

Year:	Composite index
1967:	
1st quarter-----	113.2
2d quarter-----	112.3
3d quarter-----	123.0
4th quarter-----	119.2
Year average-----	117.6
1968: 1st quarter-----	120.6

(b) Would you recommend that the authorizations for the Interstate System be revised to reflect that increase?

Answer: In the Appendix to the 1968 Estimate report (House Document 199) the following information was furnished regarding bid price escalation during the remaining program period.

The 1968 estimate cost summary, shown in tables 6 and 7, does not contain any factor for future trends in highway unit prices. It is based on 1966 calendar year weighted average unit prices in each State.

In response to the request of congressional committees for an estimate of the additional future cost which may be involved in completing the Interstate System, an effort has been made to project prices for construction and materials and for right-of-way in order to anticipate increased needs which may be met, and which are not a part of the State reports.

The Bureau of Public Roads price trend since 1960 shows a steady increase exceeding 2½ percent per year. This increase in construction cost has been accompanied by an increase in the cost of preliminary engineering at approximately the same rate. Right-of-way costs, meanwhile, show an increase of from 5 to 10 percent per year. The combination of these trends for use in forecasting an escalation in total costs is, of course, speculative. However, if an increase were to occur in the cost of preliminary engineering, right-of-way and construction from January 1967, through the remaining years of the program based on current revenues, at the rate of 3 percent per year compounded annually, the resulting cost increase would be estimated to be \$3,350 million.

We would recommend the authorization for completing the Interstate System include allowance for this item.

7. The 1968 Cost Estimate includes \$555 million for "added landscaping, erosion control features, roadside rest areas, and rest area facilities, not included in the 1965 Estimate, and not subsection 319(b) costs".

(a) It is true, is it not, this \$555 million would come out of construction funds and does not include amounts appropriated to carry out the Highway Beautification Act of 1965, which provides for financing of control of outdoor advertising, control of junkyards, and landscaping and scenic enhancement, out of the General Fund?

Answer: This is true. The \$555 million reported here is for items of erosion control, landscaping, rest areas, and rest area facilities—which are a normal part of the highway construction and paid for from highway funds.

(b) These expenditures would be for highway beautification items *not* included in the 1965 Cost Estimate. Please give me the present estimated cost of beautification items which *were* included in the 1965 Estimate.

Answer: These estimated expenditures (\$555 million) are identified as "added landscaping, erosion control features, roadside rest areas, and rest area facilities, not included in the 1965 Estimate . . ." In the 1965 Estimate there was included a line item of cost identified merely by *Line Item 13—Roadside Improvement*. This item included costs for all features of roadside improvement beyond the cost of the basic grading reported under Line Item 5. These costs included top soil, sodding, seeding, and slope treatment for erosion control. Also included in this item were safety rest area costs. There was no breakdown for separate identification of costs. The total costs reported by all States in 1965 for Line Item 13 costs was \$445 million.

In the 1968 Estimate the format for State reports was modified to include a breakdown of Line Item 13 costs into the following categories—(a) Erosion Control (b) Landscaping (c) Rest Areas, and (d) Scenic Overlooks. The States reported costs to complete the system in these categories totaling \$984 million in the 1968 Estimate.