the collapse of the I-40 bridge. This initial funding and a followup allocation of \$11.9 million, provided the Oklahoma State Department of Transportation resources to minimize interruption of a critical Interstate route, and to provide for reconstruction. The current estimate of remaining ER needs related to the I-40 bridge catastrophe is \$15.2 million. Our 2004 budget request to double the annual authorization level for ER will allow us to continue to meet such needs.



## CONCLUSION

Within today's constrained budget environment, President Bush's 2004 budget request makes a very substantial commitment to ensuring a safe and efficient Federal transportation system for all Americans. The funding requested in 2004 will help improve transportation safety; enhance national security; maintain and improve our transportation infrastructure, and increase its operational capacity; reduce environmental degradation; and improve the quality of life for all our citizens. Secretary Mineta and all of us at the Department of Transportation look forward to working with Congress to enact the President's fiscal year 2004 budget in order to provide a viable transportation system to support a strong America.

Thank you again for the opportunity to testify today. I would be pleased to answer any questions you may have.

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 RESPONSES OF MARY PETERS TO ADDITIONAL QUESTIONS FROM SENATOR VOINOVICH

*Question 1a.* Your testimony states that Secretary Mineta has made safety his top priority for transportation. You also state that in the President's budget request and reauthorization proposal, you have designed comprehensive and complementary Federal safety programs.

How will the Administration's reauthorization proposal reflect the Secretary's interest in safety?

Response. The Administration's reauthorization bill has not yet been finalized, pending resolution of remaining comments that developed during the inter-agency clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, we are making every effort to expedite completion of the bill, and look forward to discussing our proposal with you as we continue to work together through the reauthorization process. As I noted in my testimony, increased policy emphasis, greater visibility, and more resources to implement the Department's safety programs are important considerations.

*Question 1b.* Do you envision creating new programs or consolidating or making changes to existing programs?

Response. The Administration supports quick delivery of safety programs to save more lives. Program simplification and consolidation are strategies considered for achieving more efficient program delivery. A comprehensive and complementary, data-driven approach to safety is also important to coordinate successful techniques from all aspects of safety that will have the greatest impact on reducing highway deaths and injuries.

*Question 1c.* Will State and local governments be provided additional flexibility in the manner in which funding for safety programs may be used?

Response. State and local flexibility to invest safety dollars where the needs and the potential for crash reductions are greatest is an important consideration in structuring future safety programs. Improved crash data collection and analysis systems are also key to smarter investments that save more lives.

*Question 2.* As the Interstate system reaches its 50th anniversary, many States like Ohio are facing the high costs of reconstructing their Interstate highways.

How does FHWA's budget and reauthorization proposal address the special needs of States with an aging Interstate system?

Response. The Administration's reauthorization bill has not yet been finalized, pending resolution of remaining comments that developed during the inter-agency clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, as I described in my testimony, the Administration has announced a \$6 billion initiative called the Infrastructure Performance and Maintenance Program (IPAM), which is designed to assist States in addressing congestion mitigation and maintenance projects that are ready to be constructed. While this program is not restricted to the Interstate system, we expect that States will advance many Interstate projects with these additional funds.

*Question 3a.* According to your testimony, in fiscal year 2004, FHWA is focusing its safety research and technology program on high accident areas.

How does FHWA work with State and local governments to ensure our roads are as safe as possible?

Response. The FHWA provides a key leadership role in working with State and local governments to improve safety on America's roads by providing technical support, training, and information on the latest and more successful practices, policies, and emerging technologies. We equip State and local decisionmakers to make the right decisions based on their particular safety problems and resources. Our aim is

getting the right information to the right State and local people at the right time—that is, getting these “tools for life” to the front line on time.

The major national activity underway is the implementation of the AASHTO Strategic Highway Safety Plan and related tools. The Plan outlines a comprehensive, integrated approach to significantly reduce deaths and injuries on the roads of the Nation. This Plan was developed by a group of experts from public and private safety organizations. It addresses the highway safety problem on several fronts, including engineering, education, enforcement, and emergency medical services and provides strategies and actions to substantially reduce the frequency and severity of crashes. FHWA has a key responsibility in the transfer of technologies and tools resulting from the Plan.

We also work with State and local agencies in the development, testing, and evaluation of emerging safety technologies and tools. For example, we have test and evaluations underway for speed management techniques, as well as a new software package used to assess the safety implications of alternative roadway designs and alignments for rural two lane roads.

FHWA is working with the many highway safety national organizations and State and local agencies to provide this life-saving technical support, training, and information. These organizations include Local Technical Assistance Program centers, the American Public Works Association, the National Association of County Engineers, the Institute of Transportation Engineers, the Governors Highway Safety Association, as well as State and local departments of transportation.

*Question 3b.* What is the most pressing roadway safety problem facing the Nation? What can be done to address the problem?

Response. The roadway safety problem is a significant problem for the Nation. Nearly 43,000 people are killed on America’s roads each year. On an average day, 117 people lose their lives on our highways, and traffic crashes are the leading cause of death for Americans from 1-year to 34-years old. Traffic crashes cost our Nation over \$230 billion dollars per year, yet most Americans don’t see highway safety in these terms. Traffic crashes always affect the “other guy” and until the tragedy strikes close to home the general attitude of the public borders on complacency. Improving highway safety starts with the personal responsibility of drivers, with steps as simple as wearing a seat belt, and goes on from there to involve stakeholders in both the public and private sectors. We need to do a much better job of informing those who are unaware of this major public health issue, and working collaboratively with those who are aware, to bring the death toll down. Public awareness campaigns and active partnerships with State and local safety programs that provide comprehensive approaches to safety are very important. We also need the leadership of our decisionmakers to emphasize the importance of improving safety and to provide direction for future efforts.

We have another important challenge to overcome in combating this National safety “epidemic.” A more comprehensive and strategic approach to highway safety is needed to allow Federal, State, and local safety programs to use the tools, practices and insights that will save the most lives. Better safety data is needed to help safety organizations identify their State’s or community’s most significant safety needs and the areas with the highest safety payoffs. At the Federal level, we can provide the flexibility for a comprehensive and strategic approach to safety, based on better crash data systems and the use of a wider range of resources, tools, and effective practices.

*Question 4.* Will the Administration’s reauthorization proposal propose that any of the program funding not currently distributed by formula be distributed by formula?

Response. The Administration’s reauthorization bill has not yet been finalized, pending resolution of remaining comments that developed during the inter-agency clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, we are making every effort to expedite completion of the bill, and look forward to discussing our proposal with you as we continue to work together through the reauthorization process.

*Question 5a.* How important are Intelligent Transportation Systems to enhancing mobility? What success has been achieved to date as a result of ITS projects?

Response. Intelligent Transportation Systems are essential to enhancing mobility as demand for highway travel by Americans continues to grow as population increases. Construction of new highway capacity to accommodate this growth in travel has not kept pace. Between 1980 and 1999, route miles of highways increased 1.5 percent while vehicle miles of travel increased 76 percent. The Texas Transportation Institute estimates that, in 2000, the 75 largest metropolitan areas experienced 3.6 billion vehicle-hours of delay, resulting in 5.7 billion gallons in wasted fuel and

\$67.5 billion in lost productivity. Traffic volumes are projected to continue to grow. The volume of freight movement alone is forecast to nearly double by 2020.

The ITS Program has seen a broad number of successes related to the deployment of ITS systems and the benefits provided by those systems. The U.S. Department of Transportation's Joint Program Office for Intelligent Transportation Systems (ITS JPO) has been actively collecting such information from evaluations of implemented ITS initiatives in order to understand the impact of ITS on the operation and safety of the surface transportation network, and to share lessons learned from past implementations with other U.S. cities and States considering the implementation of ITS. The following are some examples drawn from studies summarized in the database:

- In September of 2000, the New Jersey Turnpike Authority (NJTA) completed their evaluation of the E-ZPass electronic toll collection system. Toll plaza delay was reduced by approximately 85 percent for a total savings of 2,091,000 vehicle-hours per year. Passenger car delay was reduced by 1.8 million hours per year; truck delay was reduced by 291,000 hours per year. Sixty-five percent of this benefit, or 1,344,000 vehicle-hours, was time saved by travelers with E-ZPass, while the remaining 35 percent of the benefit was the 747,000 vehicle-hours saved by other motorists using the toll facilities. There were corresponding reductions in energy consumption and harmful emissions.

- In the spring of 2000, a transit signal priority system was implemented on a 2.1 mile section of Rainier Avenue in King County, Washington. The King County DOT found the system decreased bus travel time variability by 35 percent and reduced the number of signal-related stops by 50 percent for buses with signal priority.

- In Minneapolis-St. Paul, Minnesota, freeway traffic performance was measured with and without the use of ramp meters. During the 6-week *shutdown* of the ramp metering system there was a 28 percent increase in freeway travel time, a 7 percent reduction in freeway speeds, a 14 percent reduction in peak period throughput, and a 26 percent increase in peak period crashes on the freeways.

When the ability to add new roadways is constrained, 21st century operations enabled by the 21st century technologies of ITS are key to enhancing mobility and relieving congestion in America.

We also want to note that our sister agency, the National Highway Traffic Safety Administration (NHTSA), is providing a lead role in the Department-wide ITS initiative administered by the ITS Joint program office. NHTSA is working closely with the vehicle manufacturers to advance the availability of crash avoidance technologies on vehicles. These technologies are designed to assist drivers under hazardous situations and to help them avoid impending crashes.

*Question 5b.* How does ITS help homeland security readiness?

Response. A major objective of homeland security readiness is being ready to respond to and recover from an attack on the Nation. Whether or not the attack directly strikes the transportation infrastructure, transportation is always the method through which we respond, and by which we work during recovery. ITS has a critical role in enabling us to respond and recover effectively. ITS can provide instantaneous detailed information and the capability to manage the surface transportation network during the crisis. Thus, it facilitates the ability of our responders such as police, fire, and hazardous materials and emergency medical personnel, to reach the scene quickly, and with the greatest knowledge about the scene. It also facilitates our ability to get the ill and injured away from the scene, and possibly to get the larger community far enough away that they are no longer at risk. Similarly, historical traffic flow data from ITS systems provide important input to the process of planning for disasters. Quality plans, accurately reflecting transportation capabilities and needs, are essential to readiness. The same traffic data also provides the basis for "What-if" analysis, making those emergency management plans flexible so that they can deal with a broad range of hazards, and can handle the many locations where a disaster might strike.

*Question 6.* Your reauthorization proposal would link highway program funding levels for each year to the current projections of Highway Account receipts for that same year, rather than the method under TEA-21 which linked funding to prior year receipts.

How exactly would that work? When would the projections be made? Would they be able to be revised and how would this affect highway spending in a given year?

What will the Administration propose to avoid the drastic fluctuations in highway spending such as that which occurred last year as a result of a negative RABA calculation?

Response. The Administration's reauthorization bill has not yet been finalized, pending resolution of remaining comments that developed during the inter-agency

clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, we are making every effort to expedite completion of the bill, and look forward to discussing our proposal with you as we continue to work together through the reauthorization process.

*Question 7a.* Your proposal would add an additional \$1 billion per year over the 6-year reauthorization period in obligation authority above estimated receipts. This essentially equates to a \$1 billion per year spend down of the “balance” of the Highway Trust Fund.

Would these extra billion dollars require the Federal Government to borrow more money to pay for this extra investment?

Response. Borrowing would not be necessary. For the Federal-aid Highway Program, obligations do not translate immediately into outlays. Like other capital programs, the highway program outlays slowly. Obligations in excess of anticipated revenue will slowly decrease the balance in the Highway Account of the Highway Trust Fund. However, considering projected levels of income and obligation, we estimate that balance will be approximately \$10 billion at the end of the 6-year reauthorization period. We consider this balance to be safe and prudent.

*Question 7b.* How would the funds be distributed? What strings would be attached? What types of projects would benefit?

Response. The Administration’s reauthorization bill has not yet been finalized, pending resolution of remaining comments that developed during the inter-agency clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, we are making every effort to expedite completion of the bill, and look forward to discussing our proposal with you as we continue to work together through the reauthorization process.

*Question 8.* Other than depositing all of the Federal excise tax collected on ethanol-blended fuels into the Highway Trust Fund, which I strongly support, does the Administration support any additional measures to increase revenues?

Response. The Administration will not propose any increases to the highway-related excise taxes that are deposited in the Highway Trust Fund. It will, however, continue its support for improved fuel tax collection efforts.

*Question 9.* How has FHWA streamlined the delivery of transportation projects in the absence of regulations implementing the environmental streamlining provisions contained in TEA-21? What will the Administration be including in its reauthorization proposal to streamline the environmental review process?

Response. FHWA has pursued a multi-faceted strategy for implementing environmental streamlining in the absence of regulations. As directed in the Fiscal Year 2003 DOT Appropriations Act, FHWA submitted to Congress on April 11, 2003, a report on Environmental Streamlining accomplishment. This report discusses the actions taken under Executive Order 13274 and FHWA’s Vital Few Goals effort to raise visibility and create a sense of urgency for environmental streamlining, solidify interagency partnerships, reengineer the environmental review process, issue guidance to enhance process predictability, evaluate the performance of environmental streamlining, institutionalize dispute resolution, support State environmental streamlining efforts, and share information on best practices.

The details of the Administration’s reauthorization proposal in the environmental streamlining area have not yet been finalized.

*Question 10a.* Last year the Transportation Research Board completed its study of the effectiveness of the Congestion Mitigation and Air Quality Program (CMAQ).

Has FHWA reviewed the report? Are there any findings in the report that you especially believe would inform the debate on whether to make changes to the program in the reauthorization bill?

Response. The CMAQ study was released in April 2002. Under the National Academies of Sciences (NAS), the Transportation Research Board (TRB) prepared a comprehensive and detailed report chronicling the program’s first ten years. We have reviewed the report with considerable interest and continue to do so. We regularly use the research and the valuable support information it carries.

The FHWA is committed to improving the CMAQ program, through legislative or other means. We have reviewed the TRB study with such enhancement of CMAQ in mind. For example, we agree that CMAQ has value and should be continued and that air quality improvement should remain its primary focus. The exact changes that will be contained in the Administration’s proposal for reauthorization have not been finally decided, but will likely address many of the report’s recommendations. Our thoughts on the rest of the NAS recommendations are provided below.

*Interagency Consultation.* As noted in the NAS report, we have encouraged interagency consultation, under our current CMAQ Program Guidance, in the project se-

lection process and many areas have responded by including State and local air pollution control officials in project selection. In the interests of local flexibility and decisionmaking, we have not required any specific make-up of these local project selection committees.

*All Pollutants/New Air Standards.* The report specifically notes the new data showing fine particulates (PM<sub>2.5</sub>) as having serious human health impacts. That is our understanding as well. The current focus of the program is on those EPA-regulated pollutants that can be affected by transportation-related measures. While EPA has not yet designated any areas as being in nonattainment of its new standard for fine particulate matter or under the 8-hour ozone standard, there may well be justification for including these areas in the CMAQ apportionment formula. Failure to do so could restrict funding in States whose nonattainment populations have grown substantially.

Other pollutants suggested in the NAS report may not be as applicable to mitigation under the CMAQ program. For example, transportation contributes just 2 percent to sulfur dioxide, and no standards have yet been set for air toxics. As such, it may not be worthwhile to pursue funding for SO<sub>2</sub> reduction since transportation sources represent such a small component of total SO<sub>2</sub>. Similarly, without standards and nonattainment designations, we may not be able to target control strategies and areas to address air toxics in reasonable ways.

*Scrappage Programs.* The report specifically mentions vehicle scrappage programs, which are statutorily ineligible under current law, as well as public-private projects, diesel programs and freight, all of which are eligible and have been funded by the CMAQ program. With the exception of scrappage programs, it is not clear what else might be funded under the program that is not already eligible.

*Support for Operations.* The use of CMAQ funds for operational support is being evaluated by the Department to determine whether eligibility for such funding should be continued and, if so, for how long. The use of CMAQ for operations must be considered very carefully because CMAQ funds are used for transit projects, inspection and maintenance programs, as well as highway projects, and the combined operational needs of transit operators and the State and local highways agencies is about \$32 billion annually, many times larger than the \$1.8 billion of CMAQ funding apportioned to the States in FY2002. In further discussions with the NAS panel, it is clear that this recommendation carried the requirement that further air quality benefit be demonstrated. We are not sure that such a demonstration can be made under existing EPA procedures since operating support does not yield further emission reductions toward attainment. Our CMAQ guidance has allowed CMAQ funds to be used for operations for 3 years after the initiation of a new activity that benefits air quality. After a 3-year startup period, we expect ongoing operations to be funded from other sources, so as to free-up CMAQ funding for initiating new, beneficial air quality projects, rather than being tied up in perpetuity for maintaining an ongoing level of operations.

*Land Use.* The NAS panel recommended that we consider the use of CMAQ funds for land use strategies leading to long-term reduction in future mobile source emissions. But as also noted in the report, the potential for land use strategies to reduce congestion or vehicle emissions is complex and unclear. An important consideration is that CMAQ funding is derived from the Highway Trust Fund and must be used for "transportation" projects that assist attainment. Some land use strategies may not be reasonably considered transportation. Those that are, may already be eligible for CMAQ funding. At least one proposal for transit-oriented development has been determined to be eligible for CMAQ support. Further, it may be difficult to demonstrate an emission reduction that assists attainment of the standards.

*Project Selection.* The panel recommended that we develop more rigorous procedures for selection and evaluation of CMAQ projects in the context of local air quality and congestion problems. While we support performance-based approaches, there is concern about balancing the needs of the local decisionmakers against the strictures of a federally required project evaluation and selection process.

*Project Evaluation.* Finally, the NAS provided two recommendations to encourage more evaluations of funded projects by States and localities, and to undertake a national level, targeted program of evaluation. We will currently allow CMAQ funds to be used for evaluation purposes of a CMAQ-funded project. We even require it for experimental pilot projects. We are evaluating just how something more might be accomplished. One of the problems is that a high quality evaluation, including before and after studies, can cost as much as the transportation improvement being evaluated according to a recent NCHRP report. State and local jurisdictions might prefer to spend that money doing another project.

We find the recommendation for a national level evaluation program to be an interesting prospect. The CMAQ program has funded more than \$11 billion thus far;

some funding might be justified to make sure that the program investment is optimized. It seems unlikely that State and local programs will have the ability to undertake such a program and the Federal Government may be the only entity that could provide such assessments and disseminate the results nationally.

*Question 10b.* Will your reauthorization proposal propose changes to the CMAQ program? If so, what changes are you proposing?

Response. Regarding any recommended changes to the program, as mentioned above, our proposal remains in development.

*Question 11.* Will you be proposing any changes to conformity and transportation planning? Do you think any reforms are necessary? Have you been working with EPA on these issues?

Response. The Administration is still in the process of finalizing its legislative proposal. FHWA is committed to continuing the progress made over the last thirty years in reducing motor vehicle emissions and supports the goals of the Clean Air Act's transportation conformity provisions. However, we also recognize that additional improvement in the coordination of the transportation and air quality planning processes can be achieved. Some stakeholders indicate that there remain opportunities to improve the transportation conformity process. They cite the fact that transportation plans and SIPs are not synchronized with one another due to different planning horizons and update frequencies.

Although final decisions have not been made on approaches to address the conformity and transportation issues in the Administration reauthorization proposal, FHWA has been in consultation with EPA on the formulation of final positions on specific transportation conformity issues.

*Question 12.* How does FHWA's budget and reauthorization proposal promote intermodalism? How important is intermodalism to the Nation's transportation system and economic viability?

Response. Intermodalism is a public policy theme expressed in both the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and the current authorizing legislation, the Transportation Equity Act for the 21st Century (TEA-21). The U.S. freight transportation network moves a staggering volume of goods and people each year. It is a necessity, not a luxury.

Over 15 billion tons of goods, worth more than \$9 trillion, were moved in 1998. Trucks carried about 71 percent of the tonnage and 80 percent of the total value. In 2020, the U.S. system is expected to handle almost 26 billion tons valued at nearly \$30 trillion. That is roughly a 70 percent increase in tons and much more than a doubling in value.

No one mode of transport will be able to accommodate the anticipated growth of freight tonnage. If a State doesn't have good transportation, it is less competitive. If the United States doesn't have a strong transportation system, we are less competitive in a global economy. In many cases, the demand for trucking along corridors that expect significant growth will place additional burdens on States and communities striving to support both freight movement while improving safety and community liveability.

Perhaps we have been too successful. The system has been so reliable that many businesses depend on just-in-time delivery. But congestion, delayed infrastructure repairs, and other factors threaten the system and add cost. Excess travel time costs freight carriers between \$144 and \$192 an hour.

The Administration understands these issues. Therefore, intermodal improvements are an important part of our surface transportation emphasis for 2004 and out years. We are encouraging States to use innovative financing methods and core program funds to address intermodal improvements within freight gateways and to the transportation infrastructure that connects these gateways to the Nation's mainline transportation networks.

For example, proposed investment of \$47 million in fiscal year 2004, for cross-border safety inspection infrastructure at our southern international borders, will not only address highway safety and national security concerns, but should improve the flow of freight at border chokepoints. This investment will be the last year of a 3-year effort totaling \$150.3 million.

Every modal administration within the U.S. Department of Transportation is working on improving linkages and connectivity to other modes so that the traveling public, as well as freight carriers, can more efficiently reach their destinations. The Administration's reauthorization bill has not yet been finalized, pending resolution of remaining issues that developed during the inter-agency clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, we are making every effort to expedite completion of the

bill, and look forward to discussing our proposal with you as we continue to work together through the reauthorization process.

While the focus of FHWA's intermodal efforts are in the area of more efficient freight movement, our fiscal year 2004 Intelligent Transportations Systems (ITS) Program budget does contain a significant transit component. In fiscal year 2004 we proposed a \$7 million Transit ITS Program that would focus on passenger security, integrated transit system operations, coordination of public transportation delivery, and electronic fare payment.

*Question 13.* Should the States have more or less flexibility to use their Federal highway funds to meet their own unique transportation needs?

Response. The highway program should be focused on solving transportation problems and, as such, should eliminate barriers, expand flexibility, and free State and local officials to solve problems by applying the right solutions to their particular area, while remaining mindful of important national goals. Increased flexibility will require increased accountability.

*Question 14a.* As a member representing one of the 13 member States of the Appalachian Regional Commission, I am very interested in addressing the remaining cost to complete the Appalachian Development Highway System, which is estimated to cost \$4.5 billion. What does FHWA's budget provide for the Appalachian Development Highway System and what will be included for the system in the reauthorization proposal?

Response. The Administration's reauthorization bill has not yet been finalized, pending resolution of remaining issues that developed during the inter-agency clearance process. Until the content of the bill is finalized, we are unable to provide a definitive response to this question. However, we are making every effort to expedite completion of the bill, and look forward to discussing our proposal with you as we continue to work together through the reauthorization process.

The Federal Highway Administration has worked very closely with the Appalachian Regional Commission and the State Departments of Transportation to develop a new cost-to-complete estimate for the Appalachian Development Highway System (ADHS). Since these State-by-State estimates are the basis of apportioning the funds among the Appalachian States, they will enable the apportionment of funding to be more accurately distributed according to remaining needs.

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#### RESPONSES OF MARY PETERS TO ADDITIONAL QUESTIONS FROM SENATOR JEFFORDS

*Question 1.* Please compare the funding proposed for CMAQ in the administration's fiscal year 04 Budget with that appropriated by Congress for the program for fiscal year 2003. How do the two numbers compare? Please explain any proposed change in program funding.

Response. Our draft proposal remains in development. Discussion of fiscal year apportionments is ongoing, and any detailed discussion of these estimates would be premature. However, the President's budget for fiscal year 2004 anticipates a decline in CMAQ funding. Despite a decrease in this single year, we anticipate that the funding for the CMAQ Program will grow consistent with the growth in the other core highway programs fiscal year 2004-fiscal year 2009. We expect that this very temporary drop in annual CMAQ resources will be more than offset over the life of our proposal.

*Question 2.* Please describe the resources, guidance, and funds that DOT will use and provide to the States and communities in fiscal year 2004 for ensuring that they will be prepared to demonstrate timely transportation conformity in the event of possible new nonattainment designations under the 8-hour ozone and fine particulate matter standards.

Response. DOT and EPA have worked closely in providing technical assistance to areas to address conformity and transportation air quality issues. In anticipation of the number of new areas designated nonattainment for the first time that have no previous conformity experience, DOT has embarked on a number of activities to prepare areas for this challenge:

1. Revise transportation conformity regulations—DOT is working closely with EPA as they revise their conformity rule for the implementation of the new ozone and fine particulate standards. Their goal is to complete the rulemaking process before April 15, 2004, the anticipated date upon which EPA will finalize the new ozone nonattainment designations. We believe this will allow newly designated nonattainment areas to fully utilize the 1-year conformity grace period in meeting conformity requirements.

2. Continue existing training courses—DOT has developed a well-received basic transportation conformity training course. The course was offered 6 times during fiscal year 2002. The course offerings were attended by about 230 people representing both public (Federal, State, and local governments) and private sectors of both transportation and air quality disciplines. In fiscal year 2003 and fiscal year 2004, DOT anticipates offering this training course through the National Transit Institute in about 10 cities. A number of workshops and tailored seminars also have been provided by our field resource centers, primarily focusing on emissions modeling, transportation conformity, and the CMAQ program. In addition, FHWA will continue to provide training in MOBILE6, EPA's current emissions factor model, in fiscal year 2004.

3. Provide new training opportunities—FHWA's National Highway Institute will be launching 2 new training courses in fiscal year 2004 which will be very helpful to areas in preparing for their conformity analysis. (a) Estimating Regional Mobile Source Emissions and (b) The Implication of Air Quality Planning on Transportation.

4. In May 2002, FHWA launched a Transportation Conformity Community of Practice (CoP) website to allow for sharing of best practices, free exchange of ideas and discussions on topics related to conformity among practitioners. The CoP website can be accessed at: <http://www.fhwa.dot.gov/environment/aquupdate/index.htm>

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REPORT TO CONGRESS ON FEDERAL HIGHWAY ADMINISTRATION ENVIRONMENTAL  
STREAMLINING ACTIVITIES DURING 2002

FEDERAL HIGHWAY ADMINISTRATION, APRIL 2003

EXECUTIVE SUMMARY

This report responds to the Congressional direction contained in the report accompanying the Consolidated Resolutions Appropriations, 2003, P.L. 108-7, Division I, The Department of Transportation and Related Agencies Appropriations, 2003. The conference report language is contained at page 1262 of House Report 108-10. It states, "FHWA streamlining—The conferees direct the Federal Highway Administration (FHWA) to provide the House and Senate Committees on Appropriations a report, not later than April 15, 2003, summarizing FHWA's streamlining efforts, as proposed by the House. The report should include specific examples of FHWA activities that help streamline the environmental process."

The Federal Highway Administration pursued a multi-faceted strategy for implementing environmental streamlining during 2002. This report summarizes accomplishments in the following areas:

- Raising visibility and creating a sense of urgency,
- Solidifying interagency partnerships,
- Reengineering the environmental review process,
- Issuing guidance to enhance process predictability,
- Evaluating the performance of environmental streamlining,
- Institutionalizing dispute resolution,
- Supporting State environmental streamlining efforts,
- Sharing information on best practices,
- Rulemaking.

A particularly important development during 2002 was President Bush's issuing Executive Order 13274, "Environmental Stewardship and Transportation Infrastructure Review." This executive order and the followup implementation efforts have created a new energy among the Federal agencies involved in environmental streamlining for transportation projects. The Federal Highway Administration has taken a major role in the interagency task force created by the executive order. This new venue promises to be an effective tool for forging ahead together on a broad agenda of environmental streamlining and environmental stewardship initiatives.

INTRODUCTION

As directed in the report accompanying the Department of Transportation and Related Agencies Appropriation Act, 2003, the Federal Highway Administration submits this status report on environmental streamlining to the Congress.

During 2002, the Federal Highway Administration pursued environmental streamlining on multiple fronts. While building on earlier efforts to advance a broad based interagency agenda, FHWA also took aggressive steps to heighten the visibility of environmental streamlining and to create a specific performance based set



of expectations for implementing environmental streamlining. Of particular note are (1) the issuance of a new executive order addressing environmental streamlining and FHWA's role in its implementation and (2) the development of a targeted performance-based agenda on environmental stewardship and environmental streamlining as part of FHWA's Vital Few Goals effort. The following sections of this report provide details on these and other efforts to advance environmental streamlining.

#### RAISING VISIBILITY AND CREATING A SENSE OF URGENCY

*Executive Order.* On September 18, 2002 President Bush signed Executive Order 13274, "Environmental Stewardship and Transportation Infrastructure Project Review." This executive order establishes an interagency task force to explore environmental stewardship opportunities, improve environmental review processes, and oversee specific projects on a priority list selected by the Secretary of Transportation. The executive order is multimodal in scope and has a strong positive effect on environmental streamlining for the highway program. FHWA was an active participant in the discussions that led to the issuance of the executive order and has taken a lead role in implementing many of the activities under the executive order. The executive order has raised the visibility of environmental streamlining among high-level officials in the executive branch agencies. This raised visibility is evidenced by reports from the interagency task force agencies that environmental streamlining in transportation projects has been placed as an on-going agenda item for executive and senior staff and they are actively seeking ways to promote program efficiencies in the field.

The Department of Transportation has thus far convened an organizing meeting for the interagency task force (on November 22, 2002) and two regular meetings (January 30, 2003 and March 4, 2003). Progress to date has focused on selection and oversight of projects on the priority list. Secretary Mineta selected 13 projects for the priority list; of these 10 are highway projects. Designation of these projects has already begun to create a greater sense of urgency among field staff of the various agencies to resolve outstanding issues. Further details on the executive order and implementation activities can be found at [www.fhwa.dot.gov/stewardship/eo13274.htm](http://www.fhwa.dot.gov/stewardship/eo13274.htm).

*FHWA Vital Few Goals.* In conjunction with FHWA's performance planning efforts under the Government Performance and Results Act, FHWA Administrator Mary Peters launched an effort that identified and articulated Vital Few Goals, priority areas for FHWA action on a nationwide basis. Environmental stewardship and environmental streamlining is one of the three Vital Few Goals. During 2002, FHWA developed a specific set of agencywide performance expectations for the environmental stewardship and environmental streamlining Vital Few Goal. These performance expectations focus on improving the quality and timeliness of the environmental review process and on clearly demonstrating environmental stewardship accomplishments. For example, a study of the timetable for environmental reviews was conducted in 2002 and a followup assessment will continue in 2003. FHWA has put in place a process for generating and monitoring project schedules to keep projects moving and on track for timely completion. More information on this effort is available at [www.fhwa.dot.gov/environment/strmlng/essovervw.htm](http://www.fhwa.dot.gov/environment/strmlng/essovervw.htm).

#### SOLIDIFYING INTERAGENCY PARTNERSHIPS

*Executive level interagency task force.* The interagency task force created under Executive Order 13274 has provided for the first time a continuing forum for engaging executive representatives of the Federal agencies most involved in environmental streamlining. While the focus of the task force's work so far has been oversight of the designated priority projects, the task force has begun crafting a broader agenda that also looks at systemic changes in environmental review policies and procedures and at environmental stewardship opportunities. FHWA has played a prominent role in the review of nominated projects for selection by the Secretary, in the management of selected projects and in shaping the agenda for the interagency task force.

*National environmental streamlining action plan.* Working through a staff level Federal interagency workgroup, in 2002 FHWA developed a national action plan which outlines activities to streamline environmental initiatives including: expedited reviews, flexible mitigation, cross-training, evaluation measures, and dispute resolution. The items on the action plan will lead to reduced timelines, improved interagency coordination, enhanced environmental outcomes, and cost savings. The action plan is available at [www.fhwa.dot.gov/environment/strmlng/actionplan2.htm](http://www.fhwa.dot.gov/environment/strmlng/actionplan2.htm).

*Field level environmental summits.* The FHWA Eastern, Southern, and Western Resource Centers held regional conferences in 2002, bringing together representatives from Federal, State, and local transportation, planning, and resource agencies, local governments, Metropolitan Planning Organizations (MPOs), transportation and environmental organizations, tribes, and consultants to discuss relevant issues and identify opportunities for improvement. Results of the summits were distributed via the Successes in Streamlining Monthly Newsletter (September 2002). The sharing of solutions and integration of efforts found within each regional conference advances streamlining through an emphasis on process improvements.

*Interagency training on environmental streamlining.* The Federal interagency workgroup has collaborated in organizing a series of environmental streamlining workshops aimed at getting field staff of each Federal agency aligned with the national agenda. FHWA sponsored the U.S. Army Corps of Engineers workshop held in September 2001, the Environmental Protection Agency workshop in December 2002, and a combined Fish and Wildlife Service and National Marine Fisheries Service workshop to be held in May 2003. These workshops have been a good forum for sharing the national vision, identifying issues that cause interagency conflict, and sharing innovative practices from around the country. Furthermore, they have promoted the concepts of coordination and process efficiencies in the environmental review of transportation projects.

#### REENGINEERING THE ENVIRONMENTAL REVIEW PROCESS

*Nationwide Section 4(f) evaluation.* FHWA and the Federal Transit Administration published for comment in the Federal Register on December 18, 2002 a proposed nationwide Section 4(f) evaluation for net benefits. Once finalized, this will allow for expedited processing of situations in which the transportation agency and official with jurisdiction over the Section 4(f) property can agree that the proposed mitigation package actually results in a net benefit to the property. This will lead to enhanced environmental and cultural resource outcomes while reducing environmental review times.

*U.S. Coast Guard exemption from Section 4(f).* FHWA worked with the U.S. Coast Guard to review changes in agreements, policies, and operating procedures brought about by the Coast Guard's move to the Department of Homeland Security. While most of the processes will remain unchanged, the Coast Guard has determined that Section 4(f) will no longer apply to bridge permits issued by the Coast Guard. The Coast Guard Office of Bridge Administration has notified Coast Guard district offices of this change and has developed a transition strategy.

*Ohio programmatic Section 4(f) evaluation.* Ohio is the only State that has implemented a Section 4(f) programmatic evaluation that allows the State transportation agency (ODOT) to decide whether programmatic Section 4(f) evaluations apply to projects. The FHWA Ohio Division, which retains its legal Section 4(f) authority, will receive and may review each ODOT decision. Finalized in September 2002, the Ohio DOT has recently conducted the in-house training needed to make the new process fully operational. The FHWA-ODOT Section 4(f) programmatic evaluation has been estimated to save the FHWA Ohio Division 80 hours of staff time per project, which can be used to monitor the Section 4(f) process and conduct Section 4(f) training. It has also resulted in reduced project delivery time for ODOT. If successful, FHWA will promote it as a model for other States.

*Kentucky historic preservation programmatic agreement.* Kentucky FHWA, following the lead of a successful Vermont programmatic agreement, has entered into a similar programmatic agreement with the Kentucky Transportation Cabinet (KYTC), the State Historic Preservation Officer and the Advisory Council on Historic Preservation. This agreement sets out the coordination responsibilities for all parties and delegates most of the day-to-day activities for Section 106 consultation to the KYTC. The programmatic agreement streamlines the Section 106 process by giving KYTC the primary authority to identify historic properties and assess effects, thus reducing the time required for multiple agency review and sign-offs.

#### ISSUING GUIDANCE TO ENHANCE PROCESS PREDICTABILITY

*Reimbursement of Resource Agencies.* Through the active encouragement and participation by FHWA, many State DOTs are using interagency funding agreements to hire additional staff at State and Federal resource agencies. On February 26, 2002, FHWA issued guidance on funding eligibility, model agreements, and ensuring accountability. This guidance, titled "Interagency Guidance: Transportation Funding for Federal Agency Coordination Associated with Environmental Streamlining Activities" can be found at [www.fhwa.dot.gov/environment/strmlng/igdocs/index.htm](http://www.fhwa.dot.gov/environment/strmlng/igdocs/index.htm).

Interagency staff funded in accordance with this guidance are dedicated to reviewing transportation projects and making permit decisions. As of August 2002, over half of all State DOTs fund or provide over 160 dedicated transportation positions nationwide. According to some reports, funded positions have had a measurable impact in reducing the time it takes to complete environmental reviews on specific projects, while helping State DOTs develop quality transportation and environmental solutions at less cost. In South Carolina, for example, the U.S. Army Corps of Engineers review of Section 404 permits was reduced by 30 percent for most projects, and State Historic Preservation Office Section 106 review time was reduced from 30 to 7 days for most projects.

*Interagency collaboration and conflict management.* On December 31, 2002 FHWA issued guidance on interagency collaboration methods. This guidance, "Collaborative Problem Solving: Better and Streamlined Outcomes for All," is one element of FHWA's national dispute resolution system and presents strategies for interagency collaborative problem solving by identifying issues that may arise during the transportation project development and environmental process reviews under the National Environmental Policy Act (NEPA) and related laws. The guidance document can be found at <http://nepa.fhwa.dot.gov/ReNepa/ReNepa.nsf/>.

*Indirect and cumulative effects.* On January 31, 2003 FHWA issued interim guidance that focuses attention on the existing NEPA requirements specific to indirect and cumulative impacts and represents an initial step in FHWA's overall strategy to address the indirect and cumulative impacts policy, guidance, and training needs of the agency. The guidance serves as an information tool for both FHWA Divisions and State DOTs and will lead to an increased understanding and improved efficiency by assisting them in negotiating reasonable bounds on impact analyses with resource agencies. The interim guidance is at [www.fhwa.dot.gov/environment/guidebook/qaimpactmemo.htm](http://www.fhwa.dot.gov/environment/guidebook/qaimpactmemo.htm).

#### EVALUATING THE PERFORMANCE OF ENVIRONMENTAL STREAMLINING

*Study of Timeliness of EISs since the Passage of NEPA.* FHWA has supported two major inquiries into the question of "How long does the environmental process for transportation projects take?" The first, entitled "Evaluating the Performance of Environmental Streamlining: Development of a NEPA Baseline for Measuring Continuous Performance," examined the durations of 100 transportation projects from the 1970's, 1980's, and 1990's, measured from the start of the environmental process to the completion and approval of each project's Final Environmental Impact Statement. For these 100 projects, the average length of time for preparing an EIS pursuant to NEPA was 3.6 years (approximately 43 months). The study report is available at [www.fhwa.dot.gov/environment/strmlng/baseline/index.htm](http://www.fhwa.dot.gov/environment/strmlng/baseline/index.htm).

Following the above "Baseline Study," a second investigation was conducted, and is currently in its concluding stages. This "phase II" study examined over 240 transportation projects from across the country whose EISs were completed between the years 1995 and 2001. The study's preliminary results show an average time for EIS completion of 5.1 years (approximately 61 months), or a gain of 18 months over the average time for the projects prepared examined in the initial Baseline Study.

The "phase II" NEPA Baseline Study contains an examination of a number of variables effecting the NEPA EIS process for their impact to the process's delivery time. The results of this investigation are forthcoming.

A collection of 8 case studies of projects that completed their EISs in less than 3 years has been completed as a presentation of a number of "best practices" that can contribute to an effective delivery of a project's NEPA process. The case studies will soon be available on the FHWA environmental streamlining website.

*Creation of an automated data system to track timeframes for EISs and EAs.* FHWA developed and implemented an internal environmental document tracking system (EDTS) for Environmental Assessments (EA), and Environmental Impact Statements (EIS) to support FHWA's environmental streamlining performance expectations under the Vital Few Goals. EDTS will aid FHWA's ability to monitor project progress between major milestones, and to accurately determine the total processing time from initiation of an EIS and EA to the approval of the final decision document. The system was implemented in 2002; data entry in each of the FHWA division offices is ongoing. The ability to accurately track the length of time required to complete the NEPA process is an essential component of the environmental streamlining performance measure and will assist FHWA identify some of the factors that may affect the efficiency of NEPA project delivery.

*Perception survey of transportation and environmental agency staff.* FHWA has contracted with the Gallup Organization to conduct a survey of personnel in both transportation and resource agencies from around the Nation. The purpose of the

survey is to ascertain the perceptions of key participants in the transportation project development process, and, by means of applying scientifically reliable and valid survey methods, explore how stakeholders in the process view the quality of the environmental work and services performed by their counterparts. The Gallup Organization will utilize its expertise in the field of survey research to: measure the performance of agencies involved in environmental streamlining in order to provide a benchmark for agencies to gauge their own performance and that of the project development process itself; and to focus on areas where improvement may be needed. The survey is partially complete; results are expected in the summer of 2003.

#### INSTITUTIONALIZING DISPUTE RESOLUTION

*Partnership with Institute for Environmental Conflict Resolution.* The 1998 Environmental Policy and Conflict Resolution Act created IECR, which is part of the Morris K. Udall Foundation. IECR helps Federal agencies and other involved parties manage and resolve Federal environmental, natural resource, and public lands disputes by providing services such as case consultation, conflict assessment, process design, facilitation, and mediation. More information on IECR can be found at their web site at [www.ecr.gov](http://www.ecr.gov).

FHWA partnered with IECR to meet the mandate set forth in Section 1309(c) of TEA-21 to create dispute resolution procedures as part of a national environmental streamlining initiative. FHWA and IECR have been working effectively together since 1999 to develop and implement the four components of the dispute resolution system, described below. The dispute resolution system is intended to assist the agencies to quickly and effectively focus on the pertinent project issues, save time, and avoid the costs of potential litigation.

*Roster of qualified neutral facilitators.* As part of the FHWA/IECR collaborative partnership, a transportation roster was created that is comprised of dispute resolution professionals with experience in NEPA and transportation projects. The roster is managed by the U.S. Institute for Environmental Conflict Resolution, with financial support by FHWA to help cover administrative costs. These professionals can provide services such as conflict assessment, facilitation of interagency partnering agreements, design of conflict management processes, and mediation of disputes. Project sponsors contact IECR to access the transportation roster, and then negotiate contracts and pay for the costs of the transportation roster members' services directly. Recently, FHWA and transportation sponsors have used the transportation roster to provide facilitators for three of the priority projects designated under Executive Order 13274.

*Guidance on interagency conflict management.* This FHWA guidance, described above under the "guidance" heading, offers a range of optional tools agencies can use to manage conflicts and resolve disputes during the transportation project development and environmental review processes. It also constitutes the key reference document used in the interagency workshops described below.

*Interagency conflict management workshops.* The FHWA dispute resolution system includes a series of customized facilitated interagency workshops in each of the 10 standard Federal regions. The workshops were developed during 2002 and will be held from May to December 2003. Skills gained at the workshops will help practitioners from the various agencies to better identify environmental review issues, negotiate timeframes and work through disagreements using interest based negotiating.

*Section 1309 elevation procedures.* Based on recommendations from an IECR facilitated process, FHWA designed an elevation procedure to operationalize the dispute resolution provision of section 1309 of TEA-21. Under the elevation procedure, the Governor, the FHWA Division Administrator or the FTA Regional Administrator may initiate the process of elevating disputes to the Secretary of Transportation. The elevation procedure is currently being finalized for issuance as a Department of Transportation order. A draft of the elevation procedure is at [www.fhwa.dot.gov/environment/strmlng/npdjan22.htm](http://www.fhwa.dot.gov/environment/strmlng/npdjan22.htm).

#### SUPPORTING STATE ENVIRONMENTAL STREAMLINING EFFORTS

*American Association of State Highway and Transportation Officials (AASHTO) Center for Environmental Excellence.* AASHTO launched the Center in 2002 with technical and financial assistance provided by FHWA. The Center's mission is to assist AASHTO's member organizations with implementing environmental stewardship into their various practices and procedures, and promoting innovative streamlining of the project delivery process. AASHTO expects that the results of this assistance will be beneficial to State transportation agencies and also supportive of FHWA's work in protecting and enhancing the environment.

*Florida Department of Transportation's "Efficient Transportation Decision Making (EDTM) Process."* FHWA provided leadership, technical, and financial support to FDOT for use in continuing the development of this model for involving Federal and State agencies in the transportation development process. The EDTM process will link land use, transportation, and environmental resource planning through early and continuous agency, general public and Native American involvement in planning, project development, and environmental decisions. It uses the latest in information technology to facilitate timely comments from participating agencies and to maintain a record of coordination.

Currently, the Master Agreement for the EDTM and a number of agency agreements have been, or are being, finalized. Several of the agency agreements have been co-signed by Florida's Secretary of Transportation, the FHWA Division Administrator, and the heads of the respective agencies. Materials in the form of guidance and procedural manuals are in the final stages of completion. Training in the EDTM for four of seven FDOT districts began in February 2003 and will be on going until all districts have completed the training course. The EDTM process is planned to begin implementation during the summer of 2003.

*North Carolina Department of Transportation's "Ecosystem Enhancement Program (EEP)."* NCDOT, in partnership with the North Carolina Department of Environment and Natural Resources (DENR) and the U.S. Army Corps of Engineers (USACE) Wilmington District, is developing the EEP for the purpose of changing the way agencies consider and apply mitigation for impacts to wetlands throughout the State. FHWA has supported the development and implementation of the EEP.

To date, EEP-related activities include the organization and creation of a "core staff," as per agreement between NCDENR and NCDOT; continuing the development of methodologies for Watershed Needs Assessment and functional assessment for streams and wetlands; further development of elements of the EEP education/outreach plan, including the EEP web-page, newsletter, and the Policy-Process-Procedure manual.

*Kentucky Transportation Cabinet's "Historic Preservation Work Group."* During June of 2002, AASHTO, the National Council of State Historic Preservation Officers, the National Trust for Historic Preservation, and other stakeholders including FHWA convened a conference on Historic Preservation in Lexington, KY. A part of the conference's agenda was concerned with streamlining the historic preservation review process for transportation projects. As a result of this and other conference matters, a problem-solving historic preservation workgroup was established with the Kentucky Transportation Cabinet (KYTC) serving as the lead State. FHWA contributed funding to assist the KYTC in this role and staff to participate in the effort. The historic preservation work group has identified several issues for exploration, including the use of geographical information systems for the establishment of a national database for historic properties.

*Texas Department of Transportation's "Environmental Streamlining Pilot Project for the I-69 Corridor Study."* The I-69 Corridor Study is a priority corridor, identified as such in both the Intermodal Surface Transportation Efficiency Act (ISTEA) and the Transportation Equity Act for the 21st Century (TEA-21). The Texas portion of the corridor is also a priority project under Executive Order 13274. Approximately 1,000 miles of the I-69 corridor are located within Texas, confronting a diversity of social, economic, and environmental issues. The Texas Department of Transportation (TxDOT) plans to concurrently advance 14 independent segments of the Corridor through the project development decisionmaking process, each with a separate environmental impact statement.

Because of the complexity of the concurrent project development process, FHWA has provided environmental streamlining funds for support and assistance of the Streamlining Pilot Project. TxDOT and FHWA, in collaboration with other Federal and State agencies, have been developing methodologies and practices for streamlining the transportation and environmental decisionmaking process for the Corridor projects. The products of the Pilot Project include the following materials, activities, and procedures:

1. Geographic Information System (GIS) inventory of environmental resources—the baseline database is close to completion; when finished, baseline assessments for screening and prioritizing of resource concerns in the Corridor segments can commence.
2. Establishing an Environmental Leadership Group—The Group's charge is to create an interagency scoping team whose purpose is identifying and ranking ecological resources across the State. The prioritization of these resources has led to increased collaboration among transportation and resource agencies in managing ecosystems. In the case of I-69, the Corridor Technical Advisory Committee and the

Texas Parks and Wildlife Department have identified specific tracts of property for use as sites for planning and implementing mitigation for project—related impacts.

3. Coordination with Stakeholders—Participation in the Pilot Project by various agencies and interested parties, including the Environmental Protection Agency, the Army Corps of Engineers, the Fish and Wildlife Service, and Native American groups, is an important element of the Project's success. Several funding agreements between these parties and FHWA/TxDOT have been prepared in coordination with and support of the I-69 Process Manual, a special document developed to guide the environmental review process for the 14 corridor EISs.

*Alaska Department of Transportation & Public Facilities' "Habitat Connectivity GIS Database & Mapping."* Habitat fragmentation caused by highway development is a serious concern in many parts of the United States. In the Pacific Northwest, for example, many critical habitat corridors coincide with major transportation facilities. Alaska's highways, while fewer in comparison to those in the Lower 48, are mostly two-lane with low traffic volumes. These types of highways generally place limited restrictions on the movement of large mammals. As traffic increases, these two-lane highways are being upgraded with wider shoulders, passing lanes, and additional driving lanes. These features can result in serious harm to wildlife by creating obstacles to migration.

Working in conjunction with the U.S. Bureau of Land Management, the U.S. National Park, Fish & Wildlife, and Forest Services, the Alaska Departments of Natural Resources and Fish and Game, and the Alaska Railroad Corporation, the Alaska Department of Transportation & Public Facilities (ADOT&PF) is developing a geographical information system (GIS) database for use in mapping wildlife habitats. The database and habitat mapping will be used for assessing the potential effects of transportation projects (specifically the Parks Highway corridor) on habitat connectivity, and for addressing appropriate mitigation measures early in the project development process. FHWA has provided funding support for this application of technology for streamlining the transportation project development process.

*Montana Department of Transportation's "Evaluation of Wildlife Crossing Structures on U.S. Highway 93, Phase I."* The Montana Department of Transportation (MDOT) is conducting an evaluation of wildlife crossing structures and fencing along the U.S. 93 corridor located in the Flathead Indian Reservation. In partnership with the Confederated Salish and Kootenai Tribes (CSKT), the Western Transportation Institute (WTI) of Montana State University, and FHWA's Montana Division, MDOT will identify and evaluate the data related to pre- and post-construction highway impacts on resident fish and wildlife populations in and around the highway corridor. The purpose of the evaluation is to better manage measures for mitigating the highway facility's impacts to the corridor's wildlife resources. This will allow future mitigation discussions to be science based and will allow the parties to work together to develop the most cost effective mitigation packages.

FHWA has provided funding and technical support to assist the funding of Phase I of the Evaluation. This phase is concerned primarily with pre-construction data collection and the finalization of the plan for the Evaluation. Among the on-going activities are the following:

1. Partnering between MDOT personnel (research manager, district biologist), the CSKT tribal biologist, and the ecology/wildlife departments/GIS center of Montana State University, University of Montana, and Salish Kootenai College.

2. WTI attendance at U.S. 93 Technical Design Committee meetings re: wildlife crossings and fencing design issues for use in a case study.

3. Continued communication with MDOT maintenance crews (data collection on animal carcasses killed in collisions with vehicles).

4. Continued development of motion- and heat-trigger photo monitoring techniques.

5. Establishment of pre-construction field methods and development of handbook for field methods and protocols.

*Wyoming Department of Transportation's "Geographic Information System Database on Material Sites."* The Wyoming Department of Transportation's (WYDOT) Geology, Central Laboratory, and Contract & Estimates programs maintain three separate sets of information (in three different formats) regarding all of the gravel pits and quarries that WYDOT utilizes. This effort will unify the databases into one format that is also compliant with WYDOT's GIS format. Simplifying the access to gravel and quarry pit information is expected to improve the timely performance of analyses regarding the impacts of projects upon whatever resources (wetland, habitat, endangered species, archeological) may be located at particular proposed/existing pit area.

*Indiana Department of Transportation's "Streamlining Initiatives."* FHWA has partnered with Indiana Department of Transportation (INDOT) on various activities

for implementing environmental streamlining techniques in INDOT's project development process. There are four separate streamlining activities:

1. Development and presentation of a technology transfer workshop on stream and roadway design issues;
2. Streamlining the issuance of the Sec. 404 Permit/401 Certification for the I-70/Six-Point Rd. project;
3. Preparation of a Wetland Banking Instrument (WBI) for a wetland restoration project;
4. Preparation of an updated Public Involvement Procedures manual.

In addition to actively partnering on this multi-faceted effort, FHWA has also contributed financially. The technology transfer workshop is scheduled for July 2003; the remaining activities are expected to issue products during the first half of 2003.

*Washington Department of Transportation's "Environmental Permit Streamlining Act."* In May 2001, Washington State passed the Environmental Permit Streamlining Act (EPSA), designed to reform transportation permitting by streamlining environmental permit decisionmaking. FHWA is a (non-voting) member of the Transportation Permit Efficiency and Accountability Committee (TPEAC), created by the Act to oversee the permit process. FHWA has provided funding assistance to help the Washington Department of Transportation (WsDOT) to implement various elements of the Act.

WsDOT has engaged the natural resource agencies and State decisionmakers in order to work cooperatively to establish common goals, minimize transportation project delays, and develop consistency in the application environmental standards. Four projects have been proposed initially by WsDOT to begin the implementation of the EPSA; three of the projects fund the work of TPEAC subcommittees, while the fourth, "Cost Benefit Information", has been selected for its utility in developing performance measures critical to the TPEAC process. Progress on three of the projects is as follows:

1. Watershed-Based Stormwater Alternative Mitigation Pilot Project—An interdisciplinary, technical team has been selected to (a) complete the draft watershed-based mitigation methods for the SR 522 project, and (b) document all results, including applicability to other States/agencies.

A summary report that describes the transportation project, identifies a list of watershed-based mitigation sites suitable for use for the SR 522 project, and, if possible, compares this watershed-based approach to mitigation with more traditional methods, has been produced. (go to [www.wsdot.wa.gov/environment/streamlineact/watershed\\_docs/methods.pdf](http://www.wsdot.wa.gov/environment/streamlineact/watershed_docs/methods.pdf))

2. TPEAC One-Stop Subcommittee—This subcommittee is to develop a recommendation for a one-stop permit process. A request for proposals for the selection of a consultant services has been issued to assist in this task.

3. TPEAC Planning Subcommittee—This assemblage of 20+ representatives of local, resource, transportation, DOTs, and other agencies meets monthly—so far. Products of the subcommittee may likely include interagency agreements for addressing growth and development between transportation and natural resource agencies.

*Oregon Department of Transportation's "Collaborative Environmental Transportation Agreement on Streamlining (CETAS)."* The Oregon Department of Transportation (ODOT) has developed CETAS in response to Section 1309 of the TEA-21 as a coordinated environmental review process for the development, design, and construction of highway projects in the State. The CETAS process is aimed at integrating NEPA into the transportation planning process by allowing Federal and State resource and regulatory agencies to provide their input, and subsequently their concurrence, to the development of purpose and need as projects are identified in the planning phase. FHWA has provided financial support for this initiative because it represents a State streamlining activity that can be used on a national basis for implementing the environmental streamlining provisions of TEA-21.

To date, ODOT and their Principle Investigators met to review project development process and timelines, and to determine sources of data for evaluation. Criteria were set for selecting 5 projects for investigation. Data on costs, time and environmental outcomes will be used to develop the methodology for CETAS.

*Colorado Department of Transportation's "Shortgrass Prairie Advanced Mitigation Initiative."* The Colorado Department of Transportation (CDOT) has initiated a unique public-private partnership with The Nature Conservancy, as well as a number of State and Federal resource agencies, and FHWA, for the development of procedures designed to protect the prairie ecosystem while streamlining the consultation process under Section 7 of the Endangered Species Act. FHWA has provided technical and financial support for this effort.

To date, a Biological Assessment for the various species identified by the Initiative is being readied for submittal to the U.S. Fish & Wildlife Service; requirements for both baseline and annual reporting have been finalized; and a recommendation for CDOT's conduct of a conservation banking program has been developed.

#### SHARING INFORMATION ON BEST PRACTICES

*FHWA Environmental Streamlining web site.* The FHWA Environmental Streamlining web site assists local, State, and Federal agencies in the implementation of environmental streamlining by providing information about a variety of initiatives including pilot efforts, process reinvention, alternative dispute resolution, and guidance materials. The web site is continuously updated to reflect the most current information. In 2003, the web site will offer a database of over 14,000 State environmental streamlining practices. The web site provides practitioners with easy access to current streamlining efforts, thereby assisting agencies with capacity building of their professionals. This web site can be found at [www.fhwa.dot.gov/environment/streamling/index.htm](http://www.fhwa.dot.gov/environment/streamling/index.htm).

*"Successes in Streamlining" monthly electronic newsletter.* "Successes in Streamlining" is a monthly Federal Highway Administration newsletter highlighting current environmental streamlining practices from around the country. An electronic newsletter is sent to over 1,100 subscribers each month and is provided on the environmental streamlining web site. Newsletter topics have already been identified for the remainder of fiscal year 2003. The newsletter allows local, State, and Federal practitioners to learn about effective approaches to environmental streamlining.

*Re: NEPA community of practice website.* Re: NEPA, the Federal Highway Administration's online NEPA "community of practice" provides an open exchange of knowledge, information, and ideas concerning the National Environmental Policy Act, related environmental issues, and transportation decisionmaking. By providing a forum for exchange of ideas and experience, Re: NEPA provides transportation environmental practitioners with the opportunity to better understand the NEPA transportation decisionmaking process and to promote a better, more agreeable, and solution oriented process that balances transportation needs with concern for the social, economic, cultural and natural environment. A special forum on environmental streamlining provides a focus for the latest ideas and events relating to environmental streamlining. The address for Re: NEPA is <http://nepa.fhwa.dot.gov/ReNepa/ReNepa.nsf/home>.

*Domestic scan tour on environmental commitment implementation.* FHWA sponsored a scan tour during 2002 to see first hand how State transportation departments were ensuring that environmental commitments were implemented during the construction phase of highway projects. The tour visited seven State DOTs to review successful State processes, procedures, and methodologies for fulfilling environmental commitments made in the NEPA and environmental permitting process. FHWA sponsored this effort in recognition of the importance of this highly visible area in building or destroying trust with resource agencies and to underscore the benefits of effective commitment compliance systems in building a track record that supports environmental streamlining and environmental stewardship. The results of the domestic scan will be available by summer 2003 and will be presented at numerous industry meetings, as well as via brochure, report, CD-ROM, and the environmental streamlining web site.

#### RULEMAKING

*Withdrawal of proposed environmental impact rules.* In September 2002, FHWA and FTA issued a Federal Register notice withdrawing the proposed transportation planning and environmental impact rules published as a notice of proposed rulemaking on May 25, 2000. The notice indicated that FHWA and FTA officials believed that it would be prudent to wait for the outcome of legislative reauthorization to see what further regulatory changes are needed. To this end, FHWA has been actively working within the Administration to develop draft legislation that further promotes and builds upon the environmental streamlining successes achieved to date.

#### SUMMARY

In summary, FHWA has aggressively pursued opportunities for environmental streamlining within its own program and performance, in its collaboration efforts with project sponsors and resource agencies and through partnership with other national entities such as AASHTO and IECR. Furthermore, with the implementation of the executive order, FHWA believes new opportunities for increased awareness and action on streamlining will come through process improvements identified by



the executive order interagency task force. FHWA stands ready to leverage these opportunities to our collective advantage and build upon the successes of the past year.

