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FEDERAL-AID HIGHWAY ACT—1968

(90–30)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON ROADS

OF THE

COMMITTEE ON PUBLIC WORKS
HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

ON

H.R. 17134 and related bills

TO AUTHORIZE APPROPRIATIONS FOR THE FISCAL YEARS 1970 AND 1971 FOR THE CONSTRUCTION OF CERTAIN HIGHWAYS IN ACCORDANCE WITH TITLE 23 OF THE UNITED STATES CODE, AND FOR OTHER PURPOSES

FEBRUARY 20, 21; MAY 23, 28; JUNE 4, 5, 11, AND 12, 1968

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CONTENTS

III. Written Statements

IV. Material Received for the Record

FEDERAL-AID HIGHWAY ACT—1968

TUESDAY, FEBRUARY 20, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ROADS
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10:05 a.m., in room 2167, Rayburn Building, Hon. John C. Kluczynski, chairman of the subcommittee, presiding.

Mr. KLUCZYNSKI. The subcommittee will come to order.

Today we begin highway hearings for the year 1968. This is a most important year insofar as the highway program is concerned.

We have before us a number of reports that were requested by the Congress from the Department of Transportation on the future of the highway program, our highway needs, and the overall cost of the Interstate System. The backbone of this highway program has been and still is the ABC program.

So today, as we undertake what I anticipate will ultimately be lengthy hearings on highway matters, it is most appropriate that we begin with the need for the continuation of our ABC program and for its future authorization.

I anticipate that before we have concluded hearings on all the highway matters pending before this subcommittee we will have covered in detail the problems facing the highway program, and I hope we will then be in a position to provide by legislation the solution to most of these problems.

At this time I recognize the gentleman from Florida, Mr. Cramer.

Mr. CRAMER. Mr. Chairman, I would like to have the indulgence of the committee for just a minute. I would like to outline what I consider to be some of the problem areas that I think these hearings ought to go into, this being, as I understand it, the beginning of the hearing.

I firmly believe this is a year of decision relating to highway construction in America. The program today is in a state of crisis. The ups and downs, cutbacks, the yo-yo program, must come to an end.

Frankly I am becoming more and more in favor of legislation making the trust fund inviolate, from being used for budgetary manipulation purposes. This last cutback I think best evidences the fact that executive efforts, or, in effect, misuse of the fund, in my opinion, has resulted in substantial discrimination between States, and has done great damage to the program.

I put in the Record yesterday, February 19, my comments relating to it. They appear starting on page 81136. I cite a couple of examples of discrimination.

Obviously, I would cite the State of Florida, in which the cut amounts to some 3 percent of what otherwise would be available for obligation this year. I cite, for instance, the State of Delaware, 73 percent possible cut. I cite the State of Maryland, 84 percent possible cut, as compared, for instance, to the State of Colorado that gets a plus 15 percent possibly. The State of Masachusetts gets a plus 27 percent.

And this, of course, as the members of this committee know, results from the formula used for the cutback supposedly of 5 percent of last year's construction obligations.

They didn't mention, however, that they are also freezing the $1 million of unobligated obligational releases carried over from calendar year 1967.

So I think this whole aspect of cutback authority must be considered this year by this Congress, and first by this committee.

Thirdly, I have been sorely concerned about the results of, as it relates to getting the job done, the Transportation Department Act. It appears to me that the redtape is piling up, that we are more and more approaching a bureaucratic jungle. There has not been, in my opinion, adequate delegation of authority to the Bureau of Public Roads to the field offices.

Prior to this act, applications came to the division and the region of the Bureau; decisions were made. Now it goes to the division office in the State and then to a newly created—just recently as I understand it—assistant to the Regional Federal Highway Administrator, who is superimposed between the division engineer and the Regional Federal Highway Administrator.

Then it goes on to the Regional Federal Highway Administrator, and eventually it gets to the Bureau; then it goes to the Highway Administrator, and then to the Secretary.

I think the obvious red tape is evident from that exposition of the procedure. Of course that does not include the auto safety, separate division, the beautification, separate division.

Fourthly, I think we should consider whether or not this highway program can be made an implement for helping to solve our hard-core unemployment problems. In the Appalachian Regional Development Act, it is permitted that 20 percent of the cost be attributed to solving hard-core unemployment.

Fifthly, I think we should look very carefully into Executive Order 11246, relating to Federal employment practices Commission regulations resulting from title VI of the Civil Rights Act of 1965.

And I will say as an aside, Mr. Chairman, that I sat on the Judiciary Committee that heard this matter, supposedly. We didn't actually hear FEPC. That was Education and Labor Committee hearing. It was added to the bill, and I am confident that those who voted for it did not intend that the requirements of fair employment practice should result in negating existing contract-letting legislation and competitive bidding.

I think it is wrong to have an element of uncertainty in the bidding. I think it would result in substantially increased costs in highway construction if the present order is permitted to stand, which requires precontract negotiation.

No. 6, I think we ought to give serious consideration to what Federal participation or what type of program should be instituted relating to urban transportation planning generally, similar to that being accomplished now by the concept team in the great State of Maryland, in Baltimore.

Lastly, I think it is essential that we, in this year, consider the after 1972 program, so that the States will know what the future of the Interstate System is. I personally think we ought to include legislation referring to missing links as well as urban connectors, and give full consideration not only to ABC but to the after 1972 interstate program.

These are some of the challenges, as I see it, Mr. Chairman, offered to this committee this year; and that is why I say this is the year of decision.

Thank you.

Mr. KLUCZYNSKI. Thank you, Mr. Cramer. As you know, the committee will go over that statement of yours and your program, and I am sure that this committee will be able to come out with a program that will satisfy the needs you have outlined.

Mr. CRAMER. May I just say one additional comment?

Mr. KLUCZYNSKI. Yes.

Mr. CRAMER. One reason for my real deep concern about this cutback is what it has already meant to the State of Florida. And I just cite two examples.

First example, supplied by Sam Turnbull, who is director of the American Roadbuilders for Florida, the construction program in Florida for 1965 was $120 million; 1966, $200 million; 1967, $100 million; and 1968 promises to be $38 million less than $100 million.

One contractor in the Tampa area had 400 employees 1 year ago, with a $40,000 per week payroll; today he has 286 employees, with less than $30,000 per week payroll.

Contractors in Florida generally are working at approximately 35 percent of capacity.

One other example. I would like to place this telegram in the record. This comes from John C. Dickerson, executive director, Asphalt Contractors Association of Florida, directed to me:

> The hot plant mix asphalt industry of Florida represents an equipment investment of $43,750,000. During our last fiscal year the annual payroll was $22,500,000; with 4,000 employees. This industry used raw materials that included 91,250,000 gallons of liquid asphalt and 6,300,000 tons of crushed aggregate. This raw material required considerable payroll. Today our operation has been cut in half due to lack of highway funds. Any further decrease in available funds can only cause more damage to this industry, increase unemployment in Florida, and a failure to supply badly needed highways can only increase traffic death tolls. This association will appreciate any steps you are able to take that will prevent any further reduction in the highway funds.

Thank you.

Mr. KLUCZYNSKI. Thank you, Mr. Cramer.

You heard the telegram read by Mr. Cramer, and it will be made a part of the record.

[Telegram]

ASPHALT CONTRACTORS ASSOCIATION OF FLORIDA, INC.,
Winter Park, Fla., February 20, 1968.

Hon. WILLIAM C. CRAMER,
Rayburn Office Building,
Washington, D.C.:

The hot plant mix asphalt industry of Florida represents an equipment investment of $43,750,000. During our last fiscal year the annual payroll was $22,500,000, with 4,000 employees. This industry used raw materials that included 91,250,000 gallons of liquid asphalt, and 6,300,000 tons of crushed aggregate. This raw material required considerable payroll. Today our operation has been cut in half due to lack of highway funds. Any further decrease in available funds can only cause more damage to this industry, increase unemployment in Florida, and a failure to supply badly needed highways can only increase traffic death tolls. This association will appreciate any steps you are able to take that will prevent any further reduction in the highway funds.

JOHN C. DICKERSON, *Executive Director.*

State road department of construction by Florida contractors

1965	$120,000,000
1966	200,000,000
1967	100,000,000
1968 (less than $100 million if cut back enforced)	38,000,000

One contractor in Tampa area had 400 employees 1 year ago with a $40,000 per week payroll. Today he has 286 employees with less than $30,000 per week payroll.

Contractors in Florida working at approximately 35 percent capacity.

Mr. KLUCZYNSKI. Mr. Chairman, do you want to make some remarks?

Mr. FALLON. Thank you, Mr. Chairman.

I could not agree more with the statement of Mr. Cramer, if I had made it myself. I think, as these hearings progress, not only will we be able to do the things that are necessary, which were stated by the gentlemen from Florida, but I think there might be some which will be implemented in many ways. I might say I have a number of communications from the highways departments and the Governors of a number of States, and we intend to read them over. There seems to be many of them that are repetitious and many of them are explaining their own personal problems.

I will ask permission, Mr. Chairman, to insert in the record the ones that I think will help the committee in its deliberations on this subject.

Mr. KLUCZYNSKI. Hearing no objections; so ordered.

(Subsequently, on May 15, 1968, Chairman Kluczynski telegraphed the highway departments of each state. The replies received may be found beginning on p. 795.

Mr. KLUCZYNSKI. The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. Thank you very much, Mr. Chairman.

At the outset, I want to extend my own personal compliments to the chairman for initiating these hearings, and also to concur with all the comments made by the gentleman from Florida, Mr. Cramer.

Recently in California I had an opportunity to meet with our own highway officials, and I can't tell you how concerned generally they are about this overall cutback program. They have indicated that it seems to place them on a stop-and-go position, and almost as though they are on the end of a string, like a yo-yo.

I want to just go on record before this committee as indicating that California is very much disturbed about this continuing cutback, the release, then the cutbacks.

Further, Mr. Chairman, having been a member of the county government units in California, I want to express my own personal desire that these hearings will bring forth a maximum opportunity for the cities and counties of America to be heard, as we look at the overall ABC program. In my judgment, America desperately needs a balanced highway program, balanced between the Interstate System, primary, and secondary road systems of the country, as well as the city improvements.

And the only way in which this can be accomplished, in my judgment, is to develop the balanced system of finance, so I am hopeful we will take a good look at the existing formula, with a singular emphasis on the improvement of the formula for primary and secondary roads. I think this will do a great deal to provide access into some of these communities, because certainly in this country we need to have economic growth, and unless we have economic growth, unless we have the highway access into every section of the country, we cannot anticipate the maximum in economic growth.

So, with all the problems we have in the cities today, it would seem to me we might be able to provide something in the way of pressure release for the problems of the city by developing the access roads out into rural America.

Having returned from the National Road Federation meeting in Australia, I am convinced again that we here in America must provide the leadership with a proper type of formula for the balancing of our highway system; and in the interest of time, Mr. Chairman, I would like to ask permission of the Chair to revise and extend my remarks in depth, so that it will be recorded at this point in the record, for the purpose of including the statement of Governor Reagan to the recent National Governor's Conference.

Mr. KLUCZYNSKI. Without objection; so ordered.

(Statement follows:)

STATE OF CALIFORNIA TRANSPORTATION AGENCY, SACRAMENTO, CALIF.

WASHINGTON, D.C., February 29, 1968.—Eight major transportation problems and California Governor Ronald Reagan's potential solutions were submitted today to the National Committee on Transportation at the National Governors' Conference meeting here.

Governor Reagan, who serves as committee chairman, was unable to attend the Washington, D.C. meeting and was represented by Gordon C. Luce, Secretary of Business and Transportation in Reagan's cabinet.

Congressional investigation was cited as the answer to problems created by current delays in interstate highway funding and any similar future tampering with the flow of funds.

Reagan refused to accept as valid statements by federal officials that the delay is aimed at combating inflation but instead pointed out that the resulting slowdown in planning and construction has cost the states inestimable millions of dollars.

"In California," he said, "the construction cost index decreased 6.5 percent in 1967 over 1966. Prices now are going up, however, and we recommended an accelerated program to beat inflation rather than allow a disruption and slowdown, as these cutbacks are forcing the states to do.

"Cutbacks in the release of federal funds have damaged orderly planning, scheduling and programming of highway construction, are inconsistent with the intent of Congress to complete the interstate system at the earliest possible date, and have adversely affected the safety program on the nation's highways."

Lack of mass transportation facilities was declared a central problem because it affects jobs, welfare, racial problems, business, recreation and even senior citizen needs. As a remedy, the California report calls for concentration of efforts on developing coordinated urban and rural mass transportation systems.

It declared that each locality should determine the forms of transportation required and methods to pay for them. Federal and state governments are relegated to the comparatively minor roles of coordination, research and integrated planning. Programming mass transportation systems in urban areas would be aided by combining the Department of Housing and Urban Development with the Department of Transportation.

In dealing with safety problems, federal traffic safety standards are declared to be minimum bases which each state should surpass.

The alcoholic driver is identified as a prime cause of preventable accidents and the report urges each state to take the lead in barring drunk drivers from highways.

Other safety recommendations include broader representation of the states on the National Highway Safety Committee, that Congress authorize a more flexible time schedule for traffic safety reports required by federal law, and more precise definitions of state safety programs which can qualify for federal funding.

Federal-aid programs are classified as a problem. The basic complaint centers about the high cost of federal administration and the inherent rigidity. The report noted that California drivers will pay a billion dollars more in federal highway user taxes than will be returned to the state for interstate construction.

Once the interstate system is complete, Reagan recommends reduced federal participation and controls plus pro-rating future finances on the basis of need with monies dedicated well in advance so that careful planning can take place.

"Federal highway trust funds should not be diverted to other forms of transportation after completion of the interstate program. Localities in states should be allowed to determine the forms of transportation best suited to their needs, and any such programs of mass transportation should be directed and developed in the states rather than by the federal government," the report declares.

Federal policy which penalizes states that fail to meet environmental criteria for highways was criticized. The California governor believes a program through which incentives are offered for meeting beautification standards would be far more effective.

He recommended that the "federal government increase its share in transportation projects when proper planning is accomplished rather than threaten to penalize governments as has been the case in the past.

"States should be encouraged to further scenic highway programs, improve landscaping, and add to the enjoyment of highway users. A basic highway design should be offered to localities and they in turn should be allowed to decide the best environmental approach in their area and participate in the funding of special amenities essential to the improvement of their area.

"Principal responsibility for beautification programs should be with states and local governments."

The imperative need for airport planning and funding was noted along with the probability that some future taxation will be required. "We oppose a federal airport users tax fund, since federal overhead and inflexibilities tend to reduce the effectiveness of such an approach. States should be allowed to keep and utilize any such users tax free of federal controls on such a program."

"Possibly, matching funds or tax incentives should be available from the federal government to encourage proper future airport planning but studies should be made before a final recommendation is made on such funding."

The need to encourage future modes of transportation is noted, especially in the field of water transportation, and the recommendation is made that research and development funds be dedicated to the improvement and refinement of existing facilities.

Automobile accident insurance is identified by Reagan as a problem because costs of insurance claims are continually increasing with a resulting increase in insurance premiums. The increase in losses is causing insurance companies to be more selective in accepting new policy holders and in renewing existing policies.

He attributed merit to an American Bar Association study of a proposal to abolish damage suits in auto accidents and substitute a system whereby an auto is insured against crashes regardless of fault. This type of coverage might limit the personal damage possibilities in auto accidents and thereby reduce insurance premiums.

Other committee members are Governor Buford Ellington, Tennessee, vice chairman; Governor Harold Hughes, Iowa; Governor George Romney, Michigan; Governor Tom McCall, Oregon; Governor Robert McNair, South Carolina, and Governor Mills Godwin, Virginia.

Mr. KLUCZYNSKI. Thank you, Mr. Clausen.

We were very happy to hear from the chairman of the full committee, and Mr. Cramer, and Mr. Clausen. I have always said it is one of the finest committees in Congress, and the chairman is willing to sit here at the hearings from now until the first of July, and I am sure all of the members of this committee will help in their attendance with the chairman, and I hope we can take care of all the road problems between now and the first of July.

Mr. CLAUSEN. Mr. Chairman, will you just yield briefly?

Mr. KLUCZYNSKI. Yes.

Mr. CLAUSEN. Your visit, Mr. Chairman, to our congressional district in California has given the people of that area more in the way of interest and enthusiasm than any singular thing, when you recognized the need to advance the forest roads and the development of those forest roads, and your interest in this is something that I shall compliment you for from this day forward.

Mr. KLUCZYNSKI. Thank you.

Now, for the first witness I am delighted to have with us this morning Mr. John Jackson of the office of the Governor of Massachusetts, who will read the statement of Governor Volpe.

The floor is yours, Mr. Jackson, and we look forward to your remarks.

STATEMENT OF GOV. JOHN A. VOLPE OF MASSACHUSETTS, CHAIRMAN, NATIONAL GOVERNORS' CONFERENCE; PRESENTED BY JOHN JACKSON, OFFICE OF THE GOVERNOR OF MASSACHUSETTS

Mr. JACKSON. Thank you, Mr. Chairman.

Mr. Chairman, and distinguished members of the committee:

I appreciate this opportunity to present for the record of these hearings some thoughts on the highway situation facing the States.

The outstanding work which you have done over the years in developing the Federal aid highway programs has resulted in the construction of the finest national and State network of highways in the world. America is a Nation on wheels. And you have contributed significantly toward helping people travel from one place to another.

These hearings today on the Federal aid highway, ABC program are timely? They provide an opportunity for the Nation and the States to discover where they are in highway development, and also to determine where they can and ought to go from here.

The 1968 National Highway Needs Report, just presented to the Congress, tells the story in reasonably accurate estimates. The highlights of our needs are sobering:

A 71-percent increase in highway travel to more than 1.5 trillion miles a year by 1985.

Our States have determined that additional freeway mileage of at least 41,000 miles, equal to the Interstate System, will be needed by 1985.

The report estimates the cost of needed capital improvements on all streets, roads, and highways at $293 billion for the 1965–85 period. A third of this is for local streets and roads.

The Federal Highway Administration has just increased its estimate of the total cost for the Interstate System to $56.5 billion. This is an increase of $9.7 billion over the last estimate submitted in 1965.

And in the midst of all this, with the States anxious to know what is going to happen after 1972 in highway financing, the Secretary of Transportation announces a cutback in highway trust funds.

All Governors expressed their opposition to such a cutback when it was proposed in three alternative formulas last October. And we will oppose it today.

The proposed cutback is offered as a measure to control inflationary pressures. We believe that deferral of highway funds at this time will not have the effect of combating inflation in any measurable way. By delaying these highway construction programs, they will actually become victims of inflation. Construction costs are sure to rise. The delay will result in higher costs for building the same projects at a later time.

The most immediate effect will be to interrupt the engineering and planning aspects of highway development. Projects ready for contracting and construction will be halted. The great backlog of highway needs will be piled higher. Final accomplishment of the present highway program becomes less and less a reality within our grasp. And the projected work on ABC programs and on urban highway needs is that much further away.

In terms of administration of highway departments, this cutback hurts the States. This prolonged uncertainty creates hardships in recruiting and retaining trained personnel. The States are wondering if it is wise to plan ahead to try to meet the fantastic highway needs of the future.

The highway industry is, of course, greatly affected by this atmosphere of instability. For every man employed on a highway job, there are 2½ men employed in support activities. The highway program has quite an impact on the economic picture. But we wonder if the unemployment resulting from this fund cutback is the best way to solve our economic problems.

By creating a $600 million balance of unobligated funds in the highway trust fund, the Secretary of Transportation makes available a resource of loan money for the General Treasury. This $600 million can then be used to offset expenditures of the general budget. This provision in the trust fund law was in the event that the highway money was not needed by the States for construction programs. I assure you that this need definitely does still exist.

The States are carrying their share of the burden. Several States are in the process of enacting legislation for bond issues or for gasoline tax increases for highway purposes. The announcement of a highway fund cutback can have a damaging effect on such efforts.

Mr. Chairman, the Governors do recognize the national economic problems facing us today. And they would, of course, not place the interests of the highway programs above the national interests of economic stability or defense efforts. We feel, nevertheless, that other more direct means of curbing inflation ought to be explored. It would be unwise public policy, in our opinion, to extend the proposed fund reduction beyond the 1968 calendar year. We urge restoration of the deferred funds at the earliest possible date.

We must look to the future to see what can be done to prevent further cutbacks in highway trust fund allocations and obligations. The instability in highway programing, and the delays in project accomplishment which always result from such actions certainly were not within the intent of the Congress when it created the trust fund.

I trust this subcommittee will explore proposals for amending Federal laws to prevent such deferrals and withholding of funds from the highway trust fund. The total opposition of the Governors to this $600 million deferral would indicate their strong support for such a measure.

Mr. Chairman, the highway needs of America are serious. They are related to our economy, our defense, and to the safety and welfare of our people. We must act responsibly and quickly to meet these needs. The States are ready to move. And we look forward to working in partnership with the Federal Government.

Thank you.

Mr. KLUCZYNSKI. Thank you, Mr. Jackson, for that splendid statement of the Governor's. You may send him our best regards, from the chairman and members of this committee. He has appeared before this committee many times.

Any questions to my right?

Any questions to my left?

Thank you, Mr. Jackson. It has been a pleasure to have you before this committee.

At this time I want to introduce to this committee one of our outstanding Members of Congress. I do not know whether it is "Black" or "Red" label, but he is the Congressman from New Mexico.

John, will you take the stand.

STATEMENT OF HON. E. S. JOHNNY WALKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. WALKER. Thank you, Mr. Chairman, members of the committee.

I will not give any testimony this morning. However, I do want to thank you and the committee for the privilege of introducing my friend, B. B. Armstrong, who is currently the president of the Associated General Contractors of America, from Roswell, N. Mex., who has a prepared statement for the committee, and I think pretty much represents the thinking of us today.

Mr. Chairman, I would like to introduce Mr. Armstrong.

Mr. KLUCZYNSKI. We will be happy to hear you.

STATEMENT OF B. B. ARMSTRONG, PRESIDENT, THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, ROSWELL, N. MEX.; ACCOMPANIED BY JAMES M. SPROUSE, ASSISTANT EXECUTIVE DIRECTOR, CONTRACTOR SERVICES

Mr. ARMSTRONG. Mr. Chairman and members of the committee, my name is B. B. Armstrong. I am the managing partner of Armstrong & Armstrong, a highway construction firm in Roswell, N. Mex.

Currently, I serve as president of the Associated General Contractors of America, a trade association of over 8,500 of the Nation's leading general construction contractors. Nearly 4,000 of these are highway contractors, and are the men who are building the road network this committee is considering.

I am accompanied by James M. Sprouse, assistant executive director of the AGC, who has appeared before this committee many times.

My firm, Armstrong & Armstrong, performs about $3 million worth of highway construction a year. We work only in New Mexico, and the New Mexico Highway Department is our only source of work.

My qualifications for speaking to you on highway construction also include three terms as president of the Associated Contractors of New Mexico, 10 years' membership on our joint committee with the American Association of State Highway Officials, chairman of the AGC Highway Division and 3 years as a member of the AGC executive committee.

The AGC strongly supports the continuation of the ABC program at its current level. This carries out the intent of this committee, and of the Congress, as set forth in the Federal-Aid Highway Act of 1956. The continued improvement of this network of arterial roads is vital to our Nation's security, and is urgently needed for the development of cities, for the full utilization of our natural resources, and for the promotion of our industrial and agricultural growth.

Surveys show that the chief factors involved in business decisions concerning plant location are based primarily on the availability of markets, raw materials, and labor supply. The No. 1 factor is always good transportation, for without good transportation no industry can operate successfully.

We hope, therefore, that this committee and the Congress will authorize the construction of this program on its present basis.

We think, however, that we should point out to this committee that even as we are advocating the continuation of the highway program on an orderly basis, we are suffering from the effects of cutbacks, past and present, in that same program, and we certainly would be remiss if we did not bring to your attention the serious consequences of those cutbacks and their effect on those who depend on highway construction for their livelihood.

The great majority of firms participating in the construction of Federal-aid highways are small organizations. They are not diversified, and highway construction provides their only income. Many must obtain contracts to enable them to meet payments on their plant and equipment. These firms are always the first casualties of a cutback in the Federal-aid highway program, since most lack the resources to carry them over long periods of idleness. Even if they do survive, they can hardly be expected to reinvest in a future program, with no assurance of its continuity.

For all highway contractors, small or large, cutbacks create difficulty in intelligently planning work, in bidding on contracts, in mobilizing equipment, personnel, and sources of supply. Contractors have made long-term commitments for plant and equipment, relying on the stated intent of Congress to maintain a balanced, orderly, properly financed highway program.

The design and construction of highways is a continuing, and long-reaching process. Projects must be scheduled far in advance of actual construction, and that schedule is of necessity based on the predictable availability of Federal funds.

Short, intermittent, delayed, and unscheduled releases of these funds undermine the entire planning process, and serve only to prevent orderly completion of highways and to substantially increase their overall cost. Unless a basically stable letting schedule can be carried on by the State highway departments, contractors cannot maintain efficient operational organizations: they lose the construction momentum necessary for economical operations. All too frequently they are forced out of business.

At this point we request permission to have inserted in the record of these hearings, as a supplement to my testimony, the replies received to a survey conducted by the AGC, asking its State organizations how many highway contractors in their areas have gone out of business, voluntarily or involuntarily in the past 2 years.

Mr. KLUCZYNSKI. Without objection; so ordered.

(Documents referred to follow:)

[Telegrams]

ASSOCIATED GENERAL CONTRACTORS OF ILLINOIS,
Springfield, Ill., February 15, 1968.

Mr. J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Our directors estimate 35 Illinois highway contractors have gone out of business during past 2 years.

CHARLES MILLER.

ASSOCIATED GENERAL CONTRACTORS,
Boise, Idaho, February 14, 1968.

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.:

Re your telegram of February 14, 1968, concerning contractors went out of business past 2 years. Idaho branch inclusive area had eight. Seven voluntary and one involuntary.

J. P. MOLITOR.

ASSOCIATED GENERAL CONTRACTORS,
Miami, Fla., February 15, 1968.

J. M. SPROUSE,
Manager, Highway Heavy Division,
Associated General Contractors of America, Inc.,
Washington, D.C.:

Re telegram contractor failures approximately 20 annually according to survey.

PAUL H. HINDS,
Executive Manager, South Florida Chapter.

ASSOCIATED GENERAL CONTRACTORS,
Tampa, Fla., February 15, 1968.

J. M. SPROUSE,
Assistant Executive Director, Contract Services,
Associated General Contractors,
Washington, D.C.:

Re telegram requesting number of firms going out of business 1966–67, Florida west coast chapter, AGC. 12-county area west coast of Florida—St. Petersburg, Tampa, Clearwater—knowledge of nine firms.

CLAY MCCULLOCH,
Florida West Coast Chapter.

ASSOCIATED GENERAL CONTRACTORS OF DELAWARE,
Wilmington, Del., February 16, 1968

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.:

Re your telegram two contractors voluntarily went out of business within past 2 years.

SKIPPY LYNESS.

ASSOCIATED GENERAL CONTRACTORS OF CONNECTICUT,
New Haven, Conn., February 14, 1968.

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.:

Re your wire, we know of three firms which have ceased doing construction work during the past 2 years. One of these now trying to reactivate construction activity. Probably more but no factual knowledge.

FRANK J. WHITE.

ASSOCIATED GENERAL CONTRACTORS,
Phoenix, Ariz., February 14, 1968.

JAMES M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Re your telegram, approximately 15 highway heavy contractors have gone out of business in Arizona in the past 2 years.

JAMES R. MCDONALD, *Arizona Chapter.*

SAN DIEGO, CALIF., *February 14, 1968.*

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Five AGC members and estimated 15 non-AGC members out of business in last 2 years in San Diego County.

GLENN DOWDY.

ASSOCIATED GENERAL CONTRACTORS,
Anchorage, Alaska, February 14, 1968.

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

To the best of my knowledge there were only three contractors considered reputable in the area who voluntarily went out of business within the past 2 years.

NORMAN L. SCHWALB, *Manager.*

LOS ANGELES, CALIF., *February 15, 1968.*

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Cursory survey indicates excess of 4,000 contractors (all types) went out of business through one means or another during last 2-year period here in southern California.

RICHARD B. MUNN.

KENTUCKY ASSOCIATION OF HIGHWAY CONTRACTORS,
Frankfort, Ky., February 15, 1968.

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Re telegram February 14, nine contractors, all small except one.

D. E. COMLEY, *Executive Director.*

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.,
LOUISIANA HIGHWAY AND HEAVY CONSTRUCTION BRANCH,
Baton Rouge, La., February 15, 1968.

Mr. J. M. SPROUSE,
Assistant Executive Director, Contractor Services,
Associated General Contractors, Washington, D.C.

DEAR JIM: As far as we are able to determine, approximately 53 Louisiana firms engaged in highway and heavy construction went out of business within the the past 2 years.

Sincerely,

PRESTON EGGERS, Jr., *Managing Director.*

ASSOCIATED GENERAL CONTRACTORS OF MAINE,
Augusta, Maine, Februray 15, 1968.

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.

Four contractors went out of business in the State of Maine in the last 2 years.

RALPH KNOWLTON.

MICHIGAN ROAD BUILDERS,
Lansing, Mich., February 14, 1968.

JAMES M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.

Eleven highway contractors went out of business in the State of Michigan during period from January 1, 1966, to December 31, 1967.

C. V. KLAPAC.

ASSOCIATED GENERAL CONTRACTORS OF MINNESOTA,
Minneapolis, Minn., February 14, 1968.

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.

Approximately 12 Minnesota members out of business past 2 years.

W. H. GARY,

ASSOCIATED GENERAL CONTRACTORS OF MISSISSIPPI,
Jackson, Miss., February 15, 1968.

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.

Re your telegram only two contractors our area out of business within past 2 years—one voluntarily, 1 involuntarily.

KIRK JEFFREYS.

ASSOCIATED GENERAL CONTRACTORS OF AMERICA,
SANTA FE, N. MEX., *February 14, 1968.*

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.

Best knowledge two contractors this area went out of business within past year. President Armstrong could best provide information for previous years.

ROBERT RAGSDALE.

ASSOCIATED GENERAL CONTRACTORS OF MISSOURI,
Jefferson City, Mo., February 14, 1968.

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.

To the best of our knowledge, re highway heavy contractors our area, approximately three went out of business involuntarily and an equal number voluntarily.

JAMES W. KELLY.

ASSOCIATED GENERAL CONTRACTORS OF AMERICA,
NEW YORK STATE CHAPTER, INC.,
Albany, N.Y., February 16, 1968.

Mr. JAMES M. SPROUSE,
Associated General Contractors of America, Inc.,
Washington, D.C.

Replying to your telegram dated February 13.

To the best of our knowledge six contractors from this area have voluntarily "gone out of business" and one involuntarily.

Looking forward to seeing you again at our convention in Dallas next month.

THOMAS C. KUEBLER.

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.,
CAROLINAS BRANCH,
Charlotte, N.C., February 14, 1968.

Mr. JAMES M. SPROUSE,
Assistant Executive Director, Contract Services,
Associated General Contractors of America, Inc.,
Washington, D.C.

DEAR JIM: In response to your telegraphic inquiry today, this is to advise that our records indicate a total of 18 buildings, highway, and heavy contractors in our area have gone out of business during the past 2 years; nine voluntarily and nine involuntarily. Of the nine voluntarily going out of buisness, six of these were due to death of the principal.

This survey is based on about 500 contractors who do approximately 90 percent of the industrial work in the Carolinas.

Very truly yours,

HENRY J. PIERCE, *Managing Director.*

ASSOCIATED GENERAL CONTRACTORS OF NORTH DAKOTA,
Bismarck, N. Dak., February 14, 1968.

Mr. JAMES M. SPROUSE,
Associated General Contractors of America, Inc.,
Washington, D.C.

DEAR MR. SPROUSE: Approximately 11 contractors in our area either went out of business voluntarily or involuntarily within the past 2 years.

Sincerely,

GERALD W. MCCOY, *Manager.*

ASSOCIATED GENERAL CONTRACTORS OF WYOMING,
Cheyenne, Wyo., February 15, 1968.

Mr. JAMES M. SPROUSE,
Associated General Contractors of America, Inc.,
Washington, D.C.

Estimated four contractors in Wyoming have gone out of business during the last 2 years.

JACK KNOT.

MADISON, WIS., *February 15, 1968.*

Mr. JAMES M. SPROUSE,
Associated General Contractors of America, Inc.,
Washington, D.C.

Re your telegram of February 14 to the best of our knowledge about 12 general contractors in our area went out of business in the past 2 years. None of these were AGC members.

G. L. COLUCCY, *Assistant Manager.*

ASSOCIATED GENERAL CONTRACTORS OF WEST VIRGINIA,
Charleston, W. Va., February 14, 1968.

Mr. JAMES M. SPROUSE,
Assistant Executive Director, Associated General Contractors of America,
Washington, D.C.

Re your telegram, eight members West Virginia chapter went out of business in past 2 years, seven voluntarily and one involuntarily.

A good estimate is that at least 15 contractors have quit the business in West Virginia in 2-year period.

EUGENE H. BROWN, *Executive Secretary.*

UTAH CHAPTER, AGC,
Salt Lake City, Utah.

JAMES SPROUSE,
Associated General Contractors,
Washington, D.C.:

Six members of our association have gone out of business in the past 2 years.

H. J. GUNN.

TEXAS HIGHWAY HEAVY BRANCH, AGC,
Austin, Tex., February 14, 1968.

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.:

Re your telegram, ten contractors went out of business either voluntarily or involuntarily during the past two years.

JAMES M. RICHARDS.

TACOMA CHAPTER, AGC,
Tacoma, Wash., February 19, 1968.

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

In re February 13, 1968, wire estimated figure 20 firms in the past 2 years.

FRANK STOJACK, *Secretary Manager.*

PROVIDENCE, R.I., *February 15, 1968.*

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Re your telegram February 13, five contractors out of business last 2 years, three involuntary.

W. J. SHEEHAN, *Rhode Island Chapter.*

PIERRE, S. DAK., *February 14, 1968.*

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.:

Re your telegram, 13 South Dakota contractors out during past 2 years.

JIM HUNT, *South Dakota Highway Heavy.*

Mr. ARMSTRONG. These replies show that as many as 20 highway firms in one county went out of business in the past 2 years; 35 went under in Illinois; 20 went under in Florida; nine in the St. Petersburg-Tampa-Clearwater area. We do not know how many of these failures can be attributed to the cutbacks, but we do know one very significant fact: the great majority were small contractors.

Of great concern to us also is the personnel problem arising from sudden cutbacks. Superintendents, foremen, equipment operators, and other top craftsmen who are kept on the payroll by contractors during the offseason and employed in repairing equipment so they will be available for summer construction, may have to even be laid off. Releasing these workers will result in severe disruption of the labor market.

The investment made by these firms in training personnel will be lost, since there is no assurance that the workers will be available when needed in the future, as the program is resumed. The workers will try to locate employment in fields unaffected by stop-and-go construction activities. It is very difficult for these workers, with their present skills, to find employment in other fields. College students, to whom summer employment in the construction industry is important, will find that summer employment is nonexistent.

The contractor must operate like any other businessman. He has all the usual business problems: personnel and equipment to procure and maintain, materials to buy, creditors and taxes to pay. Yet the highway construction industry, with an average profit of 1.2 percent, is substantially below the national average of 4 percent.

The U.S. construction industry is the largest industry in the world. It accounts for about 15 percent of the gross national product and provides direct employment for about 3.5 million persons. Its size and the employment it generates warrant the Government's best efforts to keep it healthy. It cannot remain healthy if its work is to be turned off and on at irregular intervals.

In announcing the cutback, the Secretary of Transportation cited figures to show that highway construction costs went up 4 percent in 1967. He called this an "undue increase." We respectfully call the Secretary's attention to the fact that wage increases in 1966 ranged as high as 24 percent. The average was 9 percent. We consider this an "undue increase," but to date the administration has not seen fit to take direct action to curb the outrageous demands of organized labor and the exorbitant inflationary settlements forced on our industry by paralyzing strikes.

In 1966 there were 977 construction strikes, involving 455,000 workmen, causing 6,140,000 man-days of idleness. The average strike lasted 29 days; some lasted as long as 100 days.

As we said earlier, some of the eventual settlements cost as much as 24 percent more in wages. And while this irresponsible assault on the Nation's economy was taking place, the Government took no effective action against it.

It is to be regretted that the administration, rather than getting at this root cause of the problem, instead, is destroying the stability of the highway program.

We sincerely believe, however, that the principal cause of recent cost increases in the highway construction industry is the very action which the administration says will curb inflation: the cutbacks themselves. Construction simply cannot be done economically on a stop-and-go basis; it always costs more this way in the long run.

The contractor must be able to plan ahead in order to carry on his work efficiently and economically. He must be able to plan and project his work program on more than a season-to-season basis. It stands to reason that the contractor can, while he still has his equipment, personnel, and sources of supply mobilized, submit a bid lower than he can if he has lost the advantage of a mobilized, well-functioning organization.

History has proved that "stop and go" or "peak and valley" construction always costs the owner—in this case the public—substantially more than a continuing, orderly program such as the Congress authorized in 1956. Today the program of the Congress is seriously jeopardized by withholding and restoring funds at irregular and unpredictable intervals.

A construction job requires a vast amount of advance planning and development on the part of the general contractor. When the day arrives to start a job, he must already have assembled men, equipment, and material. A great deal of effort and money go into the pipeline before a hand is lifted on the jobsite. This flow into the pipeline cannot be cut off at a moment's notice—and, even more important, cannot be resumed at a moment's notice. The result of sudden deferral of construction is waste on a gigantic scale.

The curtailment of highway funds without full congressional review and approval constitutes a breach of faith, a diversion of taxes collected under the pledge that the funds so raised would be used for construction of the national highway system. Short of such congressional action, our industry cannot concede the justification for a cutback of this vital program except in the event of a national emergency requiring the imposition of controls on the whole economy.

We note that at least six bills have been introduced, three by members of this committee, which would prohibit the withholding of highway funds by the executive branch of the Government. We hope hearings will be held on those bills.

Another difficulty of doing business which I mention briefly is the "affirmative action" obligation imposed on contractors in the name of equal employment opportunity, including the unworkable and, in some ways, ridiculous preaward inquisition. The AGC requested that the Secretary of Labor hold public hearings on this subject. The request was refused.

We are happy that this committee, and its counterpart in the Senate, has indicated that they will hold hearings on this, and the AGC looks forward to presenting factual, helpful testimony to the committees. The subject badly needs airing.

In closing I should like to say that those whom I represent here today are contractors. They are also responsible citizens, and are fully aware of the worldwide obligations of our country which must be supported. Many of our members are working throughout the free world today, helping to carry out these obligations.

The system of highways we are discussing here is vital to our Nation's economy and safety. To the highest degree consistent with our overall obligations, we urge their continued improvement.

And I would like to reiterate what Congressman Cramer said, sir, that a construction company in Tampa, Fla., had 400 employees with a weekly payroll of $40,000; now they have 286 employees with a weekly payroll of $30,000.

I think that I should also mention that as a direct reflection of the cutbacks, that the State of Maryland had highway contracts to be completed in the amount of more than $72 million as of January 1, 1967. Exactly 1 year later that figure was a little less than $43 million.

Thank you, sir.

Mr. KLUCZYNSKI. Thank you, Mr. Armstrong. It was a wonderful statement. It will be appreciated.

I see on page 2, under "Comments on Availability of Funds," second paragraph says, "The great majority of firms participating in the construction of Federal-aid highways are small organizations."

That means, if we have these cutbacks, that the small contractor—the man who is mortgaged to the hilt on his heavy machinery that costs $50,000 or $100,000 or $150,000—if he gets no work, he cannot make any payments. If he does not make payments, then they take that away from him; is that right?

Mr. ARMSTRONG. That is correct, sir.

Mr. KLUCZYNSKI. In other words, that heavy machinery is getting rusty in the yard, cannot make any payments, and he is going to be forced out of business.

Mr. ARMSTRONG. That is right.

Mr. KLUCZYNSKI. By forcing him out of business, it means we only have a few contractors in this country.

Mr. ARMSTRONG. That is right.

Mr. KLUCZYNSKI. I am chairman of a Subcommittee on Small Business, and I have always been looking after the small businessman. I came from a small business family all these years, and I have always tried to take care of that small man who needs help. The big fellow can take care of himself. I have said many times these cutbacks hurt the small contractor; they force him out of business, thus eliminating competition and forcing costs even higher.

Your statement certainly bears me out. We are very happy to have you here, and you have helped to convince me that I have been right all these years.

Any questions? Mr. Chairman.

Mr. FALLON. Mr. Armstrong, I had the pleasure of visting the garden spot of New Mexico, Roswell, and met with your contractors. You mentioned the State of Maryland being severely cheated. I hope it is not because I am chairman of this committee that they singled out Maryland to get the worst treatment.

However, I had quite a few conferences and correspondence with the Department of Transportation and the Bureau of Public Roads, and I have received a letter from them, which I will make part of the record at a later part of this hearing, telling us that we didn't have to pay any attention to the figures in the directive that came out from the Department of Transportation; that if we could put more work under contract than the directive figure, well, they would honor these applications.

I am not sure about the future of the program in Maryland at this time, but certainly we will follow up on their commitment to us, to pay no attention, that these were just guidelines and they were very flexible.

So I do not know whether that is going to settle it or confuse us further. Certainly I hope by the time these hearings are over that we can get a firm commitment some way or another for all the States.

Mr. KLUCZYNSKI. Mr. Wright, the gentleman from Texas.

Mr. WRIGHT. Mr. Armstrong, I just want to express my thanks as one member of the committee for your concise, clear, and lucid statement. You described to us very forcefully what has been happening and its effect on the highway-building industry and the ultimate cost.

Just by way of comment, I would like to say, while this talk is going on about the mistreating of various States, as long as you have got Tom Morris up here, I do not think anybody is going to get by with mistreating New Mexico.

Mr. KLUCZYNSKI. Mr. Dorn.

Mr. DORN. Mr. Chairman, I just wanted to say that we are happy to have Mr. Armstrong here. Of course I want to welcome my distinguished and able colleague before the committee, Mr. Walker. I say to Mr. Armstrong that Mr. Walker is an outstanding man for New Mexico and the country.

Mr. KLUCZYNSKI. Mr. Cramer.

Mr. CRAMER. Mr. Chairman, I too, want to thank Mr. Armstrong for helpful, factual information that you made available to this committee, and also to welcome our colleague before the committee; both of you representing the great State of New Mexico.

For the purpose of the record, I have looked over the exhibits that you made available and made a tabulation of them as to the number of highway contractor failures in the last 2 years. And the tabulation which I get of highway contractor failures in the last 2 years is 241, both voluntary and involuntary, in the 19 States, or parts of States, that reported.

Some examples: California, 20; Florida, 20; Illinois, 35; Louisiana, 53, as some examples.

I would like, Mr. Chairman, to have this tabulation made a part of the record at this point.

Chairman FALLON (presiding). Without objection, so ordered.

(Tabulation follows:)

Failures

	Number		*Number*
Alaska	3	Michigan	11
Arizona	15	Minnesota	12
California	20	Mississippi	2
Connecticut	3	Missouri	6
Delaware	2	New Mexico	2
Florida	20	New York	7
Idaho	8	North Carolina	18
Illinois	35	North Dakota	11
Kentucky	9		
Louisiana	53	Total	241
Maine	4		

Mr. CRAMER. When the administration announced this cutback, it was on the basis, as you suggest in your statement, of approximately a 4-percent increase supposedly in cost of construction of highways in 1967 over 1966; is that not correct?

Mr. ARMSTRONG. I believe so.

Mr. CRAMER. Four percent.

Mr. ARMSTRONG. I believe.

Mr. CRAMER. At that time, when the cut was announced, I made the statement that it appeared to me that this cut—the justification of which was to prevent inflation—would actually cause inflation.

That is your conclusion, too; is it not?

Mr. ARMSTRONG. Yes, sir; very definitely, sir.

Mr. CRAMER. You cited some examples in your statement.

Secondly, a major contributor to the increase was the lack of guidelines which had previously been in existence relating to salary increases.

Mr. ARMSTRONG. This is correct.

Mr. CRAMER. And you indicated what the effect of dropping those guideline restrictions has been on the industry.

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. So, is it your conclusion, as it was mine, that the greatest causes of the 4-percent increase was, No. 1, the cutback, itself, of last year, and No. 2, the guideline no longer being restrictive on wage increases?

Mr. ARMSTRONG. That is correct, sir.

Mr. CRAMER. So, in effect, what we are doing, by another cutback, is fueling the fire of inflation, as it relates to the highway industry; is that not right?

Mr. ARMSTRONG. This is right.

Mr. CRAMER. So, actually, the conclusion is this is the wrong approach to that problem?

Mr. ARMSTRONG. Very definitely, sir.

Mr. CRAMER. Now, the State of New Mexico, as I interpret the figures, could be subject to a cutback of about 38 percent of the amounts that otherwise could be available which include the unobligated amount of $8.6 million carried over from 1967, plus additional obligational releases that have been and could be made during 1968 of $56.7 million, for a total of $65.34 million. And then taking into consideration the limitation on obligations of $40 million, the State of New Mexico, in effect, has $25 million cut, or 38 percent; is that approximately correct?

Mr. ARMSTRONG. Yes.

Mr. CRAMER. Does that conform to your understanding?

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. How is that going to affect the highway construction industry this year, in your opinion, in the State of New Mexico?

Mr. ARMSTRONG. Sir, within the last 6 months we have had one voluntary and one involuntary going out of business, of two old-time construction firms. It is my understanding that another one will go out of business within 3 months on a voluntary basis.

Our contractors are all small contractors in New Mexico, with one or two exceptions. And the highway cutback can do nothing except, in my opinion, put some others out of business.

Mr. CRAMER. Our chairman has touched on the matter which I think is of considerable interest and importance, and that is that he has had some negotiations with the Bureau and the Department relating to the State of Maryland, and understandably so.

I have discussed the State of Florida with him. It is my understanding, as it apparently is his, that, come about April 1, there is going to be some money floating around. That is at least how I describe it, some money that some States had not used up to that time, and therefore it can be floated to other States that are prepared to let contracts; is that your understanding?

Mr. ARMSTRONG. Sir, I had not heard this.

(Mr. Kluczynski resumed the chair.)

Mr. CRAMER. Well, maybe we can be of service to each other, then.

Mr. ARMSTRONG. Right.

Mr. CRAMER. I have a copy of an instructional memorandum that is dated January 23, instructional memorandum 30–2–68, January 23, 1968, signed by Mr. Turner, Director of Public Roads, which, in the next to the last paragraph says and I quote—and the reason I quote is that I think it is important for the States to understand it, and then I have another comment relating to it in a moment.

"It will be our purpose to make continuing analyses of the progress being made in utilizing the funds available for obligation under this limitation"—meaning the cutbacks. "Adjustments will be made in the schedule as appropriate to permit full use of available funds."

Adjustments: "If it is found, after a few months' experience, that all of the States limitation, as shown on the attached table, cannot reasonably be expected to be utilized, we will attempt to develop a method to make these amounts available to other States."

This is the floating money I am talking about.

Therefore, I would hope that the States understand that there may be funds available, and that they should not curtail their tool-ing up to contract letting in view of that. Would that not be your interpretation?

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. You are the authority on the subject. Would that not be your interpretation?

Mr. ARMSTRONG. Not the money; that is right, sir.

Mr. CRAMER. Off the record.

(Discussion off the record.)

Mr. HARSHA. Would the gentleman yield?

Mr. CRAMER. Yes.

Mr. HARSHA. The fact that this floating money that Mr. Cramer just alluded to is available would certainly contradict the position of the administration that this act was necessary to curtail inflation, because they are promulgating, by this floating money, what they ostensibly claim they are doing with the cutback; is that not so?

Mr. ARMSTRONG. That would be my understanding; yes, sir.

Mr. CRAMER. Well, the staff has just called to my attention a later directive. This one is dated February 15, 1968, instructional memorandum, also from Frank Turner, 30–3–68. This seems to, to some extent, repudiate or limit the floating-money concept, and I will read it:

> Approximately 45 percent of the limitation amounts may be obligated during January–June period, and the balance may be obligated during the period July 1 through December 31 of 1968.

Meaning 45 percent of the amount left after the cut.

So that appears to be a limitation on floating money used.

Mr. ARMSTRONG. Yes.

Mr. CRAMER. And then further, February 15, a circular memorandum, first sentence of the second paragraph:

> It now becomes apparent that we must have the States' projected schedules as a basis for policy decisions on possible adjustments in the allocations which have been made. Accordingly, please transmit, in time to reach my office March 1, an analysis of the programs and schedules which you received, including your evaluation of the ability of the highway departments to obligate funds on the basis which they have projected.

So, do you know what that means?

Mr. SPROUSE. Sounds confused.

Mr. CRAMER. Sounds a little confusing?

Mr. SPROUSE. Yes.

Mr. CRAMER. It sounds confusing to me, too.

So maybe we have floating money; maybe we do not have floating money, I guess is what it amounts to.

But what disturbs me is who is going to decide what States get the floating money? And under what circumstances?

It is my opinion that that is why we wrote the apportionment formulas into the law, so that every State would be treated equitably, fairly, and nondiscriminatorily. Was that not your understanding of how the program was supposed to operate?

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. I think this committee should watch with great interest, Mr. Chairman, the standards used and the procedures used, if there is going to be floating money, for the distribution of those funds, particularly in view of these new limitations that seem to contradict the previous ones.

I think this clearly shows the risk involved, of possible discrimination between States, selection by the executive branch of certain States, to the exclusion of other States, when you get into the business of manipulating the trust funds.

I think that is one of the risks involved in the cutback.

Mr. FALLON. Will the gentleman yield?

Mr. CRAMER. I will yield to the distinguished chairman.

Mr. FALLON. I understand, of course, the point the gentleman is making. But, as I suggested before, that I was informed by the Secretary that there would be money available, that if Maryland could put more money under contract than was allowed in the directive, and they are being cut 50 percent, so if they were one of the first States that got a little bit of this floating money, I would not consider that discrimination. I think the discrimination has already occurred.

And if it is possible for the Secretary to relieve a little bit the discrimination that has already been made, I think that would be all right. I do not think the gentleman means that if these States that had been cut to the bone received a little of this floating money it would be discrimination.

Mr. CRAMER. No, no. I am glad the chairman made his comment. I would not want my comments to be misinterpreted. I would be the last to suggest that making additional funds available to the great State of Maryland, which obviously was discriminated against in the cutback itself, would be discrimination, any more than the State of Florida.

I would suggest, however, that a couple of these States that are getting plus money, such as Massachusetts with plus 27 percent, Colorado with plus 15 percent, as examples; if they got more money, that would be discrimination.

That is one of the points that I had in mind.

Mr. FALLON. That is the one I had in mind.

Mr. CRAMER. That is all I have, Mr. Chairman.

Mr. KLUCZYNSKI. Any questions to my right?

Any questions to my left?

Mr. Harsha?

Mr. HARSHA. I just want to commend Mr. Armstrong for his statement and for the facts as he gave them to the committee, pointing up the necessity of legislation I have introduced to have a working program in process of completing the highways.

Not only does this intermittent cut-off or freeze of funds delay the orderly process and development of the highway system, but it increases, in the final analysis, their overall cost; but it certainly impedes the safety and affects the welfare of the traveling public.

As I understand, when we get this Interstate System completed, it is supposed to save around 8,000 lives a year. Now, how many are we losing because of these freezes and temporary delays in continuing this program?

I am certainly happy to urge the subcommittee to conduct hearings on this legislation. I hope the chairman sees fit to follow through, because I think it is needed.

Thank you.

Mr. KLUCZYNSKI. The gentleman from Nebraska, Mr. Denney.

Mr. DENNEY. I wanted to commend Mr. Armstrong for the statement.

On page 4 he makes the statements, "The curtailment of highway funds without full congressional review and approval constitutes a breach of faith."

It is a breach of faith not only with the contractors, but it is a breach of faith with every citizen that drives an automobile and pays this tax into the purchase of gasoline; is that not correct?

Mr. ARMSTRONG. That is correct, sir.

Mr. DENNEY. That is all I have, Mr. Chairman.

Mr. KLUCZYNSKI. Thank you.

The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. I want to join my colleagues in paying my compliments to you, sir.

I think that your statement certainly is an excellent one and gives us documentary evidence of some of the problems that they face with this cutback, this stop-and-go type of action, as a result of the administration's decision.

But I am particularly pleased to have you place the emphasis on what occurs to the small businessman in this country. The greatest problem we have is for these people in undertaking the hiring of personnel and trying to develop organizations to handle the job, they can never go forward constructively and do the job and build the kind of responsible organizations that will keep our construction costs in line, unless they can have what was originally intended, as far as the act was concerned, to depend upon it.

I think you enunciated this very well, and I think the committee is very indebted to you for giving us this kind of example.

Thank you.

Mr. KLUCZYNSKI. Thank you.

The gentleman from Indiana.

Mr. ZION. Mr. Armstrong, I believe you testified that approximately 241 highway contractors have gone out of business in the last 2 years, was that correct?

Mr. ARMSTRONG. I believe that is the figure; yes, sir.

Mr. ZION. Were most of the States heard from here?

Mr. ARMSTRONG. No, we did not hear from all of the States.

Mr. ZION. About how many States did you hear from?

Mr. SPROUSE. I believe it is in the tabulation.

Mr. ZION. How many States?

Mr. CRAMER. 19 States.

Mr. ZION. 19 States out of 50. We can presume, then, that there will be considerably more than 241 in the United States that went out of business.

Mr. CLAUSEN. Did that include California?

Mr. CRAMER. California had 20 contractors going out of business; and the State of Florida had 20; and the State of Louisiana had 53; Illinois, 35; in the last 2 years.

Mr. ZION. My point is that this 241 highway contractors is a minimum figure. Probably, if we took the United States as a whole, this might represent less than 50 percent of the contractors who went out of business in the last 2 years. Would that be a fair statement?

Mr. ARMSTRONG. I would believe it to be a fair statement.

Mr. ZION. Thank you.

Mr. KLUCZYNSKI. Thank you.

Mr. ARMSTRONG. I believe that the 20 from California represented just one county, San Diego County.

Mr. SPROUSE. We received additional information from our southern California chapter in Los Angeles, which said, in the 2 years, that 4,000 contractors of all types went out of business in California.

Now, I talked to the manager of our affiliated organization in Los Angeles on that 4,000 figure, and he said, Well, there are 65,000 licensed contractors in the State of California. This includes all types of contractors from the very smallest man, who does nothing but the guardrail, up to the Bechtel Corp. So now we can break that down to a figure, we can substantiate as to how many highway contractors went out of business; we could not do it in California.

Our San Diego chapter, however, gave us the answer of 20 in San Diego County alone.

Mr. CLAUSEN. We have this wire, Mr. Chairman, from Mr. Glenn Dowdy to Mr. James Sprouse, "Five AGC members and estimated 15 non-AGC members out of business in last 2 years in San Diego County."

And this substantiates the point he was making.

I have only briefly heard of some of them from California, but now that the hearings are underway, they are trying to get their story across, and I am deeply grateful for you getting this substantiating evidence, and we are going to be getting into more and more of this as time goes on.

Mr. FALLON. Mr. Chairman, I understand the purpose of these hearings this morning was to have testimony on the continuation of the ABC program, and always this committee has allowed flexibility, so we are not held to any particular subject.

I would like to know from AGC, Mr. Armstrong, just what your feelings are in regard to the continuation of the ABC program?

Mr. ARMSTRONG. We stated that we supported the continuation of the ABC program at its current level, and we would urge that it be continued.

Mr. FALLON. On the same formula?

Mr. ARMSTRONG. Yes, sir.

Mr. KLUCZYNSKI. Thank you, Mr. Armstrong.

Mr. Olsen?

Mr. OLSEN. I wanted to join the rest of my colleagues in complimenting our friend, Mr. Walker, for bringing these gentlemen here before us, introducing them to us.

Mr. Walker also does an outstanding job and has great interest in his great State of New Mexico, and I know the highway program of the United States, and I appreciate his bringing these gentlemen here.

Thank you very much.

Mr. KLUCZYNSKI. Thank you, Mr. Olsen.

I was going to say, but you beat me to it, that they should feel very fortunate in being introduced by the Congressman from New Mexico. Thank you.

The next witness will be Mr. Patrick Healy, executive director of the National League of Cities, and Mr. Bernard F. Hillenbrand, executive director, National Association of Counties.

Will you please be seated, and whoever wants to start it off may do so.

STATEMENTS OF PATRICK HEALY, EXECUTIVE DIRECTOR, THE NATIONAL LEAGUE OF CITIES; AND BERNARD F. HILLENBRAND, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF COUNTIES

Mr. HEALY. I am Patrick Healy, executive director of the National League of Cities. I appear on behalf of 14,400 cities, affiliated with the National League of Cities and located in all 50 States.

I am pleased that I have with me here Mr. Bernard F. Hillenbrand, who is my counterpart with the National Association of Counties. We have had extensive consultation with various interest groups concerned with the highway program, including the county governments as represented through their national organization, the State highway officials, through the American Association of State Highway officials, and user groups, in arriving at recommendations we are making here.

The purpose of my testimony is twofold:

First, to urge Congress to continue its support of the ABC program for highway improvement.

Second, to urge that this committee take action, during this session of Congress, to initiate the development of a new highway program to be implemented as the Interstate System approaches completion.

The National League of Cities urges authorization and appropriations of at least the current $1 billion funding level for the ABC system for each of the fiscal years 1970 and 1971. That sum must be available to assure even a nominal improvement in street and highway systems essential to move traffic in and around our urban areas.

Our cities badly need funds to improve streets and highways that are not part of the Interstate System. The 1968 National Highway Needs Report, recently submitted to the Congress by the Federal Highway Administration, emphasizes that it is in urban areas where highway systems most urgently require improvement. A recent survey conducted by the American Association of State Highway Officials concludes that approximately 34.7 percent of current ABC appropriations are spent in urban areas. While this percentage is significant, and a great improvement over allocations in earlier years of this program, it is still far from sufficient to keep pace with the growing need to provide urban areas with comprehensive highway systems. Consequently, any interruption or reduction in the flow of ABC moneys would certainly compound an already difficult local traffic and financial situation.

I have confidence that this committee, and this Congress, recognizes the importance of the ABC program and will continue it at at least its current funding level.

The National League of Cities believes that Congress must begin now to develop a new highway program; a program which will more nearly meet the requirements of this urban Nation.

A long leadtime is necessary to plan and develop highway systems. As Chairman Fallon noted last June:

> Because of the magnitude of the highway construction program and because of the importance of coordinating highway construction with other activities, it is necessary to initiate action to plan for any new program several years before it is to begin.

The 1968 National Highway Needs Report also noted:

> The planning for future highway programs cannot wait completion of the Interstate System. An orderly transition from the present program to the new requires that preliminary planning studies begin at the earliest possible time. The available lead time (to 1975) is just barely adequate even now.

Any new highway program must have as its goal the development of a coordinated transportation system. The Interstate System will never achieve maximum effectiveness, nor will urban centers achieve maximum viability, if disproportionate emphasis continues to be placed on one element of the transportation system.

The Interstate System has succeeded in reducing congestion in some ways in urban areas, but it has increased it in others by dumping large amounts of traffic onto street systems unprepared to absorb such heavy traffic volumes. Its own utility has been limited because it is often compelled to function as a local arterial to relieve inadequate, congested streets which should carry more local traffic. Further, development of essential urban traffic circulation systems is not apt to occur in the absence of any Federal support for such systems.

Many needed improvements in local street and highway systems not a part of the Interstate System have been deferred pending the projected 1972 completion date for the Interstate System. As the completion date for the Interstate System is put off further and further, the need for action on these other projects is ever more compelling.

Recent cost estimates indicate that the Interstate System will not be completed until well after the originally projected 1972 completion date. Before that system is completed, an interim program must be initiated to decrease congestion and improve the safety and convenience of travel on major arteries within metropolitan areas and on essential elements of the highway system in rural regions by focusing resources on the most necessary highway projects deferred pending completion of the Interstate System. A procedure must be developed to "phase in" a new highway program as early as possible.

Thus it is appropriate, while discussing the immediate future of the ABC program, that we look ahead to the problems and solutions involved in developing coordinated transportation systems for urban areas in the next decade.

While we are concerned with the total highway program, as an organization of America's cities, our primary concern is urban transportation. In this latter respect we propose that a new urban transportation program should have three vital characteristics:

It should provide convenience and economy of travel, but it should also be a tool to shape the growth of metropolitan areas and have as its goal improvement of the quality of the urban environment;

It should be sufficiently flexible to permit the particular characteristics of the urban region to be served to determine the transportation modes and services most appropriate for the area; and

It should be structured so as to assure funding of the transportation system employing the mix of modes most appropriate to good transportation in the urban area.

Further, we believe that such a program should seek to overcome some present roadblocks to coordinated transportation development which are inherent in past and current highway programs, for example:

The allocation of Federal highway funds through the interstate and the ABC programs has encouraged development of particular classes of roads in urban areas with insufficient provision for the needs of the total urban highway network;

Funds have generally been allocated without sufficient consideration of the priorities necessary to develop an intergrated urban major street and highway system;

Construction of the Interstate System and urban expressway elements of the State primary system through cities have created severe traffic problems because insufficient attention has been given to financing development of related local major street systems;

Use of highway funds for highway related public transportation aspects of the total system has been severely restricted in spite of the fact that such use could complement the highway systems. I am speaking of such matters as exclusive bus lanes and turnoffs and so on; and

The coordinated development of highways and public transportation systems has been impeded because the public transportation, or as commonly referred to, mass transportation transit program has been compelled to depend on annual and relatively minor Federal appropriations in contrast to substantially greater Federal funds available to finance the highway system.

The National League of Cities' program emphasizes an approach to urban transportation which will stimulate coordinated development of all transportation systems and which will integrate transportation into the total development process of the community. Through its foresight, the Congress has already provided the basic ingredients of a program to coordinate development of total transportation systems. These include—

A comprehensive, continuing, cooperative transportation planning process;

A Federal aid highway program; and

A Federal aid mass transit program.

These basic ingredients now must be brought into a meaningful relationship in metropolitan area development, and should be applied to multicounty, nonmetropolitan areas.

Because of the requirements of the Federal Aid Highway Act of 1962, all urban areas over 50,000 population are currently engaged in a comprehensive, continuing transportation planning process. This planning process is intended to relate urban development and the development of all modes of transportation in the area it covers. Highway and mass transit funds should be channeled to finance development programs based on plans and priorities resulting from this comprehensive transportation planning process. Coordination of transportation improvements with other metropolitan development programs can be achieved through application of the requirements of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966; a valuable device for relating functional and comprehensive planning.

The growing highway needs of urban areas must be met through a reorientation of the highway program, but at the same time commitments made by the present highway program must be honored to achieve successful completion of the Interstate System. We suggest the following as a transition plan to redirect and increase aid for non-interstate highway development in urban and rural areas while at the same time fulfilling the commitment to complete the Interstate System within a reasonable time.

1. The highway trust fund must be continued beyond its current 1972 expiration date to assure adequate financing to complete the Interstate System and to meet other essential highway needs. This Congress should make it clear that the trust fund will be continued.

2. The Interstate System mileage should not be extended beyond the present 41,000-mile limit. We suggest that upon completion of the Interstate System the Federal-State matching formula be reduced to a standard matching formula for all Federal aid systems and that any mileage necessary to provide linkages to the Interstate System be financed as part of the State primary system.

3. Support must be continued for metropolitan transportation planning through the comprehensive, continuing transportation planning process. A program must be initiated to develop transportation plans for nonmetropolitan areas through multicounty planning agencies utilizing the same process. To give transportation planning necessary support, we advocate an increase in the present 1½ percent of the highway trust fund reserved for planning and research. We suggest that a specified amount of this money be set aside for transportation planning. Beginning with fiscal year 1973, no Federal funds should be allocated to support street and highway development in any area, urban or rural, that does not maintain a comprehensive transportation planning process.

4. The roles of States and local governments in the highway planning and development process should be redefined. States should be assigned responsibility for planning and programing improvements on the State primary system, including the Interstate System, in both urban and rural areas. The comprehensive transportation planning agency responsible for development of transportation plans in each metropolitan area should be assigned responsibility for planning and programing improvements to the urban street and highway system in its jurisdiction. Multicounty transportation planning agencies, acting through the cooperative transportation planning process, should be assigned responsibility for planning and programing improvements on the rural secondary system within their respective jurisdictions.

5. Implementation of a program to achieve a complete functional classification of streets and highways by July 1, 1971, should be mandated. All streets and highways should be classified according to definitions and standards developed by the Federal Highway Administration, in consultation with State, county, and city officials. Functional classification should be on a statewide basis with the State responsible for classifying the primary system and the metropolitan transportation planning agencies and multicounty transportation planning agencies responsible for classifying other streets and highways within their jurisdictions, subject to State approval. States would be expected to aid local planning agencies in their classification process. Beginning with fiscal year 1973, that is beginning July 1, 1972, no Federal funds should be allocated to support street and highway construc-

tion in any area that does not have a functional classification of its street and highway system.

6. Effective with the fiscal year beginning July 1, 1973, that is for fiscal 1974, funds allocated under the current ABC program should be distributed under a new allocation formula recognizing the new functional classification. The funds should be divided among the three systems: the State system, the urban system and the rural system. The percentage of Federal funds allocated for each of these programs from the trust fund should be set by the Congress. The distribution formulas among the States from each system fund should recognize the various characteristics relevant to each system. These formulas should be related to objective criteria which permit biennial adjustment of allocations as conditions change. States should be given leeway to transfer a small percentage of their allotment between the three systems according to need.

7. Beginning July 1, 1972, funds allocated to the Interstate System annually until its completion should be fixed at a sum equal to the average amount of money appropriated to the Interstate System from the trust fund for the previous 5 fiscal years. All receipts in the trust fund in excess of the allocation to the Interstate System in fiscal year 1973 and each year thereafter should be appropriated for the State, urban, rural (SUR) system. In the present program, the Interstate System allotments from the highway trust fund increase as a result of increments in trust fund revenues, while the A–B–C system allotments remain stable. Vital, non-Interstate System projects have been delayed and the program has been reduced in size because cost increases have eaten into the fixed appropriation of $1 billion. Extension of the completion date for the Interstate System from 1972 to at least 1975 because of increased cost estimates threatens to continue to consume trust funds, resulting in further delay for critical projects not on the Interstate System. Extending time for completion of the Interstate System so that the critical needs of other elements of a coordinated highway system can be met is as justifiable a basis for a stretchout as extending the completion date because of increased costs.

8. Streets and highways eligible for Federal aid under the new State, urban, and rural (SUR) program should be those with classifications similar to the following:

State primary system: Its purpose would be to provide for expeditious movement of large volumes of traffic between, around, and through metropolitan areas. A secondary purpose of some routes might be to provide direct access to abutting land. Some State primary routes would be built to freeway or expressway standards: A freeway would have complete separation of conflicting traffic flows, while an expressway may have few or no grade separations and may be a stage development toward a freeway. Other primary routes would not be built to as high standards but these routes would normally be subject to the necessary regulation of parking, turning movements, pedestrian use, entrances, exits and curb use.

Urban major street and highway system: Major streets and highways would allow for traffic movement between and across portions of the urban area. They would provide direct service to principal traffic generators and connections to the interstate or State primary systems. A secondary purpose would be to provide direct access to abutting land. These roads would be subject to the necessary regulations governing parking, turning movements, pedestrian use, entrances, exits, and curb use. The individual major streets would combine to make a system for traffic movement in the metropolitan area. In some cases major streets would be divided arterial roadways with some control of access and they may even be built to freeway or expressway standards. Collector streets which connect major streets and highways directly with residential and industrial areas and local streets which connect to collectors or major streets and serve primarily as access to abutting property would not be included in the Federal-aid program.

Rural system: The rural system would be composed of major secondary roads not on the interstate or State primary systems, located outside of metropolitan areas. These roads would serve the same function in rural areas as that served by the major street and highway system in urban areas. Roads classified as of lesser importance would not be eligible for aid.

9. Projects on the urban and rural systems to be financed by SUR funds would be proposed by the local transportation planning agencies in metropolitan and rural areas and submitted, with determined priorities, to the State highway departments. The States would assign the urban and rural system money to these projects from the respective system funds.

10. Construction should be basically a State responsibility. However, the States should be able, as heretofore, to delegate this responsibility where city and county governments are capable of administering projects in their jurisdictions.

The National League of Cities will present, at the appropriate time, a proposal to achieve a better coordination of highway and public transportation programs, that is mass transportation programs. I recognize that the public transportation program is not the responsibility of this committee, and I mention it only in passing. We believe that the public transportation component of the total transportation system, in areas where it is relevant, should be planned and financed in a manner similar to that for the highway system, with modifications to recognize that public transportation will not serve every community as highways do. To provide funds adequate for support of a successful urban transportation program we will urge:

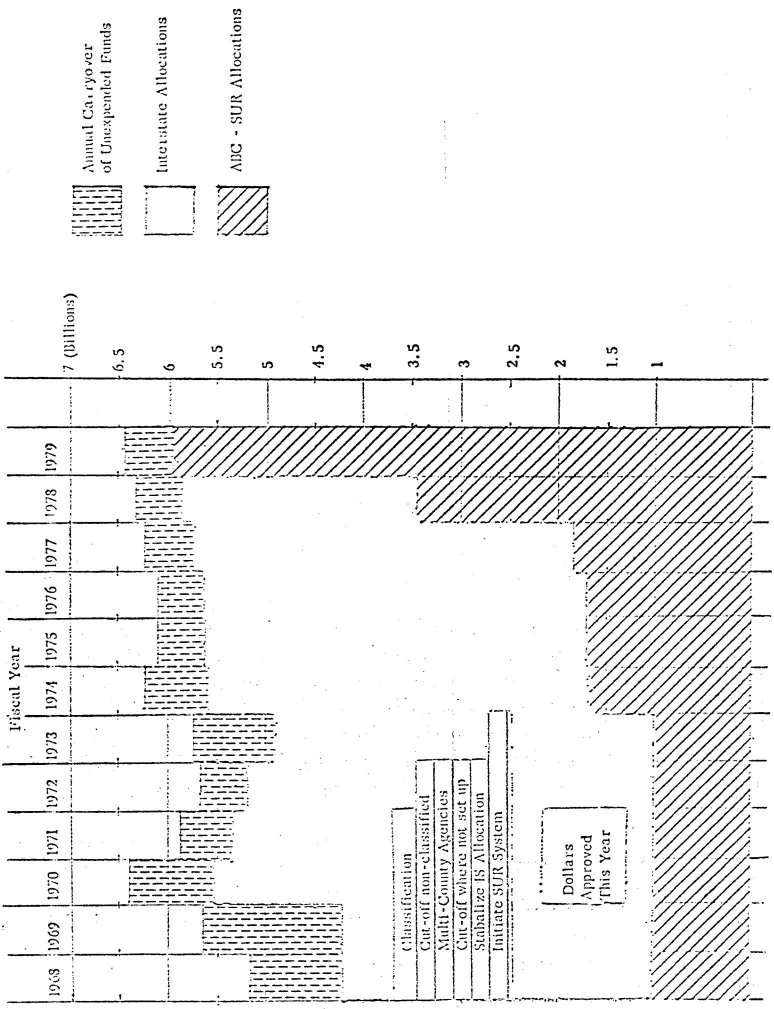
A. That the present Highway Trust Fund be continued and be reserved for highways at current rates and with the additions suggested in the President's budget message, and

B. That a $1.5 billion contract authority be made available to the Department of Transportation to support development of public transportation facilities identified by the comprehensive transportation planning process as essential to a comprehensive and integrated transportation system.

To achieve the goals of a coordinated national transportation system and viable urban centers, the energies of concerned officials at all levels of government, and private transportation interests, must be unified. Only with coordinated transportation systems planned and developed to fit the needs of the communities they serve can the Nation's cities hope to be prepared to meet the great challenge in America's third century.

(Chart follows.)

Chart showing proposed fund allocations for Interstate and ABC - SUR Systems under NLC Proposal



I thank you, gentlemen, for your attention. I will be happy to answer any questions.

Mr. KLUCZYNSKI. Thank you, Mr. Healy, for that excellent, well-prepared statement of yours. You really have a very long-range program under consideration, is that right?

Mr. HEALY. Yes, sir.

Mr. KLUCZYNSKI. You are talking about a continuing mass transportation program and a better interstate and local highway program, also Federal aid to the mass transit program. And your organization is opposed to any future extension of the Interstate Highway System as I understand it.

Mr. HEALY. Yes, we are.

Mr. KLUCZYNSKI. The official mileage now for interstate is 41,000 miles.

Mr. HEALY. We are suggesting that any additional mileage be classified as State primary system mileage. It could be built to the same standard as the interstate, but that the interstate as such with its present matching ratio would be considered completed at the 41,000 and then at that time all systems would be on a same matching ratio, whatever you might determine.

Mr. KLUCZYNSKI. When we first enacted this in 1956 for the 41,000 miles, we thought we could complete it by 1972 as you know. Now they talk about 1973 and 1974 and I believe at this session they are talking about 1975 or beyond that. I would hope we could complete this. The sooner we do the better. The longer we make it the more money it costs.

You haven't said anything about the cutback here in your statement, have you? How do you feel about it?

Mr. HEALY. We don't have anything in our statement about that, but naturally the city officials of this country are just as much disturbed as I gather this committee is by the cutback.

Mr. KLUCZYNSKI. In other words, if we do not complete it by the next couple of years it will just take so much more money and more time. Is that right, if we stretch it out another year or two?

Mr. HEALY. Exactly.

Mr. KLUCZYNSKI. Any questions, Mr. Cramer?

Mr. CRAMER. Thank you, Mr. Chairman.

I want to congratulate you for a very interesting statement, Mr. Healy. It is a very thoughtful statement and one which points out a number of problems which obviously now and in the future to a greater extent will have to be met on not only highway construction but also coordinated transportation in the metropolitan areas. However, there are two or three questions I would like to ask.

One is the subject touched upon by our Chairman relating to more mileage on the Interstate System. As I understand it, you do not object to more mileage. You want it classified, however, as primary——

Mr. HEALY. Yes, sir.

Mr. CRAMER. —which under the present formula would mean 50–50 matching.

Mr. HEALY. That is right.

Mr. CRAMER. That, of course, is at odds with the American Association of Highway Officials' recommendation which suggested a 5,000 to 6,000 mile additional interstate connections and missing link program.

Mr. HEALY. I wasn't aware that they were recommending that. My impression was that they were recommending that the ratio of matching be changed, possibly to two-thirds-one-third instead of 50–50.

Mr. CRAMER. I understand they did recommend 75–25 percent. However, they did recommend the additional amount of the interstate.

Mr. HEALY. Has that position been changed, Mr. Cramer?

Mr. CRAMER. I only know what they testified to on an interim basis before this committee late last year. We will probably hear from them further relating to that.

I do not think there is any question but what some additional mileage is needed on the Interstate System in certain areas. Do you? For instance, I am thinking of Tampa, St. Petersburg, and Miami. There is obviously missing mileage, for one example.

Mr. HEALY. I am sure there are many other examples of where that standard of highway needs to be built. We are merely suggesting that rather than continue a 90–10 formula on a program that gets all that high priority that the formula for distribution be changed possibly to 75–25 or two-thirds-one-third, and that all of them get the same amount and that these additions you are referring to be additions to the State primary system.

Mr. CRAMER. The 90 percent was put in partially on the basis of it being a defense system, an Interstate Defense Highway program.

Mr. HEALY. Yes.

Mr. CRAMER. You suggest on page 2, and I concur with your thought, that whatever is going to be done should be done now.

Mr. HEALY. Yes.

Mr. CRAMER. And you quote the 1968 National Highway Needs Report which indicates that the available leadtime for 1975 is just barely adequate even now for making those decisions now. I agree with that wholeheartedly. This year is the year of decision relating to the future of the highway program.

Mr. HEALY. Right.

Mr. CRAMER. You suggest on page 8, and your problem obviously is where the money is coming from for the phase in program you are proposing. Right?

Mr. HEALY. Right.

Mr. CRAMER. So you are suggesting as I understand it that the money should come out of the trust fund by stretching out the Interstate System.

Mr. HEALY. Yes, in effect that is right. It would stretch it out another year or two.

Mr. CRAMER. And your chart accompanying your statement indicates that the allocations would continue until 1978 meaning construction probably until 1979 anyway. So if we followed your recommendations we could not contemplate the completion of the Interstate System until 1979.

Mr. HEALY. That would be fiscal year 1968, yes.

Mr. CRAMER. Well that is the money. The actual construction takes another year or so. Is that correct?

Mr. HEALY. Yes, sir; that is right.

Mr. CRAMER. Well I disagree with you on that concept. I realize, however, you have to get money some place; but I do not think it ought to come out of the trust fund penalizing the completion of the Interstate System, partially because it is for defense, partially because highway users have been paying in under the existing formula expecting that they will have high-speed, limited-access highways completed in this country within a reasonable period of time. So if I were to comment on your recommendation, I would suggest that maybe you ought to try to find the money someplace else.

Mr. HEALY. You mean like an increased tax?

Mr. CRAMER. Yes; or somewhere.

Mr. HEALY. Well, of course, that is up to Congress and we probably wouldn't quarrel with it either.

Mr. CRAMER. Well the President has not had much success in his suggestion of increased taxes to finance programs of the administration.

I think this brings to light one of the problems we have had with trust funds for years. There are an awful lot of people who would like to use that money for some other purposes. I do not blame the cities for their interest in trying to convert some of that money if they can. But I do think we have a responsibility. We made a commitment to complete the Interstate System within a reasonable period of time.

Mr. HEALY. We are not suggesting that the money be diverted. We are suggesting that it be used for highways only. But we are suggesting that a stretchout in order to meet the needs of the other roads is just as justificable as a stretchout because of increased costs, which is what is happening anyway.

Mr. CRAMER. Well I think—this is personal and I can only speak for myself—this is a rather unrealistic approach to suggest to Congress that we curtail the presently existing program and its completion in order to accomplish a new program concept. I just think you are on the wrong track. You ought to look for money someplace else, and I do not argue with the basic concept of the program you are suggesting. We have got to get into urban transportation, particularly highways. I think your statement further serves as a useful purpose in clearly pointing out that we have hybrid-headed agencies or hybrid-headed programs relating to diffierent types of transportation and the obvious result is a lack of coordination.

Mr. HEALY. Yes.

Mr. CRAMER. With the Bureau of Public Roads and other comprehensive planning agencies becoming involved. I would hope that if your suggestions were seriously considered relating to comprehensive planning agencies, county and statewide and city, that we not end up with a situation like we have in the District of Columbia where we have no action—all planning—no decisions. I think that is the risk that we must be aware of in the recommendation. I am sure you would not want that either.

Mr. HEALY. Absolutely not.

Mr. CRAMER. Somebody has to make the decision; right?

Mr. HEALY. That is right, and that is the problem here in the District which I don't think exists anywhere else. This is unique.

Mr. CRAMER. Well I do not want to make the whole country unique. [Laughter.]

On page 11, there is $1.5 billion contract authority for the Department of Transportation for development of public transportation facilities. Could you indicate where that would come from under your plan?

Mr. HEALY. The money?

Mr. CRAMER. Yes, sir.

Mr. HEALY. That could come out of the general fund.

Mr. CRAMER. General fund.

Mr. HEALY. Right. There would have to be an appropriation by Congress through the regular process authorizing a contract authority of that amount.

Mr. CRAMER. It is your thought that it should be appropriated to whom—HUD? Transportation?

Mr. HEALY. Department of Transportation. I am assuming that the mass transit program is going to be transferred to the Department of Transportation from HUD.

Mr. CRAMER. I think you have been wise on suggesting on page 7 that whatever planning be done that it be subject to State approval so somebody has the final sayso. That was your intention, was it?

Mr. HEALY. Yes, it was; yes, sir.

Mr. CRAMER. I think you made a valuable contribution on the subject of functional classification, No. 5 on page 7. In my opinion this probably should have been done long ago. This also would provide more certainty in the program.

Mr. HEALY. Right.

Mr. CRAMER. And less executive flexibility which we have too much of today in my opinion.

That is all I have, Mr. Chairman.

Mr. KLUCZYNSKI. Any further questions?

Mr. HEALY. Mr. Chairman, in connection with Mr. Cramer's questioning he referred to the chart that we have. We have attempted to picture here what the effect would be in terms of time of the recommendations. We have made an error in the cutoff date of nonclassified functioning and the cutoff date below that. They should be moved ahead 1 year. If it is your desire to reproduce a chart like this in the record, we would like an opportunity to correct that before it is inserted.

Mr. CRAMER. Mr. Chairman, I suggest that the record be left open for the purpose of inserting a proper chart following the statement.

Mr. KLUCZYNSKI. Hearing no objection, it is so ordered.

Mr. CLAUSEN. Thank you, Mr. Chairman.

I want to thank you for a very good statement, Mr. Healy. Recognizing that most of the communities in the country have other serious problems classified as urban problems, where would you place highway development in the list of priorities as far as urban problems are concerned?

Mr. HEALY. It is hard to make a general statement. After the riots in Watts in Los Angeles, the commission which investigated that cited as possibly the most important reason for the discontent there was the lack of adequate transportation for the people living there to get to jobs. In other areas that might not be the most important problem. So I don't believe that I could generalize.

Mr. CLAUSEN. Would you say that in most cases it will be toward the top of the list or the bottom of the list.

Mr. HEALY. Oh I would say it would be toward the top. Traffic strangulation is getting worse everywhere in the cities.

Mr. CLAUSEN. Oftentimes in the Congress before the House when our legislation reaches the floor of the House there have been suggestions by people in urban areas that we divert some of the funds from this trust fund over into a transit system. Will you comment on this? Do you agree with that?

Mr. HEALY. No, I don't agree with that.

Mr. CLAUSEN. Would you say how the bulk of your local officials feel about this.

Mr. HEALY. I would say at present the bulk of the local officials want the trust funds reserved for highways and highway related transportation needs.

Mr. CLAUSEN. And thus they should seek other methods of finance if this is what their problem is. Is this what you are suggesting here?

Mr. HEALY. Exactly.

Mr. CLAUSEN. Well I am glad to have this because I know there have been many amendments offered on occasion, and I think it will be very helpful to our committee members to offer in rebuttal on the floor of the House your testimony.

Actually you have considered two basic systems, namely the transit systems and your highway system in your urban areas. Recognizing that our committee does not have jurisdiction over airports, I am one of the leading advocates, as you know, of developing an integrated system of airports in urban areas so that we can relieve some of the congestion up topside. Now do you feel in this overall planning that some consideration should be given to aviation access into your community as well? Is this what you mean by the balance?

Mr. HEALY. Yes, I do. What we mean by comprehensive, continuing, cooperative planning is not just for streets and highways, but comprehensive planning for all transportation needs and comprehensive planning for the total development of the community which includes airports and location of airports and other public facilities and access to them. It includes the whole works.

Mr. CLAUSEN. You see, one of the problems we face here is that this is the Roads Subcommittee and aviation matters are handled by Interstate and Foreign Commerce. Frankly, I am not satisfied with the kind of coordination that has hitherto been present. So, while I do not expect to develop this in depth here, I would like to have you people give some serious thought as to how we could coordinate legislatively the implementation of the kind of integrated and balanced transportation system that goes to all forms.

Mr. HEALY. Well, Mr. Clausen, as the comprehensive planning process frankly is quite new in this country and, in fact, it was only in the Highway Act of 1962 that it was required that for highways the process had to be started by 1965, however, it is now in process and we are quite optimistic about the results that we will get from this process. It's not just for highways but total comprehensive planning, and there are more and more Federal programs that require this before local units are eligible to get Federal aid for different types of programs. This planning process has to go on.

Mr. CLAUSEN. All right, the final question. You have heard Mr. Cramer's comments about offering the finance formula and the recommendations that have come forward which is about on a 75–25 basis. I have not detected from your testimony that you have a position or a recommendation on the formula. Did you leave this out on purpose or was it just an inadvertence?

Mr. HEALY. We don't have a position officially as an organization on the formula at this time. But we are considering it and we will undoubtedly be in close consultation with the American Association of State Highway Officials and the National Association of Counties on one agreed upon formula.

Mr. CLAUSEN. Well I would hope that you would because I believe I recall in my opening statement that the only way to have a balanced system of highways is to have a balanced system of finance, and I am hoping we can arrive at that here. Do you feel this committee should make a recommendation or this would go to the Ways and Means Committee?

Mr. HEALY. Well this committee should make a recommendation on the formula.

Mr. CLAUSEN. Thank you. You gave us the authority.

Mr. KLUCZYNSKI. We planned on meeting this afternoon but it seems we cannot get unanimous consent. So the chairman of the committee will be happy to stay here until we get a call to the floor.

So, at this time we will hear from the counties. Mr. Hillenbrand.

Mr. HILLENBRAND. Mr. Chairman, my name is Bernard F. Hillenbrand, executive director of the National Association of Counties, and my statement is meant to be thought of in the context of being a companion statement with Mr. Healy, because we wanted to emphasize to the members of this committee that the cities and counties jointly have developed this position with the idea of phasing in from our present highway system into a new highway system. With your permission, Mr. Chairman, in view of the lateness of the hour, I would like to, if I might, file my statement for the record and hit the high points.

Mr. KLUCZYNSKI. Without objection, it is so ordered.

Mr. Hillenbrand, you can hit on the high points if you wish, and if there are any questions of Mr. Hillenbrand he is sitting there waiting.

Mr. HILLENBRAND. Well, as the broadway musical says, with a little bit of luck I can hit those high points in exactly 5 minutes.

Mr. KLUCZYNSKI. Go ahead.

Mr. HILLENBRAND. The first thing is, of course, we are wholeheartedly in support of continuing the ABC appropriations at least at the level of $1 billion. In line with Mr. Cramer's questions and the discussions, you will remember that when we first started the Interstate System the ABC appropriation was something at the level of $925 million and we increased it at approximately $25 million a year until it reached the level of $1 billion. We think it is important to recognize that we have in effect a freeze on the ABC funds at a level of $1 billion, which means in the face of continuing inflation on the magnitude of 3 percent a year that we are actually having a decrease in the amount of money available.

So, Mr. Cramer, we would like for you to consider our recommendations with respect to the stretchout of the Interstate System in the context of it isn't that we love the Interstate System less but that we have waited so long to get at this other system of roads—the rural system and the urban system that we are talking about. So what we are suggesting is rather to switch the emphasis at a later date when we are more prepared to continue these urban and rural systems so that in effect the freeze becomes then on the Interstate System and the annual increment into the trust fund because of increased revenue receipts would go into starting this new system.

Mr. CRAMER. May I ask a question there. Do you not think there is a substantial value to the cities as well as to the entire Nation as well as to our defense in keeping our commitment to complete the Interstate System as soon as possible?

Mr. HILLENBRAND. We would certainly agree with that, Mr. Cramer, and we certainly don't want in this testimony or any other after 12 years of supporting the Interstate System to sound like we are not enthusiastic about completing the system. Frankly, in many of these communities we have found that other kinds of roads are getting to be of increasingly urgent necessity. When we started with the 1956 Highway Act we all agreed that we were going to put into effect a freeze on the ABC roads. Now with the increased cost to the Interstate System there are prospects that we might not even be able to get at the ABC system until perhaps as late as 1980 in some people's projection. For example, we understand that new cost estimates between this year and 2 years ago indicate relatively the same amount of cost to complete the system. So that we have had 2 years of appropriations or about $6 billion and haven't got any closer to the completion dates in terms of dollars involved.

So, Mr. Cramer, we don't want to be in a position of being against the Interstate System. On the other hand, we have got other road responsibilities too, particularly at the city and county level. At the county level, of 3,500,000 miles of roads in the United States we have responsibility for 2,750,000 miles of them. So we have got other problems.

Mr. CRAMER. And we get down to the same problem of money.

Mr. HILLERBRAND. Right.

Mr. CRAMER. And if there is not more money going into the trust fund somebody is going to suffer.

Mr. HILLENBRAND. Well we would be content for you to force more money on us to build more. We would appreciate it.

Mr. CRAMER. I have suggested for a number of years maybe we ought to consider some of the automobile excise tax going into the trust funds.

Mr. HILLENBRAND. We have that matter under discussion now. There is approximately $1.5 billion that does not get used for highways now.

Mr. CLAUSEN. That is where I believe that you people at the city and county level are going to have to help some of us who generally believe that the development of a highway system as rapidly as possible—we will not complete economic growth—but in my judgment should take priority over some of the other expenditures going into other programs. You should have this kind of priority in the tax revenue if I recall my experiences as a county supervisor.

Mr. HILLENBRAND. We agree with that wholeheartedly. This leads to my point too. We don't want to put emphasis of creating a new system of roads. What we really want to do is apply the concepts we have developed in the Interstate System to an urban area and rural area so we are not appropriating money willy-nilly but appropriating it for completing usable increments of a system within an urban area and a rural area. In a rural area, for example, we may want to build a road network to a recreational facility or a rural college and this might very well involve crossing several counties and through several cities and so on. So we want to apply the same planning requirement now as when we came before this committee in 1962 to support the idea of continuing, comprehensive, cooperative planning in the urban areas. In our judgment, that has worked so extremely well we would now like to extend it into the rural areas, and we would like in this session of the Congress and before this committee to ask you to authorize the use of the one and one-half percent funds which we are suggesting be increased to 2 percent, and open these funds for use in rural areas on exactly the same basis under which they were made available in urban areas with so much success to have a continuing, comprehensive, cooperative planning process.

If we have our way, Mr. Chairman, when we are finished every road in the United States will be a part of a planned system, everyone involving a Federal expenditure where we can be sure that preceding that we have this other point that we classify the road network in the United States. A classification of a road in one State doesn't mean the same thing in another State and it doesn't even mean the same thing within a State. So I am sure this committee is well aware of the tremendous problem of even taking an inventory of roads in the United States and determining what the needs are where someone may sit down with a slide rule and measure eight blocks of city streets and projects into a universe of some type. The highway classification we would do in cooperation with the State.

And that leads to another point, Mr. Cramer, you made in your questions. What we are after in this continuing, comprehensive, cooperative planning process is to come up with a community program that everybody is agreed on, and then we can fix responsibility for the State highway official and the Bureau of Public Roads to actually build the road after all this planning is done. Someone at the end of the line has got to have a responsibility, and we think the planning process that we are suggesting in both urban and rural areas will do just exactly that. They will have wide community acceptance and will enable the state highway department, to say this is where the road is going because this is what the plan indicates.

Mr. Chairman, those were the main points of reference. We want to emphasize again that this is a city-county position, that we are together on it. We have worked on it a considerable amount of time with the American Association of State Highway Officials and we are suggesting that these changes ought to be made this year. As a point of fact they probably ought to have been made several years ago so we can get our ducks in a row. We note from our experience that the 1962 planning requirement is only now becoming fully operative in all of the metropolitan areas. So we need as much leadtime as we can get. We know if we go with the highway classifiication project there ought to be cooperation with the city, county, State, and Congress. So we are suggesting that. We are suggesting this is the year to start phasing in with the program after 1972 with these relatively modest amendments we have suggested to this year's bill.

Thank you, Mr. Chairman.

Mr. KLUCZYNSKI. Thank you, Mr. Hillenbrand. We greatly appreciate your statement. And we thank you, Mr. Healy. As has been said many times before, the work is cut out for this committee. We have got a lot of planning to do and a lot of legislation to pass, and I can assure you that the chairman of this committee will do everything possible to give to the people of this country a great transportation system.

You have made it possible for the next witness who came in from Indiana to testify. He is unable to be here tomorrow, and perhaps we can take a few minutes for him.

Mr. HEALY. Mr. Chairman, could I elaborate on my answer to a question Mr. Clausen addressed to me?

Mr. KLUCZYNSKI. Oh, yes; sure.

Mr. HEALY. And, if possible, have it inserted at that point where he asked about the position of the National League of Cities on using highway trust fund moneys for mass transit, but I would like to qualify that answer a little bit by saying that there is developing a sort of a backlash about the relatively well-funded highway program as contracted to financing available for mass transportation or public transportation; that there is a feeling that unless there is a larger, more adequate fund of Federal aid available for public transportation facilities there will be a growing feeling that highway trust fund money ought to be used.

Mr. CLAUSEN. Mr. Chairman, may I respond briefly to that. No. 1, the highway trust fund was only successful because of the fact that the taxpayers are paying directly into that trust fund. So I might suggest to you that as far as the mass transit program is concerned, those people might give attention into developing a method similar to this to pay for it.

Mr. CRAMER. Maybe what we need then is a separate use tax, a separate trust fund.

Mr. CLAUSEN. Yes, sir. There is no use robbing Peter who is doing a pretty good job to pay Paul who wants to depend on somebody else.

Mr. HEALY. I understand that position, Mr. Clausen. I am just reporting a feeling.

Mr. CRAMER. Well I think you have been very candid and that is what concerns some of us. We know that feeling is abroad and we felt a highway user trust fund concept for financing highways which would be used was a fair way to do it. Now because there is some money in it even though it is short of accomplishing the objectives, substantially short, so a lot of people say there is a lot of money and we better try to make it available for other transportation systems. Well my answer is maybe you ought to consider using the same concept, a subway user tax, mass transit user tax similar to the highway user tax.

Mr. HEALY. We are not talking just about subways or rail transit. We are talking about bus transit which is highway related.

Mr. CRAMER. Well a bus user tax.

Mr. HEALY. And what we would like to appeal to you gentlemen is to support our position that we need some separate fund or some contract authorization to get more for mass transportation and thereby relieve this pressure that could develop.

Mr. CLAUSEN. Well, as long as it does not rob the trust fund, you draft the bill and I will introduce it.

Mr. HILLENBRAND. And you will get joint support for it. We can assure you of that.

(The complete statement follows:)

STATEMENT ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES BY BERNARD F. HILLENBRAND, EXECUTIVE DIRECTOR

We, in the National Association of Counties, are increasingly concerned that the national preoccupation with completion of the Interstate Highway System is causing a mounting crisis and overwhelming backlog of needed improvements on our other federal-aid highways. Our Association vigorously supported the 1956 Federal Aid Highway Act which inaugurated the Interstate system and we still are very much committed to completing the 41,000 miles of Interstate highways at the earliest practical date.

We are alarmed, however, with the rising cost of the Interstate system and the prospects that it may not be completed until as late as 1980. It is not that we are less enthusiastic about Interstate construction but that we are finding we must get on with the job of improving our other road systems. With the present primary, secondary, and urban extension systems (ABC roads) frozen at an annual appropriation level of one billion dollars, we actually are putting in place fewer miles of ABC roads because of inflation and other factors.

We have been working very closely with the National League of Cities in developing a joint transition program which we feel confident will enable us to begin a new non-Interstate program as we come to the completion date for the Interstate system.

NEW HIGHWAY DESIGNATIONS

We are suggesting in effect, that once the now designated 41,000 miles of interstate highways are completed, that, with the exception of 5 or 10 per cent of the annual highway appropriation for upgrading, the new emphasis be placed on three new highway systems. The first would be the state *Primary system*. In many cases this would be improved to expressway standards. The state primary system would provide rapid movement of large volumes of traffic between, around, and through metropolitan areas. Whether built to expressway standards or not, we envision that this system of roads would be subject to the regulation of parking, turning movements, pedestrian use, entrances, exits and curb use.

The second system would be an *urban major street and highway system* which would provide for traffic movement between and across portions of the urban area. In effect, this system would connect major traffic generating points within an urban area. A secondary purpose might be to provide direct access to abutting lands. This system also would be subject to regulations governing parking, turning movement, pedestrian use, entrances, exits and curb use. The individual major streets would combine to make a system of traffic movement throughout the entire metropolitan area. In some cases major streets would be divided arterial roadways with some control of access and they could even be built to freeway or expressway standards. Collector streets which connect major arterials directly with residential and industrial areas and local streets which serve primarily as access to abutting property would not be included in the federal-aid program.

The third system would be a *rural secondary or inter-county system*. The rural secondary system would be composed of major secondary roads not on the Interstate or state primary systems, and would be located outside metropolitan areas. These roads would serve the same function in rural areas as that served by major streets and highways systems in urban areas. This system would be limited in mileage and roads classified as of lesser importance would not be eligible for federal aid.

HIGHWAY CHANGES

In anticipation of switching to the new federal-aid systems, we would envision these changes:

1. Congress would contine to vigorously support metropolitan transportation planning through the Continuing, Comprehensive, Cooperative transportation planning process required by the 1962 highway act, (the "Three C planning process"—Continuing, Comprehensive, Cooperative). We also recommend strongly that Congress enact a parallel requirement that multi-county planning agencies outside metropolitan areas also utilize the three C process as a prerequisite for obtaining federal funds for roads in these areas. To help defray the cost of the new planning requirement in rural areas, federal and state highway funds should be made available immediately for multi-county "Three C" planning on the same terms now available to standard metropolitan areas. Beginning July 1st, 1974, no federal funds will be allocated to support streets and highway developments in any area that does not maintain a comprehensive, continuing, cooperative transportation planning process.

(We would envision that in some rural areas there would be opposition to this program. This would come primarily from the fact that until the present time there have not been adequate financial resources in these rural areas to undertake a continuing planning process. We believe the availability of federal funds through the highway program, plus a parallel effort we are urging to open up the Department of Housing and Urban Development's urban planning grant program (701 Program), would provide the necessary incentive and ability.)

2. Shift in emphasis on highway planning. Under this proposal the states would be assigned responsibility for planning the state Primary systems in both urban and rural areas. The three C agencies would be made responsible for developing transportation plans in each metropolitan area and in each rural area.

3. Implementation of classification plan. The very heart of these proposals is a suggested amendment to the Federal Aid Highway Act requiring streets and highways to be functionally classified in accordance with definitions and standards developed cooperatively by the Federal Highway Administration in consultation with the states and local officials. We would suggest that a deadline of July 1st, 1971 be established for completing the classification program. Functional classification would be on a state-wide basis with the state responsible for classifying the primary system and the metropolitan 3–C planning agencies and the multi-county 3–C planning agencies responsible for classifying streets and highways within their jurisdictions subject to approval by the states. States would be expected to aid local planning agencies in this process.

4. *New fund allocation formulas.* Effective with the fiscal year beginning July 1st, 1972, funds allocated under the present ABC program would be distributed under a new formula recognizing the new functional classification system. Funds from the federal government would be distributed to the states earmarked for the state primary system, the urban system and the rural system. The percentage of federal funds allocated for each of these programs from the trust fund and the allocations within each fund among the states would be set at the national level. Distribution formulas among the states from each system fund would be developed, recognizing the various characteristics relevant to each system. States would be given leeway to transfer a small percentage of their allotment between the three systems according to their state needs.

5. *Reversing fund allocations.* We propose that beginning with the fiscal year 1973 funds allocated annually to the Interstate system should be fixed at an amount equal to the average amount of money appropriated to the Interstate system during the preceding five fiscal years. All receipts in the trust fund in excess of this fixed allocation to the Interstate system would be appropriated for the new state, urban, and rural (SUR) systems. In the present program the interstate system authorization from highway trust funds are increasing as a result of increased receipts into the trust fund. The ABC authorizations remain stable at one billion dollars per year. Extension of the projected completion date of the interstate system from 1972 to as late as 1980 because of always increasing cost estimates threatens to continue to consume trust funds resulting in further delay for critical projects off the interstate system.

We currently have a freeze on the ABC funds. In effect, we are suggesting that after fiscal year 1973, the freezing should be on the Interstate system and that the annual increment of increased receipts into the trust fund should be used to speed up construction on non-Interstate projects.

6. *Allocations within the states.* Local projects to be financed by SUR funds would be proposed by the "Three C planning" agencies in metropolitan and rural areas and local assigned priorities would be submitted to the state highway departments. The states would then assign the urban and rural system monies to these projects from the respective system funds. Construction basically would be a state responsibility. However, the state can and should be able to delegate this responsibility where city and county highway departments are capable of administering construction projects in their jurisdictions.

Summary and conclusion

In effect, we are suggesting that some of the principals and concepts that have proven so successful in the development of 41,000 miles of Interstate highways now be applied at the metropolitan and rural level to develop systems of roads in these areas based upon a uniform national system of road classification. We are suggesting that the Congress determine allocation formulas to distribute the monies between the states with some leeway left to the state to allocate the funds between the three systems within a state. We also are suggesting that the only effective long range method of building highways is through the universal application of the continuing, comprehensive cooperative highway planning process on the urban, rural and statewide primary systems.

We also would strongly emphasize that we proceed immediately to amend the Federal Aid Highway Act to move toward this new approach to highway planning. It has been repeatedly emphasized by planners, highway officials, and, state and local officials generally that there is a very long lead time in preparing land use plans and developing sensible highway systems based upon realistic functional highway classifications.

We look forward to continuing our very close working relationship with the National League of Cities and are hopeful of being able to work with the Congress, the Administration and the state highway departments in developing an effective long range highway program that is so desperately needed.

Mr. KLUCZYNSKI. Next is Mr. Paul Seitz.

STATEMENT OF PAUL W. SEITZ, PRESIDENT, MAY STONE & SAND CO., FORT WAYNE, IND.; ACCOMPANIED BY GEORGE A. ZEIGLER, CHAIRMAN, NATIONAL LIMESTONE INSTITUTE

Mr. SEITZ. Mr. Chairman, I have accompanying me today Mr. George Zeigler, Chairman of the National Limestone Institutes.

My name is Paul W. Seitz. I am president of the May Stone & Sand Co. of Fort Wayne, Ind. I am also second vice chairman of the National Limestone Institute, Inc., and a member of the board of directors. Consequently, while I am speaking with a direct personal interest, I also represent 549 limestone producers from 34 States.

First, I want to compliment this committee on the vigorous way you have promoted the highway needs of our Nation. While I have not had the pleasure of meeting all members of this committee, we have appreciated the messages which the chairman of the subcommittee, the chairman of the full committee, and the ranking member of these committees have brought us from time to time at our annual conventions.

It seems to those of us in this industry which supplies one of the essential materials for highway construction that everyone in high policy positions is not nearly as knowledgeable as the members of this committee on the impact of some of the decisions affecting highway funding that have been made in recent years. I would like to discuss some of these decisions.

Before continuing though, I should like to review the background of our participation. Many of us are relatively new in this area—by this, I mean we represent some companies less than 25 years old. In

1966, 70 percent of all crushed stone produced in the United States was limestone and 60 percent of all limestone was used as road stone or concrete aggregates. Needless, to say, the limestone industry has been significantly affected as this Nation increased its ABC funds, first to $400 million, then to $700 million, then to $825 million and then by $25 million annual increments to $1 billion. Unfortunately, many seem to assume that now that we have reached the "magic" figure of $1 billion a year, we have "arrived." I know this committee well understands that the needs of the ABC networks are continuing to grow—actually more nearly on a geometric scale than a regular annual increase.

Previous testimony of our organization has repeatedly urged not just an annual increase of $25 million a year but $50 million a year, if we hope to keep pace in this vital system. While we recognize that the new studies are going to encompass this system, hopefully with a major new approach to the primary phase, we should not—yes, cannot—delay until the new approach is finalized.

This aggregate industry, which grew from 300 million tons in 1930 to 1.1 billion tons in 1960, expects to more than triple this figure by 1980. The median projection is 3.8 billion tons.

We, in the limestone industry, are perfectly willing to do our part in expanding to take care of this Nation's needs. However, I cannot overstress that as we commit millions of dollars to the purchase of capital equipment needed to double and triple our productive capabilities, we need to have assurances that cutbacks in announced programs will be held to an absolute minimum. These expansions are not only costly—which, obviously, must be passed on—but can actually put companies that have become too extended out of business.

The temporary freeze of Federal funds in 1967 delayed the 41,000-mile Interstate Expressway System a year, highway officials say. Even though most of the Federal funds were restored, highway programs can't be turned off and on like a spigot. It is easier to restore money than time.

Fifty-two thousand highway fatalities in 1967 and 3,650,000 injured on our highways is obviously something our civilized Nation should be concerned with. However, let us relate this to a daily figure of 140 killed and 10,000 injured, but these statistics sometimes also seem empty unless we relate to something. Imagine the public outcry if the Defense Department announced 140 servicemen were being killed and another 10,000 wounded every day in Vietnam. Add the results of all other forms of injury-producing violence that America is plagued with and you still have only one-tenth of the traffic accident total. Doesn't there seem to be an answer in reducing this slaughter on our highways? Yes, we are finding an answer in our travel on interstate-type freeways as they are twice as safe as the roads they have replaced. And, although they represent less than 1 percent of total highway mileage, these new freeways are carrying over 10 percent of all traffic, and decreasing loss of lives by 5,000 per year. Highways can be built to meet increasing traffic demands and, at the same time, greatly reduce the death and injury rate; and the job can be done for considerably less than the $10 billion that Americans waste annually in direct economic losses resulting from highway accidents.

And, of course, good roads also generate economic progress. When 1,400 of the nation's leading industrialists were asked to list major factors affecting new plant locations, modern highways ranked number one. This isn't surprising. Business today demands good roads and streets. Highways carry 75 percent of the nation's freight, passengers, raw materials and finished products, or $120 billion worth of transportation per year. No matter what yardstick you use, the most expensive highway isn't the new freeway at all. It's the worn-out, two-lane "killer" road—boobytrapped by blind curves—no medians—narrow bridges—and a dozen other hazards.

Alan S. Boyd, when U.S. Under Secretary of Commerce for Transportation, said those who oppose construction of urban expressways or contend that rapid transit systems offer a simple soultion to traffic problems "overlook the fact that so long as people have freedom of choice they'll buy autos." People demand the personal mobility "allowed by cars and highways and for this reason, construction of the Interstate System shouldn't be delayed," Boyd told a Cleveland audience.

As we look at the Secretary's record, one can't help wondering whether the Secretary has changed his mind about not delaying the highway program, has new advisors, or has decided that highways should not receive the emphasis given them in recent years by the Congress.

Now again comes a request for a cutback of $600 million from the projected level of Federal-aid highway obligations to have been incurred during the calendar year 1968. So says a January 23 memorandum to State highway departments from the U.S. Department of Transportation. At least three fundamental issues are at stake.

IS IT THE PREROGATIVE OF THE ADMINISTRATION TO ARBITRARILY DECREE THAT DEDICATED HIGHWAY TRUST FUND REVENUE BE WITHHELD?

Twelve years ago, with popular support and by unanimous congressional action, this fund was established and taxes imposed for the specific and sole purpose of building a modern highway system. In contrast with virtually every other Federal program, it is a nondeficit and pay-as-you-go fund. It also is solvent with more than enough anticipated revenues to underwrite previously planned outlays.

IS THE ROADBUILDING PROGRAM INFLATIONARY?

Highway construction costs have remained relatively stable since 1950 when compared with other cost indexes says a 1967 Department of Commerce release.

> In the past decade, the highway program has been remarkable growth. Despite this growth, the highway construction industry has largely escaped the gradual but sustained creep in prices and costs experienced during the same period by most other sectors of the economy. Less than one-twentieth of the government's budget is for highways. However, one out of every seven workers in the U.S. is dependent on the highway and automotive industries for his livelihood.

Recently, Secretary of Transportation Alan S. Boyd, said the cutback is justified due to increases in highway construction costs in recent months. This is a paradoxical position for the Government to take, since the principal reasons for these increases is the extremely high wage settlements that unions extracted from hundreds of contractor organizations last year. Federal mediators repeatedly were asked to intervene in these negotiations—and unfailingly sat on their hands.

IS A SLOWDOWN IN THE HIGHWAY PROGRAM IN THE BEST INTEREST OF THE PUBLIC?

"The gravest problem before this Nation, next to the war in Vietnam, is the death and destruction, the shocking and senseless carnage that strikes daily on our highways," President Johnson said in 1966. "In this century, more than 1½ million of our fellow citizens have died on our streets and highways—nearly three times as many Americans as we have lost in all our wars. We are going to cut down this senseless loss of lives."

The final bit of inflated irony is that the "modest but essential" $600 million in highway-user taxes apparently isn't going to be taken out of circulation at all. Shortly before announcing the reduction, Boyd told a group of State highway officials:

> The $600 million that would become a (Highway) Trust Fund balance would go to the General Fund, on interest, and would obviate the need for the Federal Government going to the private money market—to help satisfy the budget deficit, created largely by Vietnam.

This is the same Secretary Boyd who, a few weeks earlier, said, "I think we should make our position very clear regarding the use of highway trust fund moneys for nonhighway purposes. This cannot be done—the law clearly prohibits it."

One can wonder if 106 million motorists aren't getting a little fed up with being the No. 1 sitting duck in Washington's political shooting gallery. Highways aren't built with "Federal aid," they are built with the billions of dollars the motorists have paid, in good faith, into the highway trust fund matched with billions of dollars collected by the State for highways, nothing else.

Mr. Chairman, I want to thank you and the committee for the privilege of appearing before you this morning to present our views.

Mr. KLUCZYNSKI. Thank you, Mr. Seitz.

Mr. Cramer.

Mr. CRAMER. Mr. Seitz, I thank you for a very excellent statement and it certainly states my point of view. Apparently, referring to Mr. Boyd's statement, the fund cannot be used for other than highway purposes. Apparently what he meant was, it is all right to do it temporarily.

Mr. SEITZ. We presume that is what he might have meant.

Mr. CRAMER. From what has happened since, I presume so, too.

I think you have been very helpful in highlighting what I think is not often enough discussed, and that is just exactly what highways mean in the economy of our Nation as it relates to the employment problem of our country and, incidentally, as it relates to the defense of the country. We might add that.

I think you have made a very fine statement.

Mr. KLUCZYNSKI. Mr. Clausen.

Mr. CLAUSEN. Mr. Seitz, you certainly stated in your comments what I have already said. I want to thank you for the statement you made. You heard what I said earlier and you are certainly in accord. I want to make this categorical statement that if we are going to have to establish a list of priorities on expenditures this is the one area where we can increase funds to resolve most of the social problems of this country. If we can give proper attention to the highway and road needs, we will balance out the tax basis in most of the cases so they can handle the bulk of their own social and welfare problems.

Mr. SEITZ. I would like to say one thing else, Mr. Chairman. Mr. Cramer mentioned about the excise taxes on autos. If we were to pull in the tax moneys that should be going to highways of people who are paying really into a highway fund and it is not getting there, we could expand our ABC program and not have any problems out ahead of ourselves.

Mr. KLUCZYNSKI. I want to thank you, Mr. Seitz. There are a lot of questions and a lot of comments on that wonderful statement.

Mr. Zion.

Mr. ZION. Thank you, Mr. Chairman. I have a brief statement. I have a special word of welcome to a fellow Hoosier here. I want to assure you that when the first cutback was announced in the allocation, 11 Congressmen got together and unanimously agreed to oppose any cutback in general highway funds and we are still with you.

Mr. SEITZ. Wonderful.

Mr. KLUCZYNSKI. We are happy to have you here and I will assure you that the committee will study your statement.

We stand recessed.

(Whereupon, at 12:20, p.m., the subcommittee recessed to reconvene at 10 a.m., Wednesday, February 21, 1968.)

(The following was furnished for insertion:)

STATEMENT OF NATIONAL JOINT HEAVY AND HIGHWAY CONSTRUCTION COMMITTEE ON THE ABC HIGHWAY SYSTEM

Gentlemen, the National Joint Heavy and Highway Construction Committee is vitally interested in those matters which affect the members of these six International Unions on highway construction throughout the United States. These six International Unions are the United Brotherhood of Carpenters and Joiners of America, the International Union of Operating Engineers, the Laborers' International Union of North America, the Operative Plasterers and Cement Masons International Association of the United States and Canada, the Bricklayers, Masons and Plasterers' International Union of America and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, who have a total membership of 3.8 million of which hundreds of thousands are employed and dependent on highway construction for their livelihood. We are pleased with this opportunity to express their views on this nation's primary and secondary highway systems and their urban extensions known as the ABC System.

THE IMPORT OF THE ABC PROGRAM

Since 1916, the Federal Government has had a Highway Program; the main thrust has been towards a highway of an interstate nature. With the passage of the 1956 Highway Act, this country embarked on the largest public works project known to man, the National System of Interstate Defense Roads. However, recognizing that at the completion of the Interstate System, these roads will carry only 25% of the nation's traffic.

Congress, for the past decade, has progressively increased the annual authorized level of Federal Aid Highway Funds to this primary and secondary urban road system. For the years 1966 to 1969, $1 billion annually will be available to the ABC Program.

We are pleased with the concern of Congress for the ABC System and especially for the most recent attention paid to the urban roads. These roads are necessary to any integrated system of inter and intrastate highways. We also concur with the recommendations of Secretary of Transportation, Alan S. Boyd, that more attention should be paid by all interested parties in developing an urban road system that is compatible with the social and economic needs of our urban areas. By 1990, more than 200 million people will be living in this country's urban areas; this is more than the total population of these fifty states.

THE ABC SYSTEM'S IMPACT ON EMPLOYMENT

Recognizing our responsibilities as representatives of organized labor, we would like to emphasize the importance of the ABC System as it is related to employment.

There will be, through the partnership of the Federal and 50 States' Governments, in funding for the years 1966 through 1969, a total of $2 billion annually for the ABC System. Using the 1966 report of the Department of Labor's Bureau of Labor Statistics on labor requirements for construction of Federal Aid Highways, this $2 billion will generate, annually, employment for 230 thousand people in manufacturing, transportation, trade, mining and other related industries. Of these 230 thousand potential jobs, over 40% will be available to construction workers.

Considering the recommendations of Secretary Boyd, of the nation's needs for greater attention towards the citizens of our urban areas, let us consider the needs for greater employment opportunities in the urban areas.

In 1967, one-third of all unemployed workers lived in this nation's fifteen larger cities. The unemployment rate in our cities is generally greater than the national average especially among minority groups in unskilled workers. Increased highway construction in the metropolitan areas in this country will provide employment opportunities for this segment of our population, now one of the main concerns of this country's "War on Poverty." The highway construction industry can train these people and upgrade them in the mainstream of this country's economy.

DAVIS-BACON COVERAGE FOR THE ABC SYSTEM

During the Eisenhower Administration, Congress wisely included a provision in Section 115, Title 1 of the 1956 Highway Act requiring the Secretary of Labor to determine the prevailing wage rates on similar construction in the locality of proposed interstate projects. This provided highway construction workers with the protection of the Davis-Bacon Act and lent to the industries in general, the stability afforded by predetermined prevailing wages.

Prior to the late 1940's, only construction contracts that were let by the so-called "procurement agencies" (Corps of Engineers, G.S.A., Bureau of Reclamation and the U.S. Air Force) came under the purview of the Davis-Bacon Act. This afforded workers with the necessary protection that large expenditures of their taxes, on federal construction projects, would not serve to destroy wage rates which were established and prevailing in their areas.

The Administrations of Presidents Truman, Eisenhower, Kennedy and Johnson have all endorsed the principle of federal and local participation in the financing of construction projects that are held to be necessary to the needs of this country. With the innovation of Federal assistance programs whereby the Federal Government, through its various agencies, together with state municipalities or other local governmental authorities, share the cost of construction projects under the "National Housing Act of 1949," the "Federal Airport Act," the "College Housing Act of 1950," the "Area Redevelopment Act," and the "Education Assistance Act of 1963."

If there is any single, common denominator among these programs, it is that the Secretary of Labor sets forth the prevailing wage rates for all construction workers employed on these projects. This is true whether the Federal Government is paying 90% of the project, as in the Interstate Highway Program, or in the cases of some projects of the Federal Housing Administration, where no federal funds are expended but the Federal Government acts as the guarantor of the loan.

We feel that an annual federal disbursement of $1 billion for this ABC has such an impact on the highway industry that the workers on these projects are entitled to the protection of the Davis-Bacon Act. Certainly it was the intent of Congress with the passage of the Davis-Bacon Act to protect workers on all construction projects in which the Federal Government is involved whether it be by direct contract or those federal assistance programs with a predetermined prevailing wage rate. Therefore, we feel Congress should, at this time, act to place the workers employed on these ABC Highways under the protection of the Davis-Bacon Act.

SAFETY AND THE ABC SYSTEM

As representatives of organized labor, we feel we have a social responsibility, both to our members and to the general citizenry, to insist that any highway program must attempt to halt the alarming fatality rate on our nation's highways. Every single day over 10,000 Americans are injured on our highways and every week more than 1,000 are killed; the monthly economic loss is well over $800 million.

Congress is again to be commended for their most recent attempts in passing the Federal Highway Safety Act to reduce this shocking waste of human lives. We know that your Committee will continue to consciously search for answers to our nation's most disgraceful malady.

Again, we are appreciative of the opportunity to address your important Committee and trust that you will give our views and suggestions careful consideration.

FEDERAL-AID HIGHWAY ACT—1968

WEDNESDAY, FEBRUARY 21, 1968

House of Representatives,
Subcommittee on Roads
of the Committee on Public Works,
Washington, D.C.

The subcommittee met at 10:05 a.m., in room 2167, Rayburn Building, Hon. John C. Kluczynski, chairman of the subcommittee, presiding.

Mr. Kluczynski. The subcommittee will come to order.

We will resume hearings this morning on the ABC highway program. And our first witness is Mr. Ross G. Stapp, American Association of State Highway Officials, chief administrative officer, Wyoming Highway Department, Cheyenne, Wyo. He is accompanied by Alfred E. Johnson, executive secretary.

You may proceed.

STATEMENT OF ROSS G. STAPP, CHIEF ADMINISTRATIVE OFFICER, WYOMING HIGHWAY DEPARTMENT, CHEYENNE, WYO., FIRST VICE PRESIDENT, AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS; ACCOMPANIED BY ALFRED E. JOHNSON, EXECUTIVE SECRETARY, AASHO

Mr. Stapp. Mr. Chairman, and members of the committee:

I am Ross G. Stapp, chief administrative officer of the Wyoming State Highway Department, and am the first vice president of the American Association of State Highway Officials.

I am appearing for our president, Mr. John O. Morton, commissioner of highways for the State of New Hampshire, and president of AASHO, who was in Washington yesterday to testify in congressional hearings, but had to return to New Hampshire last night on important business.

We appreciate the privilege of appearing before you and expressing our views on the matter of authorization legislation for the ABC Federal-aid highway program.

Of course, our views might be summed up in a statement that such legislation is absolutely essential this year, for it is a prerequisite for making the 1970 fiscal year ABC apportionments to the several State highway departments.

Along with this is the necessity of approving the 1968 interstate cost estimate, so that the interstate 1970 fiscal year apportionments can also be made.

Inasmuch as both sets of apportionments are generally made at the same time, it becomes necessary that Congress take action on both of these matters between now and apportionment time.

We, therefore, register our interest in the matter and hope that no unnecessary complications may be encountered, so that the apportionments can be made about the usual time, sometime late this summer or early fall.

As you know, we started on the interstate program with a sizable backlog of ABC system needs, which have been held in abeyance, and we have added to those needs from that time until now, and will continue to do so.

Most of our financial capabilities have been going towards the construction of the very important 41,000-mile interstate system.

In 1956, the top priority highway needs of this Nation was a network of freeways, inasmuch as our major traffic streams were getting so dense that the conventional dual-purpose primary highway could not longer satisfy the long distance and the local needs efficiently and safely.

We, therefore, allotted the major portion of our Federal-aid funds to the number one priority need, so that the Nation's economy could expand and so that national defense could be enhanced by having this system of interstate freeways across the Nation.

We, of the State highway departments, have been looking forward to the day that the 41,000-mile interstate program is completed, so that we can then turn our financial resources to modernizing our vast primary highway system that serves the whole country, and in taking care of our growing urban highway transportation requirements.

We also must continue an adequate land service farm-to-market program, for it is also essential to our ecomonic health.

To us, then, as soon as we can possibly complete our 41,000-mile interstate program, our top priority consists of modernizing the primary system, satisfying our growing urban requirements, and continuing an adequate secondary program.

At the present time, we see no substantial increases in highway revenues, so it appears that we will have to finish the interstate program before we can start out on this big backlog of growing highway needs on our ABC systems.

This will be brought out thoroughly, and with supporting data, when the AASHO presents to this committee in the very near future its recommendations regarding an after "75" continuing Federal-aid highway program.

The State highway administrators are unanimous in their hopes that we can finish the 41,000-mile interstate network and not add to that mileage, either now or later, for to do so will continue to put off the day when we can turn our financial resources to modernizing our primary system, which includes the replacement of a number of substandard bridges, and address our attention to taking care of urban problems. In upgrading the primary system, those qualifying will be to freeway standards. Others will be expressway or vastly improved two-lane facilities.

As soon as the 41,000-mile system is completed, and any substandard sections in it corrected, we would like to drop the 90–10 matching ratio, and have a uniform matching ratio for all Federal-aid system programs, based on the capabilities of the composite State highway department to match the Federal funds, but with the sliding scale provisions continuing for the public land States.

One of the greatest reasons for the success of the Federal-aid highway program in the United States has been the ability of the State highway departments to plan their programs, provide necessary matching funds, and to make necessary commitments to involved property owners and public officials at the various levels of government on the basis of the congressional authorizations.

In other words, we refer to the "contractual obligation" feature of the Federal-aid program that became part of it in 1922. From that time on, we have been able to use the authorization as a basis for our planning. Without "contractual obligation," the program would have faltered.

In the Federal-Aid Highway Act of 1956, the so-called Byrd amendment prohibited expenditures in excess of the capability of the trust fund to finance.

In 1959, a point was reached in our highway program where expenditures under the original schedule of authorizations exceeded the trust fund receipts, so a rescheduling of authorizations and a revision of the trust fund receipts had to be undertaken by Congress.

Inasmuch as the balance between expenditures and the trust fund capabilities was a rather sensitive one, it brought into being a process developed by the Bureau of the Budget and the Bureau of Public Roads, called reimbursement planning or contract control operation.

This involved a quarterly control over program obligations, so that reimbursements to the highway departments from the trust fund would never exceed the capabilities of that fund.

This operation, for the first time, brought into being in the highway program a quarterly control procedure. Since that time, there has been an increasing amount of complexity in administering the program, and within recent years a certain amount of uncertainty has become a part of the process.

At least the highway departments have been kept guessing to a certain degree as to when fiscal year apportionments will be made, when quarterly allotments will be announced, and in what amounts, and to say the least, the program has been kept off balance.

The so-called cutbacks of 1966, and the present one, have added to this uncertainty.

It takes at least 4 years to develop a project before it can go to contract. During that time, a great deal of planning and engineering work must take place and commitments must be made to the affected parties and agencies.

The highway program is so big, and a State highway department is such a complex organization, that letting dates and the projects involved in those lettings must be scheduled months in advance. The uncertainty and the off-balance features that we have mentioned can cause many problems in necessary rescheduling caused by slowdowns in the program that are not in conformity to congressional authorizations.

Please understand that the State highway departments are not taking the position that the highway program should be placed above the national interest, or that it should be subject to no control whatsoever, but we are of the opinion that the authorizations established by the Congress, and the ability of the trust fund to support the program, should be the controlling features in the way that the program is advanced and carried out.

Each year there seems to be a certain amount of suspense and uncertainty a to the exact time that the fiscal year apportionments will be made. We believe that much of this suspense can be relieved.

Inasmuch as the ABC apportionments are given first priority in the apportioning procedure, and they and the interstate are made at the same time, we think that while you are considering ABC authorization legislation this year, it would be in order for us to suggest the following changes with regard to title 23, United States Code, highways. This language will tie down the apportioning dates and would discourage cutbacks.

Section 104, the first paragraph of subsection (b), shall be revised to read:

> Between September 15th and September 30th next preceding the commencement of each fiscal year, the Secretary, after making the deduction authorized by subsection (a) of this section shall apportion the remainder of the sums authorized for expenditures on the Federal-aid systems, including the Interstate System, for that fiscal year among the several States, and it shall be officially announced by a notification to the State highways departments and the apportionment shall be made in the following manner.

I would like to stress, Mr. Chairman, the last part of that sentence, where it says, "and it shall be officially announced by a notification to the State highway departments and the apportionment shall be made in the following manner."

At the present time this information is given to the news media, and the highway departments read it in the newspaper and usually do not receive official notification for 2 to 3 days, and sometimes longer, after that; 3 days or longer.

The following sentence in section 104(b)(5) shall be deleted:

> Each apportionment herein authorized for the fiscal years 1960 through 1971 inclusive shall be made on a date as far in advance of the beginning of the fiscal year for which authorized as practicable, but in no case more than eighteen months prior to the beginning of the fiscal year for which authorized.

Section 104(e) shall be revised to read:

> Between September 15th and September 30th preceding the commencement of each fiscal year, the Secretary shall certify to each of the State highway departments the sums for which he has apportioned hereinunder for each State for each fiscal year, and also the sums which he has deducted for administration and research pursuant to subsection (a) of this section, and the funds so apportioned to the States shall be available for obligation for the payment of the pro rata share of the Federal Government for reimbursement of projects approved under such authority and such procedure shall constitute a constractual obligation on the part of the United States, and the rate of obligation shall be at the election of the State highway departments except for such procedures as the Secretary may promulgate to protect the integrity of the highway trust fund as established by section 209 of the Highway Revenue Act of 1956.

This would take out the uncertainty of contractual obligation and the money being obligated to the States, released to them for expenditures. It would beef up the contractual obligations so that each State could depend on that, and they would take away the uncertainty and allow the States to proceed on a uniform highway program.

Section 104 is amended by adding the following new subsection:

(f) No part of any sums authorized to be appropriated for expenditure upon any Federal-aid system which has been apportioned pursuant to the provisions of this section shall be impounded or withheld from obligation, for purposes and projects as provided in this title, by any officer or employee of any department, agency, or instrumentality of the executive branch of the Federal government, except such specific sums as may be determined by the Secretary of the Treasury, after consultation with the Secretary of Transportation, as being necessary to be withheld from obligation for specific periods of time to assure that sufficient amounts will be available in the highway trust fund to defray the expenditures which will be required to be made from such fund.

We would like to call attention, Mr. Chairman, of the committee to the fact that the cutbacks, as they have been made, have left no warning to the highway departments, and by mixing the fiscal year versus calendar year, it has caused an undue hardship to many States, and it has especially in my State of Wyoming, and that is somewhat dear to my heart at the present time. So we think that we should, if there is to be a cutback, it should be by congressional action, and some advance notice, so that we can prepare for it.

While we have no particular pride in authorship, or the language used, we believe something along this line might be considered by your committee.

We realize that legislation to accomplish similar purposes has already been introduced. Anything that would do the job is acceptable to us.

It is our experience that a cutback in the highway program in most or all of the States has such an adverse impact on the local economy, and on the contracting industry, that it makes the overall beneficial effects of such cutbacks questionable, especially when one views the magnitude of our vast and growing highway needs that are getting ahead of our efforts.

We feel that any time that the national interest should dictate a reduction in the highway program, that it should be carefully thought out and should probably be accomplished by a reduction in congressional authorizations, and made known in sufficient time that all those affected by it can adjust without experiencing a psychological shock.

At the time that AASHO comes to you, in the near future with its After 75 program recommendations, we will be supporting that program with results of a nationwide research survey, entitled "Public Preference for Future Individual Transportation."

This research effort, which is unique in its field, used twice the number of interviews generally used by the Gallup, Harris, or similar public opinion polls.

The project was carried on through the Highway Research Board, and the results definitely bear out the fact that the highway program, and the use of the automobile, continues to be a very popular thing with the public, a situation which will grow. Your committee can plan the continuation of the highway program and its future with complete assurance that the public supports you.

We initiated this research project at a time when we heard a great deal about developing a national transportation policy, system, and program, based on the "cost effectiveness" or the "investment return concept."

We also heard comments that people do not want highways, but that they were literally forced on them because it was the only major transportation program that was financed.

We were of the opinion that some other factors must be cranked into any cost-effectiveness analysis than the dollar sign, in determining the importance of any particular mode in a transportation system.

In case of highways, those factors were personal convenience, flexibility, and popularity of the automobile.

We feel that we now have definite scientific data to support our recommendations, that had been assumed previously, and that our assumptions are now proven correct.

Our After 75 program recommendation will consist mainly of an enlarged and modernized ABC type of program.

We see little need, except in a few areas, for any extensive additional urban freeways, but we do see the need for a Federal-aid system in our metropolitan urban areas which will make use of all traffic engineering, highway design techniques, and new innovations in design and operation which will increase traffic flexibility, capacity, and safety on that segment of the total street mileage in such metropolitan areas that connect the traffic-generating areas, freeway interchanges, transportation terminals, and eventually feed into the residential street patterns.

We also must modernize some 200,000 miles of 30- to 40-year-old primary highways and, of course, the thousands of old bridges involved.

We have mentioned these things because your hearings today are primarily on the ABC program.

These are the roads that connect America.

They are the ones that haul people and goods to all of the towns and cities.

They are the ones where the greatest needs exist, and we must turn our attention to them as soon as we can complete the present interstate program.

Thank you.

Mr. KLUCZYNSKI. Thank you, Mr. Stapp, for the splendid statement.

Mr. Chairman, are there any questions or comments?

Mr. FALLON. Yes. I would like to congratulate Mr. Stapp for his excellent statement, and congratulate the American Association of State Highway Officials for their contribution that they have made to the beginning of the prosecution of this great highway program.

Mr. Stapp, could you tell me if $4,150 million worth of money that has been apportioned to the States for calendar year 1968, in your judgment, can that much money be put under contract?

Mr. STAPP. Yes, sir.

Mr. FALLON. Could you tell me how much money—I think last year $4.4 billion was apportioned to the States—could you tell me how much of that money was put under contract in that calendar year?

Mr. STAPP. Mr. Johnson advises me he thinks it is approximately $4.1 billion, but he is not absolutely sure on that figure.

Mr. JOHNSON. $4.1 billion; I believe that is correct, that was obligated in the 1967 calendar year.

Mr. FALLON. So that there was a balance in the money that was apportioned last year of $400 million?

Mr. STAPP. Approximately.

Mr. JOHNSON. Something like that; yes. There is always a lag in the amount that is apportioned, and that which goes under obligation.

Mr. FALLON. So if the States could put under contract the total amount apportioned for calendar 1969, it would be exactly the same as the amount that was put under contract in 1967; is that right?

Mr. JOHNSON. Mr. Chairman, actually, you remember the amount that we were able to obligate last year was interrupted by a cutback of November 1966. So we did have a slowdown on the program. The highway departments were able, we think, to have obligated the entire amount that became available to them this calendar year.

Mr. FALLON. Thank you very much, Mr. Johnson and Mr. Stapp.

Mr. KLUCZYNSKI. The gentleman from Ohio, Mr. Harsha.

Mr. HARSHA. Thank you, Mr. Chairman.

Mr. STAPP, you recommend that no additional mileage be added to the Interstate System, either now or later. And then in your report that is in the hearing before this committee, containing the preliminary report of AASHO on Federal-aid to highways needs after 1972, this was apparently conducted in June of last year, on page 14 of that report, the testimony of the AASHO witness at that time said that one of the recommendations they would make was as follows:

> Third, provide for upgrading and for meritorious and justifiable limited extensions of the Interstate System so it can perform the function assigned to it by the Congress in 1956.

And then on page 16, where the chairman of the subcommittee, Mr. Kluczynski, questioned Mr. Johnson, Mr. Johnson indicated that at least 5 or 6 thousand additional miles were needed in the Interstate System.

Now, has AASHO changed its position?

Mr. STAPP. Yes, sir. It has reconsidered, and it is the unanimous decision of the chief administrators that there be no addition at the present time or in the future to the Interstate System. That has been reconsidered, Mr. Harsha.

Mr. HARSHA. Well now, also I will ask you, on page 2 of your statement, you say that as soon as the Interstate System is completed and any corrections made in the substandard sections of it, you want to drop the 90–10 matching ratio and have a uniform matching ratio for all Federal-aid system programs. Do you have any recommendations at this time as to what ratio that will be?

Mr. STAPP. That will be brought out, Mr. Harsha, after the 1975 committee report. I am not acquainted with that. There have been several ratios recommended. I have one of my own, but I should not mention that because that affects Wyoming.

That will be submitted later.

Mr. HARSHA. All right.

Well now, I am certainly happy to see that you have at least endorsed in principle the legislation that I introduced to curb this finagling with the apportionment system. Certainly, as all the witnesses have indicated to date, the desired effect of the administration's claim for withholding, or reasons for the withholding, is not going to be an actual fact but is going to have, in the opinion of all the witnesses that I recall who have testified so far, it will have an adverse effect, not only the proper development and completion of the Interstate System but also on the cost item involved and the so-called inflationary measures, because of the continual increase in the cost of production. Is that correct?

Mr. STAPP. That is right.

Mr. HARSHA. Now, Mr. Chairman, I have a copy of a letter addressed to the Honorable George Fallon, chairman of the full committee, from Mr. Masheter, who is the director of highways for the State of Ohio, and a member of AASHO, of course; and he, in that letter, points out the effects of this cutback on Ohio and why it is so serious in regard to Ohio, and because of the previous delay and holdup in apportionment and then the subsequent strike that Ohio endured in the highway construction field; and then Ohio was not able to obligate its allowance or apportionment for 1967, therefore the cutback, based on the 1967 obligation in Ohio, amounts to a far greater percentage than claimed by the administration.

Without objection, I would like to introduce that letter and make it a part of the record.

Mr. KLUCZYNSKI. There being no objection; so ordered. It will be made a part of the record.

(Letter referred to follows:)

FEBRUARY 16, 1968.

Hon. GEORGE H. FALLON,
Chairman, House Public Works Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN FALLON: Instructional Memorandum 30-2-68 recently issued by the Department of Transportation outlines the 1968 calendar year limitation of Federal funds to the individual states and specifies that it is based upon 95 percent of the amount each state obligated in the 1967 calendar year.

We have expressed our objection to the Department of Transportation, and are taking this opportunity to express our objection to you in your capacity as Chairman of the House Public Works Committee. Our objection is based upon the following:

1. Ohio's highway planning and budgeting are based upon anticipated fiscal year allocations. Our State Legislature's appropriations are based upon anticipated fiscal year federal fund allocations. If a reduction in federal highway funds is necessary, it should at least be related to a percentage of a particular fiscal year allocation.

2. Ohio did not obligate a normal amount of federal funds in 1967 calendar year because of the previous cutback of federal funds, because of a construction equipment operator's strike of six weeks during which time we did not take bids for construction contracts, and because of design delays as a result of incorporating additional safety standards into projects during the last half of the year. We should be in the position of making up for lost time this year instead of being delayed to a greater degree. A 1968 limitation based upon 1967 obligations is arbitrary and inconsistent with good planning.

3. We have a total highway program which normally averages in excess of $400 million per year and our engineering, right of way and construction budgets and manpower are geared to this anticipated production. We can't find out in the middle of the fiscal year that there is to be an immediate reduction of a portion of our resources without suffering loss of efficient use of manpower and funds. We don't feel it is necessary that governmental organizations should be forced to operate under these conditions.

We solicit your Committee's review of this federal fund allocation procedure. We feel it is a serious matter that needs attention.

Very truly yours,

P. E. MASHETER, *Director*.

Mr. HARSHA. Thank you. That is all I have.

Mr. KLUCZYNSKI. The gentleman from Texas, Mr. Wright, any questions?

Mr. WRIGHT. None, thank you; except to commend the gentleman on a very excellent statement.

Mr. KLUCZYNSKI. Any questions to my left?

Mr. Denney?

Mr. DENNEY. Mr. Stapp, I was interested in your comment that AASHO unanimously agreed not to recommend any additions to the interstate.

In the light of the testimony we heard on June 7, can you tell me approximately when AASHO members met and made this determination?

Mr. STAPP. December 12 in Chicago.

Mr. DENNEY. December 12 in Chicago. You recognize that there are three States in the United States that have no north-south interstate roads running through them, only east-west, and it makes a real lag in the north-south transportation and moving of commercial products because this situation exists, and I refer specifically to my State of Nebraska.

Was that ever brought up in the discussion?

Mr. STAPP. Yes, that was. And also, Mr. Denney, the statement I believe that I have in here, that the primary system could be brought to what could be considered interstate standards if the traffic warranted it under the new program.

Mr. DENNEY. In other words, your thought is that the primary system would be built to specifications of interstate and would serve the same purpose; is that right?

Mr. STAPP. Where traffic warrants that.

Mr. DENNEY. Where traffic warrants that.

Mr. STAPP. Not in its entirety; no, sir.

Mr. DENNEY. It would require a traffic survey.

Thank you, Mr. Chairman.

Mr. KLUCZYNSKI. Any questions to my right?

The gentleman from New York, Mr. McEwen.

Mr. MCEWEN. Thank you, Mr. Chairman.

In your testimony you have referred to the "After '75' Report" of AASHO. Can you say when that is to be available?

Mr. STAPP. Mr. Johnson advices me in about 6 weeks.

Mr. MCEWEN. About 6 weeks.

I believe in answer to the question of the gentleman from Nebraska, you said that this decision of no extensions on the Interstate System both now and after 1973 or 1975, this decision was made at Chicago on December 12; is that correct?

Mr. STAPP. Yes, sir.

Mr. MCEWEN. May I inquire: Was there any publicity given to that decision? Has that been announced prior to today?

Mr. STAPP. It was advisory to the "After 75 Committee." That was for their information.

Mr. MCEWEN. Do I understand that this was a unanimous decision?

Mr. STAPP. To my knowledge, it was; yes, sir. I was there, and I do not recall a dissenting vote.

Mr. MCEWEN. Was this a meeting of the entire AASHO organization or executive committee?

Mr. STAPP. Chief administrative officers of all the States, and some of us had our deputies with us.

Mr. MCEWEN. Chief executive officers of all of our State highway departments were present at that meeting; is that correct?

Mr. STAPP. I think they were; yes sir. Puerto Rico was not there, Mr. Johnson advises me.

Mr. MCEWEN. Referring again to the testimony before this committee on June 7 of last year—the gentleman from Ohio referred to it just a moment ago—I notice, Mr. Johnson, that you, replying to the chairman, Mr. Kluczynski, said: "We have not made a survey of the State highway departments on what would be recommended."

And then you said: "Yes, we have, excuse me. On the questionnaire we did have that on it, and it totaled about 5,000 or 6,000 miles."

The chairman, Mr. Kluczynski, said: "5,000 or 6,000?" And Mr. Johnson replied: "Yes."

And the chairman then expressed agreement with the need for at least, in his words, 5,000 or more miles.

Do either of you care to explain, if you will, what has happened between your testimony of June 7 and this meeting of all of the chief executive officers of our highway departments on December 12, which is just slightly over a 6-month period? What happened to this need for 5,000 or 6,000 miles of interstate?

Mr. JOHNSON. I think it is a very normal thing, Mr. McEwen. The data that you are referring to was gleaned from a very extensive questionnaire that was designed by the chief administrators a year in advance of that.

The information was filed by the highway planning survey engineers of the highway departments. In their opinion there was 5,000 to 6,000 miles that could be used to fill in what they thought were the gaps in the Interstate System network.

Now then, we began to look at the needs that we had on the primary and urban areas, and we were of the opinion that if we kept on adding to the interstate and adding and adding, and the cost going up, and that sort of thing, we would be a long time in the future, if ever, getting done with the Interstate System.

Now, we are putting a billion dollars a year on the ABC program, and as prices go up and things compound, we are getting less and less out of our billion dollars.

Now, we started into the entire State program with a large backlog of ABC needs, and they have pretty much been held in abeyance. So what we want to do is get the 41,000 miles done, which is certified by the Department of Defense as essential to this country. We agree with that.

Then we want to get it out of the way and get our financial resources into the primary and urban areas, and that sort of thing.

Now, where we would be building a road to match the traffic, these gaps to which you refer, if the traffic justified it, they would be built to full, what we know as interstate standards.

Some of them would not, it would all be dependent on what the traffic is.

But I think that the highway chief administrators had 6 months to reflect on this, and that was their decision in Chicago. And the 90–10 feature, we think that that has been a source of some problem to the highway departments. We think if we had the same matching ratio for all programs, Federal-aid programs, we would be far better off, and there would be less tendence for somebody to try to push a road off onto a system that had a more favorable matching ratio.

Mr. McEWEN. Mr. Johnson, if I understand what you are saying, you are saying that the chief highway administrators of our 50 States cannot abandon what they had earlier indicated, and not within the last year, year and a half, that they needed 5,000 additional miles of interstate, you are simply saying that you have changed your priorities; is that correct?

Mr. JOHNSON. That is the summation; yes, sir.

Mr. McEWEN. Mr. Johnson, could you make available to this committee the 5,000 miles that the highway administrators indicated were needed where these various highways were?

I share with Mr. Denney the concern he has in his own State of Nebraska. I think we have many areas in our States where we very desperately need interstate extensions and connections, and I wonder if you could make available to us the replies of the 50 administrators on where these needs are?

Mr. JOHNSON. I would have to go back to the State highway departments and ask for it. I think that everybody was surprised that there was only 5,000 or 6,000 miles that was designated that was to be added to the Interstate System. For the highway administrators feel that if they were called up to name additions or to designate desirable additions to the Interstate System, you would probably get another 40,000 miles. And they are just a little bit cautious about giving publicity to the mileage or to the routes that they put in their planning survey reports.

Because it would immediately bring pressure on them to add more mileage to it, and we would prefer to leave it in the category it is now until we bring our After "75" Report to you.

Mr. McEWEN. May I ask if this is coming out in 6 weeks, what is this After "75" Report going to show? Is this committee going to be enlightened on any specifics of AASHO's thinking?

Mr. JOHNSON. Yes, I think you will; yes, sir.

It will show what we think the top priorities are in the highway program, what the needs are in dollars and in miles. We will show you what we think that the matching ratio should be, based on the capabilities of the States, and we have a preliminary report in my office this morning from the AASHO Finance Committee on what that will be.

The 90–10 of the Interstate System program did not come out of the atmosphere; it came out of reviewing the financial capabilities of all the States, and setting a matching ratio which all the States could participate in.

So it will be a very comprehensive program, far more comprehensive than the preliminary draft that you got last year.

Mr. McEwen. Just one further question. In this meeting of December 12, when it was unanimously agreed to abandon any extensions on the Interstate System as a recommendation of AASHO, was there any consideration given to the question of the toll roads in the various States that are now on the Interstate System and what was to be done with those?

Mr. Johnson. That has been discussed, Mr. McEwen, for many years in AASHO. It does not affect all the States uniformly. We had always taken the attitude that we would get through with the interstate program before we would take a position on it. And that the general discussion was that if there were any reimbursement, it should be on the depreciated value of the toll road, and it ought to be free. But we have actually taken no official point on it.

As I say, it does not affect all the States uniformly.

Mr. McCarthy. Will the gentleman yield?

Mr. McEwen. I will be happy to yield to my colleague from New York.

Mr. McCarthy. Mr. Johnson, on this question of reimbursement, I do not know, but it does not seem to have too much momentum behind it, although I am for it; here is another aspect to it.

Just recently, within the last week, as a matter of fact, a new highway project has been proposed in New York State, out of my city of Buffalo, due east, which would link up the—eventually—with the improved route 17 across the southern tier of New York State.

Now, this would, if it is built, and I certainly hope it is and I expect it will be, would provide a direct free route from Buffalo to New York City that would be 60 miles shorter than the New York State Thruway.

Now, maybe this is the answer to toll roads, I do not know. I wonder what your thinking is on this.

Now, obviously, if people are provided with a vast, convenient, modern route that would be 60 miles shorter to the principal destination, they are not going to use the toll road.

Have you discussed this aspect, whereas these new highways are built and these new ABC highways are built, people are going to have more choices available and they are obviously going to avoid the toll roads? Have you considered this aspect of it?

Mr. Johnson. Mr. McCarthy, I am familiar with your Route 17 project. It goes up through a beautiful part of the country. But I would say that what we are talking about in modernizing long sections of the primary system, that would be in competition with a toll-road project, that it will be so far off before it is a complete, usable entity, that the toll roads will pretty well be paid up by then.

Mr. McEwen. Mr. Chairman, I might ask one more question.

Mr. Johnson, you agree, I presume, with the basic law that was enacted in 1956 on a 90–10 basis, to build our interstate. Would I be correct in assuming that you would believe the 90–10 formula was necessary to build this 41,000-mile system, that without it it was a 50–50 basis, the States would not have built this?

Mr. JOHNSON. I had a great deal to do in developing that 90–10 concept, yes, sir.

Mr. MCEWEN. Is it not a reasonable assumption flowing from that, and particularly in view of increasing acquisition costs on right-of-way, increasing design and construction costs, that we are going to need that 90–10 formula if we are to see any extensions of this Interstate System?

Mr. JOHNSON. At the meeting in Chicago on the 12th day of December, the highway administrators assigned 5 percent of the 1975 to 1985 fund availability to upgrading sections of the 41,000 miles, and that would continue on 90–10. Only 5 percent of the money.

And after that, they say, let us do not add to the interstate, because if we do we are going to postpone the time when our money can be going into modernizing the primary system.

Now, we have an awfully large number of bridges that have to be replaced on that, as you know. That is very much in the news now. But please bear in mind that we are asking in this after-1975 program that all programs have the same matching ratio. And we are talking now about two-thirds, one-third, or, I think this preliminary report goes up to the point of 25–75.

Now, that is based on the capabilities of the States to do their administration, their maintenance, their State's construction, and have money for matching.

So we are not getting too far away from the concept that you are talking about. It is going to be matched on the overall capabilities of the States to afford matching for a Federal-aid program, but it will be the same for everything.

Mr. MCEWEN. Mr. Johnson, your final words, "it will be the same for everything," you are saying there that there is going to be no inducement for the building of additional interstate miles.

Now, if we needed that inducement in the first place, the 90–10 as opposed to 50–50—I submit, sir, that we still need it if we are going to have any extensions to this Interstate System, which, in my opinion, is far from complete when the 41,000 miles are constructed; there were parts that were needed in the original system that were not put in, I assume solely for the reason that it was an ambitious program, and the chairman of the full committee has often said, the greatest public works undertaking in the history of the world. So we limited it to 41,000 miles, which is a rather large system to construct.

It has been known all along by many that there were parts that should have been in there, if we could, that should in future be added.

I never expected to head from AASHO that there was going to be an abandonment of 90–10 concept on the Interstate System, and particularly, sir, after your testimony last summer when, in answer to the chairman's question, you said 5,000 miles were needed, and you said further here that this was a conservative figure; because your highway administrators held down the miles that they were requesting to build up.

Mr. Johnson. We would intend to build the type of road that was needed, but it might not be built as interstate. It would be built as a freeway primary.

Mr. Kluczynski. Any questions to my right?

The chairman of the committee.

Mr. Fallon. If I understood your testimony here, Mr. Johnson, you are going to build to the system, to the Interstate System, but you are just changing the name, you are just calling it primary?

Mr. Johnson. That may be right; yes, sir.

Mr. Kluczynski. The gentleman from Iowa.

Mr. Schwengel. Mr. Johnson, I was not here when you began your testimony, but I have since read your testimony. We appreciate the great help you have been to this committee, as we have followed this system of Interstate System, especially all the other aspects of the road system.

I recall when we were hearing testimony on the Interstate System, it was a challenge, and there was testimony in behalf of the economic effect on the country. I have two questions:

One, were we right in the predictions on the total economic effect on the business activity of the country, or did we, as we usually do, miss it; we were too conservative in our estimates on the total economic effect of the Interstate System on the road system that we were considering at that time?

Mr. Johnson. Mr. Schwengel, in 1955 and 1956, as you remember, we did introduce some of the economic benefits that we thought would come from the interstate program. I think history has shown that those are conservative estimates of the benefit of that system.

Mr. Schwengel. Mr. Chairman, I think I would like to have in the record, maybe at this point, an insertion of what our predictions were at that time, if we can.

My second question is: Do you have an estimate of what the actual economic benefits are, compared with those figures that we were predicting at that time?

Mr. Johnson. We hope that will be part of our after-1975 program submission.

Mr. Schwengel. That will be a part of the report?

Mr. Johnson. Yes, sir.

And, Mr. Schwengel, you will remember in the early part of this program, the gentlemen up here do, you know the interstate program originally had its genesis out of the interregional report; do you remember it?

Mr. Schwengel. Yes.

Mr. Johnson. There were several different systems that were proposed to do the job that the Interstate was enacted to do. I think one was the 27,000-mile system, one was the 40,000, and one was maybe a 60,000 and one was a 77,000-mile. And we arrived at the 40,000 because it, at that time, could pretty well join the cities of over 50,000, the international boundary connections, and we thought within the available funds that we could see we might have been in error on that one.

Mr. SCHWENGEL. Am I right in assuming, also, that whenever we cut back any part of a highway program, we are jeopardizing the growth and expansion of our economy of America?

Mr. JOHNSON. I think we are at least delaying it. We are delaying the beneficial effect. And I remember onetime Chief MacDonald always would say, when he was before this committee, that the indirect benefits of a road project far outweighted and exceeded the direct benefits that came from it. And I think that is still a fair statement.

Mr. FALLON. Would the gentleman yield?

Mr. SCHWENGEL. Yes.

Mr. FALLON. In speaking of economic benefits, I think it has been stated in the record a number of times that the economic benefits ratio-to-cost would be about 4 to 1, and that is a large ratio benefit to cost than any project we had ever reported out of this committee.

Mr. JOHNSON. Mr. Chairman, I believe those are direct benefits.

Mr. FALLON. That is right.

Mr. SCHWENGEL. I think we ought not to lose sight here that we are hearing all this testimony, and I am interested in what it is going to do now to the economy of a State or regional community, and I am as much interested, maybe all of us should be more interested, in the long-range benefits of a highway system.

This deals with something that this committee, and Congress said, before this committee was created, has always been interested in the development of the transportation system, I call it the fifth-great freedom, freedom of movement of men and goods.

Whenever you hamper that, postpone it, handicap in any way, you are interfering with the normal growth of community and the Nation.

So I think we ought to have this uppermost in mind, and I hope you can continue to study it, the long-range benefits, so we can have the benefit of those studies in your testimony.

Mr. JOHNSON. Thank you, sir.

Mr. KLUCZYNSKI. Thank you, Mr. Schwengel.

Any questions?

Thank you, gentlemen. It is always a pleasure to have the officials of the AASHO people here before this committee, for giving us your knowledge; we greatly appreciate it. We are looking forward to seeing you again.

As we said yesterday, this is the year of decision. This is the year we must plan for the future highways for this great country of ours.

(The resolution follows:)

RESOLUTION NO. 68-1

RESOLUTION

A resolution endorsing proposed legislation recommended by the American Association of Highway Officials as presented to the Congress of the United States of America at a hearing before the Committee on Public Works, House of Representatives, 90th Congress, June 7, 1967, in order to provide the necessary guidelines for future highway planning, construction, and maintenance, and for the supplementation of the National System of Interstate and Defense Highways beyond the currently authorized program to meet the needs of the Nation.

Whereas, the City Council of the City of Houston has long recognized the economic value of the highway program to the community, state, and nation; and

Whereas, over a period of many years the City of Houston has actively supported the Texas Highway Department in the development of the highways of this community and the state; and

Whereas, the City Council of the City of Houston recognizes the need for a continuing program to augment the interstate system now nearing completion; and

Whereas, the planning and development of such a supplemental system will require several years of lead time; and

Whereas, the American Association of State Highway Officials (AASHO), after intense investigation and study, presented to the Congress, at a hearing before the Committee on Public Works, House of Representatives, 90th Congress, June 7, 1967, a recommended plan for the continuation of the highway program after 1972, at which time the interstate highway program will be essentially complete; and

Whereas, the dedicated highway administrators of the American Association of State Highway Officials (AASHO) are the most knowledgeable people in the matter of highway needs and proper administrative handling; and

Whereas, the City Council of the City of Houston recognizes the urgency for immediate action in regard to continuation of a well-planned and promptly executed highway program:

Now, therefore, be it resolved, That the Congress be urged to enact at the earliest possible moment legislation recommended by the American Association of Highway Officials (AASHO) presented to the Congress at a hearing before the Committee on Publiic Works, House of Representatives, 90th Congress, June 7, 1967, in order to provide the necessary guide lines for future highway planning, construction and maintenance and for the supplementation of the national system for interstate and defense highways beyond the currently authorized program to meet the needs of the nation; and

Be it further resolved, That copies of this Resolution be submitted to the President of the United States, to our Congressmen, to the Secretary of the Department of Transportation, the Federal Highway Administrator, and to our State Highway Commission.

Passed this 10th day of January, A.D. 1968.

Approved this 10th day of January, A.D. 1968.

(S) LOUIE WELCH,
Mayor of the City of Houston.

Attest:

(S) M. H. WESTERMAN,
City Secretary.

Approved.

(S) T. H. CODY, Jr.,
Senior Assistant City Attorney.

I, M. H. Westerman, City Secretary of the City of Houston, Texas, do hereby certify that the within and foregoing is a true and correct copy of Resolution No. 68–1, passed by the City Council and approved by the Mayor of said City on the 10th day of January, 1968, as the same appears in the records in my office.

Witness my hand and the Seal of said City this 5th day of February, A.D. 1968.

M. H. WESTERMAN,
City Secretary of the City of Houston.

Mr. KLUCZYNSKI. The next witness will be Mr. Burton F. Miller, executive vice president of the American Road Builders Association; and Mr. Robert Holmes, president, from Pittsburgh, Pa.; and Mr. Sam P. Turnbull, engineer director, Florida Road Builders Association, Tallahassee, Fla.

We are glad to have you gentlemen with us.

Will you give the reporter your names, please?

STATEMENT OF BURTON F. MILLER, EXECUTIVE VICE PRESIDENT, AMERICAN ROAD BUILDERS ASSOCIATION; ACCOMPANIED BY ROBERT S. HOLMES, PRESIDENT, AMERICAN ROAD BUILDERS ASSOCIATION, PITTSBURGH, PA.; SAM P. TURNBULL, ENGINEER DIRECTOR, FLORIDA ROAD BUILDERS ASSOCIATION, TALLAHASSEE, FLA.; AND KARL L. ROTHERMUND, JR., EXECUTIVE DIRECTOR, OHIO CONTRACTORS ASSOCIATION

Mr. MILLER. Mr. Chairman Kluczynski, Chairman Fallon, distinguished members of the committee——

Mr. FALLON. Will the gentleman pause for a minute? I am glad to see Mr. Miller here this morning, and he is certainly no stranger to the committee. The American Road Builders have been of great assistance to this committee for many years. And I also want to recall, back in 1956, the contribution of the task force in putting this highway program over, and certainly it is a big help to this committee and the Congress.

And although Mr. Miller has appeared here many times as an associate, today we want to welcome him, on his first appearance in his new position as executive vice president of American Road Builders.

It is a pleasure to welcome you here this morning, Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman. I am very grateful for those comments.

Mr. Chairman, with your pleasure, I would also like to have with us to present part of our statement, Mr. Sam P. Turnbull, of the Florida Road Builders Association, and Mr. Karl Rothermund, of the Ohio Contractors Association. I have asked these gentlemen to come in, Mr. Chairman, to present to this distinguished committee first hand the grassroots information regarding this cutback.

It so happens that Ohio and Florida are two of the States, perhaps, which were hardest hit by the cutback. Another one, I think, is the good State of Maryland.

Mr. Chairman, our presentation here this morning will be in three parts, with your permission.

First, we would like to discuss the ABC program; second, we would like to discuss briefly with you the cutback; and then, third, mention a very serious problem that will have a pronounced affect upon the highway program, and this problem is in the area of equal employment opportunity, which was mentioned briefly.

Now, Mr. Chairman, with your kind permission, I would like to present the president of the American Road Builders Association, Robert S. Holmes.

Mr. KLUCZYNSKI. Mr. Holmes, you may proceed.

Mr. HOLMES. Thank you, Mr. Chairman, members of the committee.

My name is Robert S. Holmes, and I am president of the American Road Builders Association, with headquarters in Washington, D.C.

I would like to have your permission, Mr. Chairman, to proceed with the testimony by paraphrasing it rather than reading it in complete context, since you have the complete text before you.

Mr. KLUCZYNSKI. There being no objection, the statement of Mr. Holmes will be put in the record.

(The prepared statement follows:)

STATEMENT OF ROBERT S. HOLMES, PRESIDENT, AMERICAN ROAD BUILDERS ASSOCIATION

Mr. Chairman and members of the committee, my name is Robert S. Holmes, and I am President of the American Road Builders' Association, with headquarters in Washington, D.C.

We are a federation of businessmen and engineers representative of all segments of the highway industry and highway engineering profession. Our members include highway contractors, equipment manufacturers and distributors, producers and suppliers of highway materials, public and private engineers, highway administrators, and educators.

I wish to direct my remarks this morning primarily to the subject of the continuation of the programs for the improvement of the Federal-aid primary and secondary systems and the urban extension thereto, commonly referred to as the ABC Systems.

Certain facts seem self-evident.

First, there has been no increase in Federal-aid ABC authorizations since 1964.

Second, the cost of improving the ABC highways has increased substantially since then.

Third, the needs of the ABC Systems are extensive and urgent.

In the light of these facts, the American Road Builders' Association is urging that the authorization level for the ABC Systems be increased to $1.5 billion for each of the fiscal years 1970 and 1971.

When the distinguished Chairman of the Public Works Committee introduced the legislation which became the Federal-Aid Highway Act of 1956, he stated the view of the Committee that the authorizations for the ABC program should be increased in annual increments until an authorization level of $1 billion was reached. This was reached in 1964.

The legislative history shows a Congressional intent to keep the ABC program in balance with the Interstate program, in view of the fact that the ABC highways serve as feeders and connectors with the Interstate System. But ABC authorizaions have not been increased in proportion to the increase in Interstate authorizations since 1964.

The 1968 Interstate Cost Estimate, recently submitted to Congress by the Department of Transportation, contains ample evidence of the increased cost of building highways. The estimate, of course, does not pertain directly to the ABC programs, but a large share of the itemized cost increases identified therein are applicable to the ABC program. This is true of the unit price increases, which added almost $1.9 billion to the estimated cost of the Interstate program between 1965 and 1968. It is true also of the price increase attributable to heavier design of roadway base, surface and shoulder areas to accommodate heavier traffic volumes and increased load factors, reflecting changes in design knowledge and procedures. It is true of the additional safety features and the added landscaping, erosion control features and additional rest areas.

For it is a fact that the demand for higher standards on the Interstate System is matched by a similar demand for high quality construction on the ABC roads.

The Department of Transportation's 1968 National Highway Needs Report points out that "with the rising importance of urban areas in our national life and the complexity and high costs of solving urban transportation problems, more extensive assistance by the Federal government toward the solution of internal urban transportation problems appears warranted in the national interest and as a proper major focus for the Federal highway program in at least the next two decades."

Both the Department of Transportation report and the preliminary report on highway needs submitted to this Committee last year by the American Association of State Highway Officials indicates that a greatly expanded urban Federal-aid program will be needed in the years ahead.

It is evident that the post-Interstate Federal-aid program will have to be a program heavily oriented toward improvements in the ABC highways, both rural and urban. We would have a great deal of work to do if we only aimed to bring the ABC roads up to standards adequate for today's traffic.

Translating the needs into money, we are confronted with the prospect that the Nation's capital outlay for highways should be more than doubled in the post-Interstate period.

To quote once again from the 1968 Highway Needs Report of the Department of Transportation:

"The average annual estimated needs for all roads and streets for 1973–85, totaling $17.4 billion, are more than double the $8.5 billion per year estimated annual accomplishments during the remainder of the current program period, 1965–72."

In the view of the American Road Builders' Association, it is vital to the Nation that we make a substantial attack *now* on the tremendous backlog of work.

An early acceleration of the ABC program also makes good economic sense because the rising cost of acquiring right-of-way and the rising cost of highway construction will make the roads built in future years more expensive than the roads built now.

An increase of $500 million in the annual level of authorizations for the ABC program would, of course, create an additional drain on the Highway Trust Fund. In view of the fact that the Trust Fund had a cash balance of approximately $521 million at the end of calendar 1967, a modest increase in the ABC authorizations might be funded from existing Trust Fund balances. Or, the Congress might consider some modification of the Byrd Amendment, or additional financing proposals, in view of the serious requirements of the ABC systems.

We see this, in short, as an interim proposal for a transitional program, leading the way for a long-range program for the improvement of the primary and secondary systems.

The American Road Builders' Association believes that such a program would be in the best interest of the motoring public of the Nation.

Mr. HOLMES. You are a familiar with the composition of the American Road Builders Association, and I do want to emphasize that we are a federation not only of businessmen but of public and private engineers, highway engineers.

I wish to direct my remarks this morning primarily to the ABC systems.

Certain facts seem to be evident. First, there has been no increase in Federal-aid ABC authorization since 1964.

Second, the cost of improving the ABC highways has increased substantially since then.

Third, the needs of the ABC systems are extensive and urgent.

In light of these facts, the American Road Builders Association is urging that the authorization level for the ABC systems be increased to $1.5 billion for each of the fiscal years 1970 and 1971.

When the distinguished chairman of the Public Works Committee introduced the legislation which became the Federal-aid Highway Act of 1956, he stated the view of the committee that the authorization for the ABC program should be increased in annual increments until an authorization level of $1 billion was reached. This was reached in 1964.

The legislative history shows a congressional intent to keep the ABC program in balance with the interstate program, in view of the fact that the ABC highways serve as feeders and connectors with the Interstate System. But ABC authorizations have not been increased in proportion to the increase in interstate authorizations since 1964.

The 1968 interstate cost estimate, recently submitted to Congress by the Department of Transportation, contains ample evidence of the increased cost of building highways.

The estimate, of course, does not pertain directly to the ABC programs, but a large share of the itemized cost increases identified therein are applicable to the ABC program. This is true of the unit price increase, which added almost $1.9 billion to the estimated cost of the interstate program between 1965 and 1968. It is true also of the price increase attributable to heavier design of roadway base, surface and shoulder areas to accommodate heavier traffic volumes and increased load factors, reflecting changes in design knowledge and procedures. It is true of the additional safety features and the added landscaping, erosion control features and additional rest areas.

Gentlemen, it is a fact that the demand for higher standards on the Interstate System is matched by a similar demand for high quality construction on the ABC roads.

The Department of Transportation's 1968 National Highway Needs Report points out that, and I quote,

with the rising importance of urban areas in our national life and the complexity and high costs of solving urban transportation problems, more extensive assistance by the Federal Government toward the solution of internal urban transportation problems appears warranted in the national interest and as a proper major focus for the Federal highway program in at least the next two decades.

Both the Department of Transportation report and the preliminary report on highway needs submitted to this Committee last year by the American Association of State Highway Officials indicates that a greatly expanded urban Federal-aid program will be needed in the years ahead.

I would like at this time to place in the record the resolution adopted just last week by the American Road Builders Association at their annual meeting in Last Vegas. I will not read the entire resolution. I will simply eliminate the "whereases" and get to the "resolved."

Now therefore be it resolved by the American Road Builders Association in Convention assembled at Las Vegas, Nevada, this 14th day of February, 1968, That we hereby affirm that it shall be the policy of the American Road Builders Association to initiate, collaborate or support, as may be deemed appropriate, constructive programs aimed at bringing about a long-range improvement in urban transportation facilities, including but not limited to highway transportation programs in urban areas;

Provided, That under no circumstances shall funds be taken from the Highway Trust Fund to support other programs.

Mr. KLUCZYNSKI. There being no objection, the resolution will be made part of the record.

(Resolution follows:)

RESOLUTION RELATING TO URBAN TRANSPORTATION FACILITIES ADOPTED BY THE AMERICAN ROAD BUILDERS ASSOCIATION AT THEIR 66TH ANNUAL CONVENTION IN LAS VEGAS, NEV., FEBRUARY 14, 1968

Whereas authorities in the field of population research predict that the population of the United States will reach 262,000,000 by 1985, and that the preponderant part of the anticipated population increase will occur in the surburban sections of metropolitan areas; and

Whereas this pattern of population growth will cause a tremendous growth in short-trip movements with multiple origins and destinations throughout the metropolitan areas; and

Whereas such anticipated movements will require greatly expanded facilities for the movement of people and goods throughout the metropolitan areas; and

Whereas the general comfort, convenience and safety of the people as well as the efficiency of transportation will be best served by continuing and comprehensive urban transportation planning processes giving due consideration to the advantages of all modes of transportation and the interrelationship of all modes;

Now therefore be it resolved by the American Road Builders' Association in Convention assembled at Las Vegas, Nevada, this 14th day of February, 1968, That we do hereby affirm that it shall be the policy of the American Road Builders' Association to initiate, collaborate or support, as may be deemed appropriate, constructive programs aimed at bringing about a long-range improvement in urban transportation facilities, including but not limited to highway transportation programs in urban areas;

Provided, That under no circumstances shall funds be taken from the Highway Trust Fund to support other programs.

Mr. HOLMES. It is evident that the post-interstate Federal aid program will have to be a program heavily oriented toward improvements in the ABC highways, both rural and urban.

We would have a great deal of work to do if we only aimed to bring the ABC roads up to standards adequate for today's traffic.

Translating the needs into money, we are confronted with the prospect that the Nation's capital outlay for highways should be more than doubled in the post-interstate period.

To quote once again from the 1968 Highway Needs Report of the Department of Transportation:

The average annual estimated needs for all roads and streets for 1973–85, totaling $17.4 billion, are more than double the $8.5 billion per year estimated annual accomplishments during the remainder of the current program period, 1965–72.

In the view of the American Road Builders Association, it is vital to the Nation that we make a substantial attack now on the tremendous backlog of work.

In addition to costs, higher operating costs and wasted time, an early acceleration of the ABC program also makes good economic sense because of the rising cost of acquiring right-of-way, and the rising cost of highway construction will make the roads built in future years more expensive than the roads built now.

We recognized an increase of $500 million in annual level of authorizations for the ABC program would of course create an additional drain on the highway trust fund. In view of the fact that the trust fund had a cash balance of approximately $521 million at the end of calendar 1967, a modest increase in the ABC authorizations might be funded from existing trust fund balances. Or the Congress might consider some modification of the Byrd amendment, or additional financing proposals.

We see this, in short, as an interim proposal for a transitional program, leading the way for a long-range program for the improvement of the primary and secondary systems.

And I refer again to the statement you just heard from the representatives of AASHO, and I quote: "Our After "75" program recommendation will consist mainly of an enlarged and modernized ABC type of programs."

The American Road Builders Association believes that such a program would be in the best interest of the motoring public and the Nation.

This concludes my portion of the testimony, Mr. Chairman.

Mr. KLUCZYNSKI. Thank you, Mr. Holmes. You explained it thoroughly.

I see your suggestion on page 2, "Association is urging that the authorization level for the ABC systems be increased to $1.5 billion for each of the fiscal years 1970 and 1971."

Mr. HOLMES. That is correct.

Mr. KLUCZYNSKI. That would increase from 1 to 1.5 billion.

Any questions to my right?

Mr. FALLON. Mr. Holmes, your recommendation, in the consideration of the ABC program, can you tell me as to the capability of industry to take on this additional workload? Would there be a great deal of increase in price? What effect would it have on the prices?

Mr. HOLMES. Insofar as industry capability is concerned, we can assure you that there is the capability there, because the American Road Builders Association made a rather quick study a year ago when we were preparing testimony for the cutback hearings which were recessed. This was adding to the original task force reports, which we prepared in order to back up the 1956 act.

We feel that we not only have the capability, but the current price structure should remain stable and only change as the national economy and the gross national product might change.

It would be affected by the state of the economy at the time, and industry as well as labor increases, if they should occur.

Mr. FALLON. Mr. Holmes, I read in the paper today that this committee, the members of this committee, inference was that they were holding these meetings, and by associating with State highway officials and representatives of industry, we are just friends of the lobbyists.

Now we, of course, up here believe that you are here to give us, the witnesses here are to give us the information which is necessary to transport goods, services, and the people, the safest way that can be done throughout the Nation.

What is your organization, that national organization, doing to get public support for a program of this kind?

Mr. HOLMES. We have had for some time in the association not only a public information program of our own, but we have worked on a cooperative basis with the American Association of State Highway Officials in an annual public information workshop, principally for the benefit of the State highway departments.

At our meeting in Las Vegas last week, the American Road Builders Association's board of directors approved a very much expanded public information program, which will extend nationwide in its impact and hopefully will provide favorable comment on the highway program such as the February issue of the National Geographic magazine is doing, in order to offset the adverse publicity that we seem to continually be receiving.

We not only have expanded this activity, and a very strong public information program to gain public support, but we also have a more cohesive, coordinated joint effort with the American Association of State Highway Officials to expand the public information workshop. This year this workshop will be held in June. We expect to gain much from that.

Mr. FALLON. Thank you.

Mr. KLUCZYNSKI. Mr. Holmes, how many members do you have in the American Road Builders Association?

Mr. HOLMES. I will ask Mr. Miller for the current number.

Mr. MILLER. 5,363.

Mr. KLUCZYNSKI. 5,300 plus.

Mr. MILLER. Yes, sir.

Mr. KLUCZYNSKI. Have any of your members failed in the last 5 or 6 years, small contractors, I am talking about?

Mr. MILLER. Mr. Chairman, yes, and we would like to get into that subject when my witnesses refer to the cutback.

Mr. KLUCZYNSKI. Do you have a list of those that failed, the same as Mr. Sprouse and Mr. Armstrong presented, failures of members of their organizations?

Could you tell us offhand about how many have failed?

Mr. MILLER. We have no accurate figures regarding national statistics on this subject.

Mr. KLUCZYNSKI. Could you get this to the committee, a list?

The reason I am getting at it is, if we have more cutbacks and the failures will be the small businessman, who is mortgaged to the hilt, with money tied up in machinery, payments must be made, and if the payments are not made they are going to lose all their equipment and wind up with nothing but a few, eight or 10 big contractors who will raise the prices of our road system in this country.

I would appreciate it if you had a list of failures in your organization, so we can put it in the record.

Mr. MILLER. I regret that no such list is available for the record. However, one of our witnesses will present some specific figures on this subject.

Mr. KLUCZYNSKI. I want to say, the members of your organization are not represented by lobbyists but are represented by high-class representatives, Mr. Holmes and Mr. Miller, who are doing a wonderful job, and they should be very happy to have representatives like you people here in Washington, looking after their industry.

Mr. FALLON. May I add something to your statement?

Mr. KLUCZYNSKI. Yes, Mr. Fallon.

Mr. FALLON. I might say that one experience with this highway program, and I have been with it since its inception, the thing is that the lobbyists are the members of the Public Works Committee of the House of Representatives.

Mr. KLUCZYNSKI. Mr. Harsha.

Mr. HARSHA. Mr. Holmes, you heard the testimony of the representatives of AASHO. Are you now aware that they are now of the opinion that there should not be any additional mileage to the Interstate System after the 41,000-mile network is completed?

What is the position of your organization on that point?

Mr. HOLMES. At the present time we are, as I have stated in my testimony, supporting the ABC program, primarily for the reasons that I stated.

We have not identified ourselves with the Interstate program, deliberately, because we have not heard the final report of the American Association of State Highway Officials.

I would say that we would still strongly endorse the urban portions and the primary and rural highway expansion, as I have outlined.

I cannot really comment on whether we have approved or disapproved extention of the Interstate System at this time, because actually I have heard that just for the first time this morning.

Mr. MILLER. Mr. Chairman, may I comment on that?

Mr. KLUCZYNSKI. Mr. Miller.

Mr. MILLER. Insofar as the Interstate System as a functional system is concerned, we recognize that there is a need for additional mileage—there is no question about it—in our opinion substantially in excess of the 5,000 miles that has been referred to.

Mr. Chairman, the only question here is that of finance, and that of matching funds. I really do not think we are dealing in terms of miles of highway, but, rather, how is it to be financed? That is the issue. Whether it be 90–10 or some other formula.

I gather from Mr. Johnson's testimony they are just using a different identification, if you please.

These extensions they are referring to in the Primary system would be of the identical same standards. You could not tell when you left the Interstate System and proceeded on to the primary system.

The only difference, as I see it, in the problem before us is that of the matching basis, whether it be 90–10 or some other new matching basis.

Mr. HARSHA. Do you have a recommendation as to the matching basis?

Mr. MILLER. I would like to defer, Mr. Harsha, this answer. I do not want to hedge, but I would like to defer the answer until we get all the information; but I can see great difficulty in getting the high-type roads that we commonly refer to as Interstate System on the same matching basis with the others.

And my concern would be this, Mr. Chairman, that if ample provision is not made for the extension of the mileage of these expressways, they must be built—they must be built—and if proper financing cannot be found, you are forcing the States, in my opinion, in many areas to go back to toll roads.

This is why the toll road movement started in the first place, because the construction of these high-type highways were beyond the financial capabilities of the States within the normal purview of their financing, so they went to toll road financing.

Then came the great Interstate System. Unless extreme caution is exercised, we can easily go back into another toll road movement.

So I do not have a specific answer, Mr. Harsha, but we recognize the problem and have our engineers studying it day and night.

Thank you.

Mr. KLUCZYNSKI. Mr. Schwengel.

Mr. SCHWENGEL. Mr. Holmes, it is good to have your organization before us again. I have been following closely the questions and answers so far, and I have admired your attitude and your performance through the years. And to follow the testimony in the process of constructing the Interstate System, it is noted that the increased cost was very much in line; in fact, the figures that we were shown before the increased costs were more than met with increased efficiency by your organization, and I note you refer to increased costs.

Is it true or is it not that the larger percent of increased cost comes from the cost that is not attributable to the contractors, the roadbuilders—I am talking about the percentage of increase now?

Mr. HOLMES. That is correct. We feel, as I pointed out in my testimony, the major increases are based on the new requirements for design, for safety features. These are requirements being placed on the construction industry by the Department of Transportation through the Bureau of Public Roads, the landscaping, safety features, the heavier design features.

This is the bulk of the increase, over 50 percent.

Mr. SCHWENGEL. What extra cost of right-of-way, comparing——

Mr. HOLMES. Engineering and right-of-way, roughly 15 percent.

Mr. SCHWENGEL. I want to establish this point, Mr. Chairman, because I respect these kinds of people, and they are very helpful. And you answered the question on the number of contractors, and this indicates that it is still pretty competitive in an area, and the rules are to be laid out, and the State highway commissions are forcing you to be competitors, working in the public interest; and generally speaking, we, with your cooperation, the State highway commissions' cooperation, and the Bureau of Roads, have built roads very economically by comparison.

Mr. HOLMES. That is right.

Mr. SCHWENGEL. So I want to pay my tribute to you people who represent the important part of the free enterprise system that makes this kind of building production possible.

Mr. HOLMES. Thank you.

Mr. SCHWENGEL. I think it would be well if we could have a running statement on increased costs of the actual contracting cost increase compared to the increased efficiency and effectiveness in production, and as, at some point, we get this in the testimony, it would be very valuable testimony to have.

Mr. MILLER. Mr. Chairman, if I may, in the last recent cost estimate of completion of the Interstate System, submitted to the Congress, it is indicated that of the total cost, increased cost of $9 billion-plus, $9.075 billion, that $1.875 billion is related to the increase in construction prices. The rest of it is accounted for, and I will be glad to submit this for the record.

It gives you in detail what this cost represents.

Mr. SCHWENGEL. I would like to have it.

Mr. KLUCZYNSKI. We would appreciate having that in the record.

(Table referred to follows:)

[In millions of dollars]

Unit price changes:	
(a) Change in cost due to the increase in unit prices between the base year 1963 and the year 1966	1,875
Added construction items:	
(b) Additional interchanges and grade separations, plus improvements in design of ramps and structure—costs not included in 1965 estimate	990
(c) Additional lanes over those reported in 1965 estimate but not including the conversion from 2 to 4 lanes in item (k), an increase to meet greater traffic needs	340
(d) Heavier design of roadway base, surface, and shoulder areas to accommodate heavier traffic volumes and increased load factors, reflecting changes in design knowledge and procedures over 1965 estimate data	1,045
(e) Extra stage of pavement structure on earlier opened sections of Interstate System to adequately accommodate design year traffic	200
(f) Added landscaping, erosion control features, roadside rest areas, and rest area facilities, not included in 1965 estimate, and not subsec. 319(b) costs	555
(g) Additional safety features on work under construction, or work remaining to be obligated—including flatter slopes, wider bridges, additional guardrail, safety posts, and light standards—not a part of 1965 estimate	845
(h) Added safety features on segments previously opened to traffic	685
Subtotal	4,660

Preliminary engineering and right-of-way:	
(i) Increase in right-of-way costs over 1965 estimate for segments not included in items (l) and (k)	890
(j) Increase in preliminary engineering costs over 1965 estimate, for segments not included in items (l) and (k) plus overruns in preliminary engineering and right-of-way projects previously considered fully financed for 1965 estimate purposes	385
Subtotal	1,275
Four-lane minimum design requirement:	
(k) Added cost to provide a minimum of 4 lanes for previous 2-lane segments of the Interstate System, in accordance with sec. 5 of the Federal-Aid Highway Act of 1966	335
System changes:	
(l) System additions and significant system adjustments, including deleted system segments, total $1,345,000,000 which is offset by an allowance of $5,000,000 per mile for 83 miles included in the 1965 estimate—Increase	930
Grand total	9,075

Mr. KLUCZYNSKI. Of course, we all know that when we first passed the Interstate Highway System we anticipated spending around $29 billion. I understand now it is 65 percent complete, and it will cost over $52 billion. It is just as simple as A B C: if you do not build today it will cost more next year.

Mr. MILLER. You are right, Mr. Chairman. The latest estimate places the cost of completion at $56.5 billion.

Mr. KLUCZYNSKI. $56 billion.

Mr. MILLER. Yes, sir.

Mr. KLUCZYNSKI. Any further questions?

It has been a pleasure to have you before the committee and we appreciate the information you have given to us. I think it is going to be very, very helpful when we get into executive session.

Mr. MILLER. Mr. Chairman, if I may, I would like to continue with our other testimony.

Mr. KLUCZYNSKI. We would be glad to hear from you.

Mr. MILLER. Thank you very much.

Mr. KLUCZYNSKI. I am sorry the gentleman from Florida has been detained—he had another meeting here this morning—to welcome a fellow Floridian. I hope Mr. Cramer will be here any minute.

Mr. MILLER. Mr. Chairman, with your pleasure, sir. I would like to present to the distinguished committee Mr. Sam Turnbull, engineer-director of the Florida Road Builders Association, and former chief engineer of the Florida State Highway Department.

I know of no one better qualified to discuss the subject he is about to present to the committee.

Mr. Turnbull would like to report to you briefly on the impact of this cutback upon the State of Florida.

Mr. KLUCZYNSKI. It is a pleasure for this committee to have you appear here.

Mr. TURNBULL. Mr. Chairman and members of the committee, my name is Sam P. Turnbull, and I am engineer-director of the Florida Road Builders Association, Inc., with headquarters in Tallahassee, Fla.

We are an association of highway contractors, equipment dealers, material suppliers, and consulting engineers.

I wish to direct my remarks primarily to the effects of the Federal highway cutback on the State of Florida, since it is one of the hardest hit.

From 1962 through 1966, 5 years, contract lettings with the State road department of Florida have amounted to $785 million, or an average per year of $157 million.

In the year 1967, contract lettings by the State road department amounted to $116 million, an amount of $41 million below the 5-year previous average. This was primarily brought about because of failure to match $25 million in Federal funds.

With a 37-percent cutback from the funds which would normally be anticipated for 1968, leaves only $62 million rather than the anticipated $99 million. With State matching funds for this $62 million for both ABC and interstate, and after deducting engineering, supervision, R/W and other contingencies, the amount left for actual construction amounts to approximately $73 million. That is the Federal program.

An additional $5 million for the primary program is anticipated by the State road department which totals $78 million. Adding the secondary and bond programs, the total amounts will not far exceed a $100 million 1968 actual construction program for Florida.

This whole cutback has had a tremendous effect on the contracting industry in Florida. The industry is operating at approximately 35-percent capacity.

I might add there that when a contractor is operating at 70 percent he is up in the cream, he is at his peak, and when he gets down to 50- or 55-percent level, he is hitting famine; and he is well below the famine stage now.

Twenty-five percent layoffs are not uncommon among the contractors. If relief does not come soon in the form of going back to the pattern of construction that prevailed from 1962 through 1966, many contractors, equipment dealers, and others will be forced into bankruptcy in Florida.

The State road department of Florida is recommending to the Honorable Alan S. Boyd, Secretary of Transportation, that in their opinion an equitable formula would be a pro rata cutback for each State. This formula would amount to a 10.86-percent cutback of 1968 anticipated funds. This would accomplish the same end result of $4.115 billion obligation limitation.

Attached to this statement is a copy of their proposal.

That ends my statement, Mr. Chairman.

Mr. KLUCZYNSKI. Any questions to my left?

Any questions to my right?

I want to thank you for this fine statement of yours.

Without objection, the table attached to your statement will be made a part of the record.

(Table referred to follows:)

FEDERAL-AID HIGHWAY FUND OBLIGATIONS FOR CALENDAR YEARS 1967 AND 1968, ASSUMING NEW 1968 FUND OBLIGATIONS TO BE SAME AS ONE-HALF 1968 APPORTIONMENT AND ONE-HALF 1969 APPORTIONMENT

[Thousands of dollars]

State	New funds released in 1967	Funds obligated in 1967, actual	1968 limitation based on 5 percent cutback of 1967 funds obligated	Approximate new funds anticipated in 1968 before cutback	Gain or loss of anticipated 1968 funds (percent)	1968 funds available each State after 10.86 percent cutback of 1968 anticipated funds
Alabama	88,302	80,070	75,544	96,203	−21.47	85,756
Alaska	38,400	36,314	34,261	40,378	−15.15	35,993
Arizona	61,925	64,205	60,576	67,505	−10.26	60,174
Arkansas	38,055	39,366	37,141	41,244	−9.95	36,765
California	372,870	380,780	359,258	407,097	−11.75	362,887
Colorado	53,482	78,788	74,335	58,109	+21.83	51,799
Connecticut	77,477	61,950	58,449	84,986	−31.23	75,757
Delaware	9,900	7,455	7,034	10,685	−34.17	9,525
Florida	91,723	66,156	62,417	99,799	−37.46	88,261
Georgia	68,111	70,214	66,245	73,818	−10.26	65,802
Hawaii	28,086	34,608	32,737	35,302	−4.58	31,469
Idaho	27,743	35,794	33,686	30,078	+10.71	26,812
Illinois	224,060	225,662	212,907	245,996	−13.45	210,381
Indiana	92,546	114,040	107,954	100,671	+6.43	89,739
Iowa	58,004	53,880	59,837	63,805	−20.32	56,876
Kansas	43,053	52,947	49,954	46,413	+7.09	41,373
Kentucky	83,117	108,638	102,498	90,598	+11.61	80,760
Louisiana	97,207	102,698	96,804	106,055	−8.64	24,538
Maine	20,804	17,388	16,405	22,557	−27.27	20,108
Maryland	53,399	39,515	37,282	69,284	−46.19	61,760
Massachusetts	86,107	120,744	122,411	93,201	+23.29	83,704
Michigan	128,471	134,244	,26.656	139,671	−9.32	124,503
Minnesota	96,794	109,550	103,358	106,704	−3.14	25,116
Mississippi	40,624	52,486	42,519	52,223	−8.17	48,067
Missouri	103,907	116,852	110,247	112,900	−2.43	190,720
Montana	45,803	48,232	45,506	50,765	−10.36	45,252
Nebraska	32,685	29,644	27,869	35,244	−20.64	31,417
Nevada	28,634	21,937	19,848	31,114	−36.21	27 736
New Hampshire	19,824	23,007	21,707	21,587	+0.06	19,243
New Jersey	103,549	114,052	107,606	113,027	−4.80	100,753
New Mexico	50,930	42,644	40,234	55,416	−27.40	39,308
New York	220,019	26,0325	245,611	239 223	+2.60	213,244
North Carolina	52,027	58,148	54,861	56,128	−2.26	50,033
North Dakota	25,173	25,561	24,116	27,182	−11.28	24,331
Ohio	236,883	218,970	206,594	258,572	−20.10	230,402
Oklahoma	51,684	51,596	48,680	55,920	−12.95	49,948
Oregon	65,598	67,026	63,238	76,519	−17.36	68,210
Pennsylvania	197,069	205,460	193,847	214,668	−9.70	191,356
Rhode Island	20,284	23,153	21,844	25,965	−12.85	22,343
South Carolina	32,805	30,093	28,392	35,498	−20.02	31,643
South Dakota	40,172	42,200	39,815	43,601	−8.68	38,866
Tennessee	80,619	93,755	88,456	97,570	−9.34	36,554
Texas	219,526	215,054	202,899	238,230	−14.83	212,359
Utah	58,085	57,090	53,863	63,433	−15.09	56,545
Vermont	26,959	36,646	34,575	29,446	+14.83	26,249
Virginia	119,064	119,526	112,751	129,989	−13.26	115,865
Washington	93,449	110,021	103,803	102,040	+1.70	90,959
West Virginia	83,913	75,751	71,470	91,753	−22.11	81,789
Wisconsin	48,687	56,288	53,107	52,457	+1.22	46,761
Wyoming	40,464	35,577	33,566	44,052	−23.82	39,277
District of Columbia	48,338	16,829	15,878	52,880	−69.97	47,138
Puerto Rico	6,299	3,596	3,393	6,622	−48.76	5,903
Total	4,151,729	4,294,607	4,051,874	4,545,774		4,052,129
Equitable formula		(4.368)	(4.115)	(4.715)		(4.115)

Note: 2 States will be permitted to obligate in 1968 more funds than would normally be released to them. As example see Colorado.
The equitable formula will accomplish the same end result of $4,115,000,000 obligation limitation.

Mr. KLUCZYNSKI. Mr. Miller.

Mr. MILLER. Mr. Chairman, with your permission, sir, I would now like to present Mr. Karl Rothermund, Jr., executive director of the Ohio Contractors Association, of Columbus, Ohio.

Of all the cases I have reviewed, it appears to me that Ohio has or comes closest to a severe hardship case than any State we have reviewed.

I would like to present Mr. Karl Rothermund.

Mr. KLUCZYNSKI. Do you have a prepared statement?

Mr. ROTHERMUND. No, sir, I do not.

Mr. KLUCZYNSKI. You may proceed.

It is a pleasure to have you before this committee.

Mr. ROTHERMUND. Thank you, Mr. Chairman, Chairman Fallon, Mr. Harsha.

The cutback in Ohio amounts to 46 percent, when you consider the amount of Federal aid approved by Congress that would be available to the State this year.

We have a very unusual circumstance, as pointed out by Mr. Harsha, and as covered by Mr. Masheter in his letter, because of the cutback in funds in 1966, because of a prolonged strike of the operating engineers last year in our industry in Ohio, and because of the delay in letting the contract of Federal-aid projects because of the change in design of safety standards, Ohio's program last year dropped to $327 million.

This is compared to $454 million in 1965 and $445 million in 1966.

So that the cutback, taken from the $327 million program that we had last year was reduced 5 percent from that, so this leaves us with a cutback this year of 46 percent from our normal program of $450 million.

Now, you ask, Mr. Kluczynski, about contractor failures, and I understand this was covered yesterday very well by Mr. Armstrong.

In Ohio, in 1964, we had three highway contractors go broke. In 1965 we had two; in 1966, none; in 1967, we had eight.

And this can be attributed to the cutback and to the strike that we had last year.

Thank you, sir.

Mr. KLUCZYNSKI. Mr. Rothermund, the reason I asked Mr. Miller was, I would like to have that in the record, how many failures there were from the members of your association.

Any questions?

Mr. Harsha of Ohio.

Mr. HARSHA. Mr. Chairman, I would like to welcome Mr. Rothermund to the committee. He certainly played a big part in the development of the highway system in Ohio, and we are indebted to him for his leadership in that field.

Mr. Rothermund, you say that the effect of the cutback in Ohio actually allows for about 46 percent of what the highway program normally obligated during a calendar year?

Mr. ROTHERMUND. Yes, sir.

Mr. HARSHA. Now, what effect will this cutback have on the so-called inflationary problems that we are confronted with in the highway system?

What I am trying to get at is this: Will it, in effect, pull down the inflationary tendencies or, rather, to the contrary effect, encourage them and probably add impetus to them in the future?

Mr. ROTHERMUND. We feel that it definitely will in the future. For instance, last year we had eight contractors go broke, and we know this year we are going to have more; and this has this immediate effect.

But then when you try to catch up in the future, why, it will just make the spiraling that much faster.

Mr. HARSHA. And will it not also have the effect of reducing the number of miles constructed in comparison with the cost it takes to construct them now?

Mr. ROTHERMUND. Very definitely.

Mr. HARSHA. Now, could you also—I understand the Secretary of Labor, in addition to directing that certain highway contracts are not to be awarded until such time as the Secretary of Labor makes a finding about certain employment practices of the contractors—am I accurate in that statement?

Mr. ROTHERMUND. Yes, sir. This is under this Equal Employment Opportunity, Presidential directive, and they have issued rules and regulations that call for a preaward conference, where representative of the Labor Department would sit in on the award of the contract that, by statute, should be made by the highway direcor.

Mr. HARSHA. What is the effect of this regulation?

Mr. ROTHERMUND. Well, the first job that was sold in Ohio bids were taken on yesterday; so it is now in that process, and we do not know exactly what is going to happen.

Mr. HARSHA. Could you enlighten us a little more on the problems that you anticipate with regard to such a directive as this?

Mr. ROTHERMUND. By taking away the awarding authority from the highway director and bringing into the picture a situation that is not specifically covered in the specifications—in other words, what they plan on doing, according to the directive from the Office of Federal Contract Compliance is to consult with the contractor after the bids are taken, with the low bidder, to determine whether or not he has an affirmative action program in equal employment opportunity.

And then, from their consultation with the contractor and a review of his operation, they will determine whether or not he has a positive posture in equal employment and then recommend, or not recommend, the award of the contract.

We feel that this will completely disrupt the competitive bidding system under which our great highway system has been and is being built.

For instance, if a contractor is exceptionally low in his bid and leaves, as we say, a lot of money on the table, he could very well not have a positive posture, on purpose, not to, in order to get out from underneath the bid.

If a second bidder has a record of employing a lot of minority groups, it could very well be that the Office of Federal Contract Compliance then would want to bypass the low bidder and go to the second bidder, and thereby causing an increased cost in order to have the minority group representation on the project that they want.

As I say, the first job under this new procedure was sold yesterday, and we do not know exactly what is going to happen, but we see many, many pitfalls lying ahead.

Mr. HARSHA. Well, now, have they defined what a positive program is? Are there any guidelines?

Mr. ROTHERMUND. No, sir. They say that they expect the contractor to use the same ingenuity in figuring this out that he does in figuring work on bidding a job, and building the job.

Mr. HARSHA. Do you want to comment on that, Mr. Miller?

Mr. MILLER. Thank you, Mr. Harsha.

Yes, I would like to. As of today there is no national application of these procedures. The plan was first put into effect in California as a pilot, then moved to Ohio, and then to Pennsylvania.

Now, those are the only three States that have had any experience whatsoever under these new procedures.

In our opinion the procedures that have been used in these pilot projects are absolutely impossible of compliance, on the part of industry and the State highway departments. It was published in the Federal Register the 15th, I believe, the Federal Register of February 15, on page 3000, a proposed regulation detailing this entire problem.

The industry and others interested were given until March 15 to submit briefs regarding this proposed regulation. So until the regulation is issued and becomes nationwide in effect, it is difficult to give you an accurate portrayal of the impact of this regulation.

I have, Mr. Chairman, a brief statement on this subject. I would like to include for the record, together with a resolution passed by the American Road Builders Association, at the convention last week, dealing with this subject; and I would like to submit these for the record. I do not want to prolong this discussion, but I would, Mr. Chairman, like to make the record clear.

Mr. KLUCZYNSKI. Hearing no objection, it will be made a part of the record.

(The statement, resolution, and letters follow:)

STATEMENT OF AMERICAN ROAD BUILDERS ASSOCIATION

We wish to express our grave concern over a proposed regulation of the Office of Federal Contract Compliance of the United States Department of Labor relating to equal employment opportunity.

This regulation is based upon Executive Order 11246 which requires that a so-called pre-award conference be held on every Federal and Federal-aid highway construction contract of one million dollars or more.

The apparent low bidder would be required to take some unspecified action relating to equal employment opportunity prior to the award of the contract.

We believe the requirement of a pre-award conference would destroy the competitive bid system in the United States.

We believe it would be an illegal usurpation of the rights of the sovereign states to award contracts to the lowest responsible bidder.

We believe it would be impossible for the contractors and state highway departments to comply with the proposed order, regardless of how much they are in accord with the objectives of equal employment opportunity.

We hope to have an opportunity at an early date to present to this Committee alternative means by which the objectives of Executive Order 11246 can best be implemented.

RESOLUTION RELATING TO THE FEDERAL EQUAL EMPLOYMENT OPPORTUNITY PROGRAM ADOPTED BY THE AMERICAN ROAD BUILDERS ASSOCIATION AT THE 66TH ANNUAL CONVENTION AT LAS VEGAS, NEV., FEBRUARY 14, 1968

Whereas the construction industry and the State, county and city highway departments employ large numbers of workers who are members of minority groups; and

Whereas there is an increasing shortage of skilled labor in most of the trades involved in the construction of highways and, therefore, an increasing need for adequate apprenticeship programs and other training programs; and

Whereas certain administrative procedures and requirements, both current and proposed, purported to interpret the Federal Equal Employment Opportunity Program are impractical, unworkable and disruptive with respect to sound contractual procedures and functions and are, in fact, contrary to the intent of the law;

Now, therefore be it resolved by the American Road Builders' Association in Convention assembled at Las Vegas, Nevada, this 14th day of February, 1968, That we do hereby make the following declarations with regard to equal employment opportunities in the construction field:

1. That the Association considers it to be a matter of settled national policy that discrimination in employment practices is inequitable, unjust and economically unsound.

2. That the Association is already working toward, and will continue to work toward, the development of an affirmative program to insure equal employment opportunity in the construction industry.

3. That the Association deplores those equal employment opportunity regulations and practices including preaward procedures which interfere with the contractual relationship between the contracting agency and the contractor, those which impose financial burdens on the contractor without provision for the identification and reimbursement of the costs, and those which impose upon the contractor unreasonable requirements with respect to locating and hiring workers who have specific scarce job skills and are members of a specific minority group.

MARCH 11, 1968.

Mr. EDWARD C. SYLVESTER, Jr.,
Director, Office of Federal Contract Compliance,
U.S. Department of Labor, Washington, D.C.

DEAR MR. SYLVESTER: We appreciate the opportunity of presenting written comments on your proposed order which would establish preaward compliance procedures for Federally involved construction contracts of one million dollars or more. We will also comment at this time on those parts of the proposed permanent regulations of the Office of Federal Contract Compliance which concern pre-award procedures.

We strongly urge that the low bidder on Federally-assisted highway contracts not be subjected to a compliance review between the opening of bids and the contract award, as you have proposed.

We believe that such reviews would disrupt sound and well established competitive bidding procedures without significantly improving employment opportunities for members of minority groups.

To the extent that compliance reviews attempt to change patterns of construction employment in particular areas they may be lengthy and involve demands that contractors take action which is costly and contrary to collectively bargained labor agreements.

Such reviews could not be completed within the period of time allowed by state law for the award of highway contracts in many cases. (Thirty-four states require that such contracts be awarded within 30 days of the opening of bids and five of these require awards within 20 days.)

Often the low bidder could not anticipate the costs of recruitment, training or other "affirmative action" demanded in the compliance review. Refusing to permit the low bidder to change his bid to reflect such additional costs would be unfair to him. Allowing such a change would be unfair to other bidders.

When labor contracts control the employment of journeymen or apprentices, the individual contractor—as low bidder or contract awardee—has little power to produce change—especially within a 30-day period. Such changes can generally be made only by agreement between the appropriate contractor association and union.

While we oppose the pre-war procedure you have proposed, we do not contend that only post-award compliance procedures are workable in highway construction. We are firmly convinced that a system of pre-qualification of contractors could promote equal employment opportunity without damaging our present competitive bidding system.

Pre-qualification of contractors is an accepted part of highway contracting. Appropriate programs of affirmative action to insure against discrimination in employment could be added to present requirements for determining eligibility to bid on Federal or Federally-assisted projects. These affirmative action programs could have reasonable variations to fit different areas or conditions and the length of the period during which bidders are considered qualified could also vary to meet changing needs.

Contractors meeting such pre-qualification requirements would know exactly what their affirmative action obligations would be in advance of bidding and could develop their bids accordingly. Once bids were opened, awards could be made promptly to the low bidder whose eligibility for equal employment opportunity purposes would have been previously established.

Periodically, the qualification of contractors could be reviewed to determine if past performance has been satisfactory and if commitments for the future are acceptable. If a contractor's performance or commitments fall significantly below the level required, his qualification to bid for future contracts could be terminated or suspended by appropriate action.

Pre-qualification would not only protect bidding and expedite contract awards, it would enable two of the most difficult problems of equal employment opportunity in highway construction to be dealt with effectively. One of these problems is qualifications. The other is labor contracts.

Significant increases in the employment of minority group members in the more highly skilled trades will often be possible only if special training programs are established. Such programs can usually be most productive if all of the members of a contractors association participate in them and if some Federal funding is provided. (The program of the Florida Road Contractors for turning unskilled and underprivileged laborers into skilled road equipment operators is an example of such a program. See attached notice.)

The American Road Builders Association believes that the establishment of such training programs would be encouraged by the adoption of pre-qualification requirements. It believes that individual contractors would participate in such programs more fully under those circumstances than as a result of compliance reviews on a succession of low bidders.

Pre-qualification procedures would also focus attention properly on any situations in which joint apprentice programs or exclusive referral arrangements are considered discriminatory. In such situations the eligibility of all contractors participating in the program and desiring Federally involved contracts would be questioned equally and simultaneously. The issue of whether an existing program or arrangement had to be changed would thus be raised clearly and could be resolved through discussions with the union involved. Such an approach seems most consistent with the position taken by Secretary Wirtz in his recent letter to President Haggerty of the Building and Construction Trades Department of the AFL–CIO concerning the cooperation of building trade unions with affirmative action programs.

We also recognize that in addition to the above situations in which contractor action can most effectively be taken on a joint basis, there are obligations under Executive Order 11246 which each contractor can and should discharge individually. However, we submit that the discharge of such obligations can be insured as effectively in pre-qualification as in pre-award proceedings.

While we oppose compliance reviews in highway construction work between the opening of bids and the award of contracts, we are not contending that such procedures may not be fair and effective in other industries which have different traditions and needs.

Accordingly, we suggest that paragraph 3 of your proposed order be revised to provide that agencies may adopt a pre-qualification procedure as an alternative to the pre-award procedure outlined in paragraph 3(b).

Consistent with the above suggestion, we recommend that Sections 60–1.6(d) and 60–1.29 of the "Proposed Permanent Regulations of the Office of Federal Contract Compliance on Equal Employment Opportunity Obligations of Contractors" be revised to specify that pre-qualification reviews are an acceptable alternative to pre-award reviews.

We further suggest that the pre-award order you have proposed and some of the special pre-award procedures which might be specified under proposed Section 60–1.29(b) should be considered "rules and regulations of a general nature" to be issued by the Secretary of Labor under Paragraph 5.a of the Secretary's Order No. 26–65, 31 F.R. 6921. Section 60–1.2 of the Proposed Permanent Regulations also reserves to the Secretary the issuance of such general rules and regulations. We strongly believe that any order affecting a class of contractors without identifying each by name should be considered a "rule or regulation of a general nature" which should be issued by the Secretary himself.

Again let me express our apppreciation for this opportunity to state our position. We would be happy to suggest specific language to carry out our recommendations and to discuss this matter further at your convenience.

Yours truly,

EUGENE W. ROBBINS,
Managing Director, Contractors Division.

FLORIDA ROAD BUILDERS' ASSOCIATION, INC.

Florida Road Contractors are turning unskilled and underpriviledged laborers into skilled road equipment operators under a bootstrap operation launched recently by the Florida Road Builders' Association.

The unique program will turn out considerable numbers of skilled workers in a very short time and at a fraction of the cost of ordinary training programs.

Contractors were pestered with an ever-increasing shortage of equipment operators for years. J. L. Cone, Jr., President of Cone Bros. Contracting Company of Tampa and Vice President of FRBA, proposed a statewide training program more than two years ago but an attempt to work it out with federal authorities was unsuccessful.

Late in 1967, however, Alex Gaither, regional officer of the Equal Employment Opportunity Commission, revived the idea and the proposal was resubmitted.

This time, the effort was successful and a contract was signed under which 120 men would be trained as equipment operators in the following 12 months.

The longest training period for any man is only 26 weeks, with some running only 13 to 18 weeks. Maximum cost to the taxpayer is only $136 per trainee and this is for supervisory personnel. The actual training cost is borne by each individual contractor.

Ed Medard, Vice President of Bay Dredging and Construction Company and Chairman of the FRBA Labor and Wage Rate Committee, said that the program is aimed at "creating an adequate supply of machine operators in Florida."

"This program is designed to train disadvantaged workers who might not have any other opportunity to learn a skill," the veteran road contractor said.

"It will also aid highway contractors in complying with federal non-discrimination and equal opportunity laws and regulations.

"It will enable the contractor to train employees at rates less than rates paid to skilled operators on Federal Interstate road building contracts.

"Heretofore, a contractor has been required to pay trainees and skilled operators the same rate of pay. This has prohibited such training programs in the past," Medard said.

In operation, the program consists of individual contractors selecting trainees from their own labor force or from unemployed workers, choosing from a list recommended by the Florida State Employment Service.

Training is offered in 13 job categories, including highway construction carpenter and bridge carpenter, and operators of the following types of equipment: backhoes, bulldozers, cranes, derricks or draglines, heavy earthmovers, front end loaders both over and under one cubic yard, motor graders, pile drivers, finish rollers, and tractors over and under 80 horsepower.

The contractors have been enthusiastic over the shortness of the training period, which will give them early aid with a long standing shortage of qualified workers.

The cost is only about one-fourth of the average on the job training program, and is being supervised by the U.S. Bureau of Apprenticeship and Training.

The program is unique among states and is therefore being eyed closely by federal agencies and other states with an eye toward copying it. Tennessee is reported to be about ready to install a similar program.

MARCH 21, 1968.

Mr. EDWARD C. SYLVESTER, Jr.,
Director, Office of Federal Contract Compliance,
U.S. Department of Labor, Washington, D.C.

DEAR MR. SYLVESTER: We appreciate the opportunity to file the following comments on the Proposed Permanent Regulations of the Office of Federal Contract Compliance in addition to those filed in my letter of March 11, 1968, concerning your proposed order on pre-award compliance procedures for construction contractors.

As stated in my earlier letter, the American Road Builders Association strongly objects to any requirement or use in the Federal highway program of the pre-award compliance procedures outlined in your proposed regulations and orders. We continue to believe that your objective of securing equal opportunity—which we support—can be better accomplished in highway construction through a pre-qualification procedure. A copy of my earlier letter is attached for your reference.

The ARBA's further comments on the Proposed Permanent Regulations are offered in a cooperative but critical spirit. We fully recognize the need for insuring non-discrimination in Federal contract employment. In our judgment, however, certain of your Proposed Permanent Regulations would place undue or impossible obligations on contractors and would not adequately safeguard contractors against arbitrary action by compliance officials.

We are concerned with the scope of the contractor's obligations as indicated in the Proposed Regulations, the proposed delegations of authority to interpret those obligations and the proposed procedures for determining compliance and imposing sanctions on those considered to be in noncompliance.

Our principal concerns with the contractor's obligations as outlined in the Proposed Regulations are that they do not give sufficient recognition to qualifications as a proper basis for employment decisions and that they do not deal adequately with situations in which labor contract provisions raise compliance questions.

Section 60–1.1 of the current Government Contract Employment Regulations, 41 C.E.R. Chapter 60, states that:

"The purpose of the regulations in this part is to achieve the aims of Part III of Executive Order 10925 and Executive Order 11114 for the promotion and insuring of equal opportunity for all *qualified* persons . . . ." [Emphasis supplied.]

Section 60–1.20(a) of the same regulations also provides that:

"The purpose of compliance reviews shall be to ascertain the extent to which the Orders are being implemented by the creation of equal employment opportunity for all *qualified* persons . . . in accordance with the national policy. *They are not intended to interfere with the responsibilities of employers to determine the competence and qualifications of employees and applicants for employment.*" [Emphasis supplied.]

These statements are consistent with the provisions of Executive Orders 10925, 11114 and 11246 and of Titles VI and VII of the Civil Rights Act of 1964. However, the underlined references to qualifications have been omitted from proposed Sections 60–1.1 and 60–1.20(a).

"Unqualified" Negroes are as much entitled to protection against racial discrimination in employment as "qualified" Negroes, but employers are entitled to assurance that their contract obligations to take "affirmative action to ensure" nondiscrimination allow them to employ the most qualified persons available regardless of race. Similarly employers should be assured that their determinations of necessary qualifications will not be interfered with unless there is evidence that they are using qualifications to discriminate on racial or other improper grounds.

The Federal Government has a legitimate interest in promoting the employment of presently unqualified workers but this should not be made a matter of compliance with contract obligations not to discriminate on the basis of race. Employers can effectively be encouraged and induced to hire hard core unemployed through programs such as the National Alliance of Businessmen and with financial assistance from Manpower Development and Training Act funds and procurement preferences under Defense Manpower Policy No. 4. Any attempts to compel such hiring not only are unauthorized by Executive Order 11246 and contrary to Title VII but may jeopardize the voluntary efforts that are being undertaken.

Accordingly, we recommend that the substance of the language on qualifications now contained in sections 60–1.1 and 60–1.20(a) be included in the Permanent Regulations.

In addition we recommend that the substance of the order adopting 29 C.F.R. Part 30 as the standard for resolving compliance questions concerning the apprenticeship programs (41 C.F.R., 60–80.2) be included in the Permanent Regulations. Secretary Wirtz's letter to President Haggerty of the Building and Construction Trades Department, AFL–CIO, dated February 2, 1968, made clear that the standards of 29 C.F.R. Part 30 would continue to be applied under Executive Order 11246 and a reference to this effect in the Permanent Regulations would be informative and appropriate for employers.

Apprenticeship programs and hiring hall systems are common in the construction industry and are generally governed by agreements negotiated between contractors and labor unions. If the operation of such an apprenticeship program or hiring hall is considered to raise questions of compliance with Executive Order 11246, those questions can usually only be resolved with the union's agreement or by litigation. Pressuring the contractor alone to change the labor agreement or to evade its obligations is seldom effective.

Section 60–1.7 of the current regulations has not provided a satisfactory or effective procedure for dealing with such situations. It simply authorizes best efforts to secure union cooperation, permits public hearings to be held and allows other agencies to be notified of the compliance problem.

Under the circumstances, we disagree with the proposal to incorporate the substance of Section 60–1.7 of the current regulations in Section 60–1.9 of the Permanent Regulations without significant amendment. We recommend two specific changes:

1. amend Section 60–1.9(b) to provide for unions to participate in any contract compliance proceeding when changes are considered necessary in one of their collectively bargained agreements or arrangements.
2. amend Section 60–1.9(c) to provide that full use will be made of Title VII or other procedures for resolving compliance questions involving labor agreements or arrangements *before* Executive Order sanctions are imposed on contractors.

Two other substantive obligations imposed on contractors by the Proposed Permanent Regulations seem excessive. Each would make contractors guarantors that equal rights will not be abridged. The first is contained in Section 60–1.8 and relates to segregated facilities. This section is a restatement of the Order of the Secretary of Labor which now appears in 41 C.F.R. Chapter 60, Part 60–2. It requires contractors to "ensure that facilities provided for employees are provided in such a manner that segregation . . . *cannot* result." [Emphasis supplied.] In certain cases the *possibility* of segregation by employer custom *cannot* be ensured against. It is suggested that the sentence quoted be eliminated. The succeeding sentence makes clear that contractors may not tolerate segregation by employee custom. This phrasing would at least give contractors a chance to correct such segregation when it comes to their attention.

Even more extreme is the obligation Section 60–1.32 of the Proposed Permanent Regulations would place on contractors to protect individuals from intimidation or interference. This obligation is literally to take "*all necessary steps* to ensure that no person intimidates . . . (etc) *any individual* for the purpose of interfering with . . . *any* . . . *activity* related to the administration of . . . *any Federal, state or local laws requiring equal employment opportunity.*" [Emphasis supplied.] Intimidation should be discouraged vigorously but this proposal tries to make super policemen out of contractors. They are expected to take whatever steps are regarded as necessary to prevent any person (even if not an employee or applicant) from threatening any other individual (again regardless of whether or not there is an employment relationship) for the purpose of interfering with any equal employment opportunity proceeding—even one which does not directly involve the contractor.

It is suggested that Section 60–1.32 be limited to requiring contractors to take reasonable steps to avoid intimidation of employees and applicants on company property or work sites, to take appropriate action to discipline company employees who intimidate or try to intimidate individuals in matters involving the company and to give advance notice that such disciplinary action will be imposed.

In addition to the above-mentioned substantive matters, there are a number of procedural items in the Proposed Permanent Regulations on which we wish to comment.

1. Section 401 of Executive Order 11246 does not authorize the Secretary of Labor to delegate the power to issue "rules and regulations of a general nature." Proposed Section 60–1.3(t) appears to contemplate such a delegation, however,

by providing that rules, regulations and relevant orders of the Secretary of Labor shall include those of his "designee." Such a designation seems inconsistent with Section 401 of the Executive Order. Accordingly, it is recommended that Section 60-1.3(t) as proposed be omitted from the Permanent Regulations.

For the same reasons we recommend that any ruling or interruption of a general nature of Executive Order 11246 or of the Permanent Regulations be made by the Secretary of Labor and not by a designee of his. We recommend that proposed Section 60-1.44 be revised on this basis.

2. The clause to be inserted in Federally-assisted construction contracts has been carried over into Section 60-1.4(b) from Section 60-1.3(b) of the current regulations. However, the current regulations antedated Section 602 of the Civil Rights Act of 1964, which established a statutory procedure to be followed in connection with any withholding of Federal assistance. Section 303(c) of Executive Order 11246 recognized and provided for necessary changes in the Executive Order procedures to accommodate Section 602. We recommend that the final sentence of the language to be inserted in Federally assisted construction contracts be revised as follows: "In addition the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may, *in conformity with Section 602 of the Civil Rights Act of 1964* (*and the regulations of the administering agency or department issued thereunder*) cancel (etc.)." [Suggested language italicized.]

3. Section 60-1.6(c) as proposed does not provide for publication of agency regulations for the administration of Executive Order 11246 and the Permanent Regulations of OFCC. It is suggested that this section be revised to provide for publication and for an opportunity for public comment in advance of the effective date of such regulations.

4. Section 60-1.26(b)(ii) provides for hearings when the director of OFCC proposes to declare a contractor ineligible for further contracts under Section 209 of Executive Order 11246. At times OFCC and its predecessor have directed that contracts be denied or delayed on the authority of Section 205 or 211 or their predecessor sections. As indicated in *Crown Zellerbach Corp.* v. *Wirtz* (D.D.C. 1968) Civ. No. 3150-67, such denials are indistinguishable forms of "blacklisting" from that provided for in Section 209(a)(6) of the Executive Order and should involve the same right to a hearing before the sanction is made final. Consequently, Section 60-1.26(b) 2 (ii) should be amended by omitting the reference to Section 209.

5. The provision for designation of a hearing officer in Section 60-1.26(b)(i) does not establish any minimum qualifications for service in that position. We suggest that that Secton be amended to provide that the hearing officer selected shall be one who is qualified under Section 11 of the Administrative Procedure Act.

6. Section 60-1.28 would authorize the Director to issue a notice requiring a contractor to show cause why enforcement or other action should not be instituted against him within 30 days. While the proposed section says that the Director shall have reasonable cause to believe the contractor is in noncompliance before he issues such an order, it does not require him to set forth the basis for his belief in his show cause notice to the contractor. We submit that such a requirement should certainly be added to the proposed section.

7. The Proposed Permanent Regulations contain many significant grants of authority to the Director of OFCC; the power to withdraw exemptions (60-1.5(d)), the power to approve agency regulations (60-1.6(c)), the power to require additional information of bidders (60-1.7(b)(2)), the power to assume jurisdiction of matters before agencies and to impose sanctions (60-1.25), the power to review agency determinations (60-1.26(b)(2)(iv), the power to issue show cause notices (60-1.28), the power to require pre-award procedures in specific cases (60-1.29). In our judgment these powers should not be redelegated. Therefore, we urge that Section 60-1.46 be omitted from the Permanent Regulations.

We will appreciate your consideration of these comments and hope that they will assist you in developing fair and effective Permanent Regulations.

Sincerely,

EUGENE W. ROBBINS,
Managing Director, Contractors Division.

OHIO CONTRACTORS ASSOCIATION,
Columbus, Ohio, March 13, 1968.

Re objections to proposed Office of Federal Contract Compliance Regulations under Executive Order 11246—request to substitute a pre-qualification plan.

OFFICE OF FEDERAL CONTRACT COMPLIANCE,
U.S. Department of Labor,
Washington, D.C.
(Attention: Edward Sylvester, Director.)

GENTLEMEN: The Ohio Contractors Association has worked with the Office of Federal Contract Compliance and its representatives in the implementation of the "Cleveland Plan" as it affects our members engaged in highway construction in northeast Ohio. A letter to Honorable Willard J. Wirtz, Secretary of Labor, dated December 19, 1967 (attached as Exhibit 1), outlined some of the problems we expected with respect to the "Cleveland Plan" as it would apply to highway construction. As a result, a preconstruction conference procedure was substituted for a pre-award conference procedure. Not enough time has elapsed as of this date to determine what effect, constructive or detrimental, the revised "Cleveland Plan" will have on highway construction since the first letting which incorporated the revised plan was held on February 20, 1968. A résumé of what has transpired to date is attached (Exhibit 2).

By re-instituting pre-award conference procedures (Proposed Regs. Sec. 60-1.6(d)), the fruitful negotiations and agreements reached during 1967 would be nullified without giving the present program an opportunity to be tested.

Pre-award conferences are, in our opinion, unworkable. The cost to the State of Ohio and the Federal Government, under the "Cleveland Plan", through delays in contract lettings, cancellation of lettings, and delays in construction of highways for the use of the public, would be incalculable.

The most serious problem to be encountered in the operation of pre-award conference procedures under the proposed regulations, as under the "Cleveland Plan," is the probable delay in approval of the contractors' affirmative action program by the Office of Federal Contract Compliance (aside from its insistence on preferential hiring contrary to existing union contracts, quotas, and manning tables). The proposed regulations do not contemplate informing the contractor what he is expected to do. There are no objective standards. The contractor must guess what the Office of Federal Contract Compliance wants, submit a plan, and then wait before being told whether his plan is approved. This practice, which building contractors have experienced under the "Cleveland Plan," is raised to the status of law under the proposed regulations, and threatens to destroy the concept of competitive bidding.

The proposed regulations create even greater possibilities for delay. In Sec. 60-1.7(b)(2), a contractor is required to submit "such information" as the Director requests prior to the award of the contract after the bid. By virtue of this provision, contracts could be held up indefinitely without redress to the contractor other than withdrawing his bid and forcing the state to the expense of asking for new bids. We submit that this creates a situation which has been impossible under the "Cleveland Plan" and will be intolerable in the future under the proposed regulations.

The proposed regulations are unclear, ambiguous, and place such unchecked power in the Office of Federal Contract Compliance so as to make that agency the czar of all federally-assisted construction, with little or no checks or balances.

As an example, under Sec. 60-1.26(2)(i) of the proposed regulations, the Director of the Office of Federal Contract Compliance has the unrestricted power to suspend a construction contract, "in the discretion of the Director" if the contractor, in exercising his rights under due process, requests a hearing. There is no provision for a bond, indemnity or other means to hold the contractor harmless in the event the Director's suspension—after possible court litigation—proves to have been unjustified. Further, as *Crown-Zellerback* has shown us, the threat of cancellation by the Office of Federal Contract Compliance without a hearing to achieve its ends is a matter of public record.

Under Sec. 60-1.29 (a) and (b) of the proposed regulations, upon the request of the Director of the Office of Federal Contract Compliance, agencies are not permitted to deal with any contractor until a pre-award compliance review has been conducted and the Director has approved a determination that the bidder will be able to comply with the provisions of the equal opportunity clause. Further, upon the request of the Director, the agency may not enter into contracts with any contractor specified by him "until the agency has complied with the directions contained in the request."

There are no checks or balances to this delegation of authority to the Director of the Office of Federal Contract Compliance, to be legislator, judge and jury. Is there a time limit on approval of affirmative action programs? Where are the objective standards that a contractor must follow? How is this procedure to be administered on the local level? What has happened to due process?

The pre-award conference is untenable, the pre-construction scarcely better. There must be an alternative to the unreasonable delay caused by the subjective criteria imposed on contractors under the proposed pre-award procedure. A workable alternative would be to specify objective standards for a contractor to become an equal opportunity employer so that a class of contractors would be *pre-qualified* for bidding on federally assisted construction projects. Pre-qualification for highway contractors exists in Ohio with respect to financial solvency, responsibility and competency. See Sections 5525.02.09, Ohio Revised Code, and rules and regulations promulgated thereunder. There is no reason why criteria could not be established—after public hearings—to pre-qualify contractors with respect to their civil rights obligations. Pre-qualification would remove the uncertainty in bidding and avoid costly delays.

Racial discrimination cannot and will not be tolerated on public work projects in Ohio in which the Ohio Contractors Association is involved. Repeated efforts are being made to induce minority applicants to enter the construction industry. These efforts will be continued.

The ultimate success of the President's program on civil rights rests upon the good will and cooperation of those directly involved. The unbridled and unchecked powers given to the Director of the Office of Federal Contract Compliance in the proposed regulations authorize and permit an agency of the Federal Government to usurp legislative and judicial functions, create an agency uncontrolled by law, and permit the ends desired by the Office of Federal Contract Compliance to be accomplished by whatever means it desires.

The willingness to cooperate and assist in the struggle for civil rights will be set back considerably by raising the proposed regulations to the force of law. We urge that they be withdrawn and public hearings be held to investigate a pre-qualification procedure and the entire problem of civil rights in the construction industry so that justice to all may be achieved.

Sincerely,

KARL L. ROTHERMUND, Jr.,
Executive Director.

Mr. MILLER. Mr. Chairman, if I may, in conclusion, the American Road Builders Association is in complete sympathy with the philosophy and objectives of equal employment. There is little discrimination today in our industry. We have pledged our support to this program, and we intend to make it good.

The only thing we are asking of the Department of Labor, No. 1, to give us a hearing, which has been denied up to the present time; and No. 2, to please give consideration of the practical problems in the administration's program, and to give industry and the State highway departments an opportunity to implement to the best of our ability the desired objective.

Thank you, sir.

Mr. KLUCZYNSKI. Very happy to hear that.

Mr. Miller, have you spoken with the Secretary of Labor in regard to these hearings?

Mr. MILLER. The American Road Builders Association filed a formal petition for a hearing on this subject to the Secretary of Labor, and the hearing was denied. I do not understand, actually, the legal technicalities of denial, but presumably the hearing was denied because these procedures are being carried out under an Executive order, as distinguished from an act of Congress or a law.

And we therefore, Mr. Chairman, appeal to this distinguished body, at the earliest possible date, to please grant us an opportunity with more experience behind us to present this very discouraging problem in full.

Mr. KLUCZYNSKI. Did you get an answer from the Secretary of Labor in regard to the hearings you requested?

Mr. MILLER. The answer was in the negative.

Mr. KLUCZYNSKI. In the negative?

Mr. MILLER. Yes, sir.

Mr. KLUCZYNSKI. Well, I am sure our staff will check into that and keep you informed.

Mr. Cramer.

Mr. CRAMER. Do you mean that the Department of Labor would not grant you hearings on this subject; is that what I understood?

Mr. MILLER. Yes. We were in possession of a proposed draft of the regulations.

Mr. CRAMER. They refused to grant you hearings before the regulations were issued?

Mr. MILLER. That is correct.

Now, the regulation was scheduled to be put into effect February 1 by the Department of Labor through the Chief of the Office of Federal Contract Compliance, Mr. Sylvester. We recently met with him during our Las Vegas convention—and Mr. Sylvester did say that he would delay formal issuance of this order until he had an opportunity to receive written recommendations from industry. But still, not an opportunity to discuss before——

Mr. CRAMER. Sit down and discuss with industry, to discuss with your Government about this proposed FEPC regulation, how it might affect you?

Mr. MILLER. Yes, sir.

Mr. CRAMER. You were denied that right?

Mr. MILLER. Well, yes, but they have invited comments.

Mr. CRAMER. Well, it appears to me, Mr. Chairman, that if there are going to be hearings on this matter, and from what I understand of the situation, it is rather serious, and I will ask your opinion, Mr. Miller or Mr. Holmes, as I understand it, what they have in their regulations provided is that you have to have negotiations relating to FEPC before the contract signing; is that correct?

Mr. MILLER. Yes, sir, Mr. Cramer. This is what is referred to as the pre-award.

Mr. CRAMER. Pre-award negotiations.

Mr. MILLER. Yes, sir. The procedure, very briefly, is: the State advertises; the contractor, in good faith, bids upon the specifications as presented. He is announced as apparent low bidder.

Mr. CRAMER. Lowest responsible bidder.

Mr. MILLER. By the State highway department.

Mr. CRAMER. Right.

Mr. MILLER. Then after that, and after his bid is in, then they have this pre-award conference, at which time conditions not in the contract involving thousands of dollars, to my best information, have been imposed upon the contractor after he has bid.

One of the things we are asking for, sir, at a minimum, is definite information of what the requirements are going to be, so we can intelligently bid upon those requirements.

Mr. CRAMER. If you do not have specifications that are certain, there is no way you can submit a reasonable and fair bid, is there?

Mr. MILLER. We cannot possibly do so.

Mr. CRAMER. There is an uncertain condition after the bid.

Mr. MILLER. Experience to date, most uncertain, yes, sir.

Mr. CRAMER. I would suggest, Mr. Chairman, that although I understand the other body is going to take this matter up, that if it is not taken up adequately, that consideration be given to taking this matter up before this subcommittee.

I would like to also welcome before the committee, rather belatedly, Mr. Turnbull, director of Florida Road Building Association, and I appreciate his advising us of the effect of this cutback, as it relates to the State of Florida.

And we put some evidence in the record yesterday which indicates that the cutback was rather severely affecting the road building industry in the State of Florida. That is the effect of your testimony, is is not?

Mr. TURNBULL. Yes, sir.

Mr. CRAMER. I also understand that there is some question as to what should happen relating to the Interstate System after 1972.

Before I get into that, I will say, Mr. Turnbull, as you know, I have very strongly opposed the cutback as not being anti-inflationary, but inflationary feeding, as it relates to the industry, but relating to the Interstate System.

Now, Mr. Turnbull, I would like to ask you, because you are familiar with it, do you know of the necessity of providing adequate facilities between Tampa, St. Pete and Miami?

Mr. TURNBULL. Right. That area is one-quarter of the State of Florida, including Sarasota, Fort Myers——

Mr. CRAMER. Southeast coast; right?

Mr. TURNBULL. That is not serviced by an Interstate System.

Mr. CRAMER. If my memory serves me right, and I can be wrong, you were involved with the State roads department at the time that the 1956 act was under consideration and State recommendations were submitted, were you not?

Mr. TURNBULL. Right.

Mr. CRAMER. And Tampa, St. Pete, to Miami, what I termed was the missing link, was included in the interstate mileage at that time, was it not?

Mr. TURNBULL. It was, yes.

Mr. CRAMER. It was turned down, as I understand it, at that time, because of lack of adequate traffic to justify it?

Mr. TURNBULL. The traffic volume did not warrant it at that time.

Mr. CRAMER. As you indicate, two of the major metropolitan areas in the United States, let alone in the State of Florida, are the middle west coast, Tampa, St. Pete, and Clearwater and Miami, that have no interstate connecting link; is that not correct?

Mr. TURNBULL. That is correct. One of the primary highways of Florida in the early days was the Tamiami Trail, which paralleled the proposed Interstate System.

Mr. CRAMER. What is interesting to me and has concerned me as an example, there may be similar problems throughout the country, since this system was inaugurated in 1956, there obviously have been substantial developments in a number of areas, so it appears to me there obviously is a need for some additional interstate mileage, citing Tampa, St. Pete to Miami as an example. Do you agree with that?

Mr. TURNBULL. From the standpoint of Florida, I do, 100 percent; yes, sir.

Mr. CRAMER. What has been disturbing to me is that AASHO and some other people have suggested that we should just abandon any further extension of the Interstate System, or filling of missing links, or providing of closing of gaps that have come into being since 1956, which does not make much sense to me. Does it to you?

Mr. TURNBULL. No, sir.

Mr. CRAMER. I would like to ask Mr. Miller, does the American Road Builders take the position that there should be no more mileage on the Interstate System after, whatever the completion date is?

Mr. MILLER. Mr. Cramer, the studies made by the engineers of my organization indicate beyond any shadow of a doubt the need for substantial additional mileage of interstate design.

Mr. CRAMER. Whether you call it interstate or call it something else, whatever the matching formula is?

Mr. MILLER. That is correct.

Mr. KLUCZYNSKI. Will you suspend just for a moment?

The Chair would like to recognize at this time the gentleman from New York, Mr. McEwen.

Mr. MCEWEN. Thank you, Mr. Chairman.

I call to the attention of you and the members of the committee the Methodist Youth Group from Clayton, N.Y., my district, who have just come into the hearing room to listen to the testimony on questions of this matter.

Mr. KLUCZYNSKI. Will you please rise?

These are the future leaders of America. [Applause.]

Welcome to the Subcommittee on Roads.

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. CRAMER. I am glad to yield for that purpose.

Mr. MCEWEN. I thank the gentleman from Florida.

Mr. CRAMER. You were relating to the American Road Builders' recommendations concerning additional mileage on the Interstate System.

Mr. MILLER. Yes.

I do not have at this time a precise figure. But it is quite evident, Congressman Cramer, that there is a pressing need for additional mileage of the interstate design.

Mr. CRAMER. Well, frankly, the problem I have, and it is a very substantial problem, and it is one I think this committee should be familiar with, is that there is obviously a need for a highway built at the interstate standard between Tampa-St. Pete to Miami, and I cite that as an example, there are probably other examples throughout the country.

There are some people who are saying, well, let us not have any more interstate mileage. There are other people who are saying, in Florida, well, let us build it as a toll road. There are other people who are saying, we will never get it as part of the Interstate System.

And I just wanted your concurrence, if you see fit to give it, that in light of that situation, which could be duplicated in many places throughout the country, in other words, Florida has to make a decision this year, are they going to build a toll road from Tampa-St. Pete to Miami, or are they going to hopefully get an interstate route, maybe build it now and be reimbursed later.

So under those circumstances and other situations throughout the country, do you not think this is the year that Congress ought to make a decision as to what is going to happen concerning additional mileage on the Interstate System, so the States can plan ahead?

Mr. MILLER. That would very definitely be our conclusion. As the distinguished Chairman Kluczynski has mentioned, this is the year of decision.

We feel that should be determined, as well as other important matters embodying the future of the highway program.

Mr. CRAMER. Mr. Turnbull, you are familiar intimately with the State of Florida and its problems. Do you not concur with my judgment relating to the Tampa-St. Pete to Miami missing link on the Interstate System?

Mr. TURNBULL. I concur 100 percent. The people in that area have fussed ever since—have commented ever since the beginning of the interstate program, that they are paying a tax and cannot get to the Interstate System.

Fort Myers is a large city, and it is 140 miles to the closest Interstate System from Fort Myers.

Mr. CRAMER. Do you concur that whatever is going to be done after 1972, 1973, 1974, 1975, whatever it is, that this is the year that Congress ought to make the decision so that States will know?

Mr. TURNBULL. Right.

Mr. CRAMER. As to what additional interstate mileage there ought to be?

Mr. TURNBULL. Yes, sir.

Mr. CRAMER. Do you concur with that, Mr. President?

Mr. HOLMES. Yes, sir; very much.

Mr. KLUCZYNSKI. Any further questions or comments?

Mr. McEwen.

Mr. McEWEN. I am pleased to hear you gentlemen agree on this need for the segments that are not now in our Interstate System. I do not know of any public works program, as I have observed, that has had more beneficial effects. I believe Chairman Fallon made the statement not long ago of 4-to-1 benefit-to-cost ratio in direct benefits. And we in this committee in other areas authorize projects where certainly we do not see a 4-to-1 benefit-to-cost ratio. I know my own State of New York, and in my own congressional district, I have seen the direct benefits, such as the location of new or expanded businesses and industries in relation to this Interstate System.

I think, too, the concern we have over the proliferation of toll roads we are facing now, and I am sure you gentlemen will agree, that it is not going to be a deterrent to toll roads if it became known that there is not going to be 90–10 interstate in the future. If the cost sharing in interstate highways would be on the basis, the same as A B C, but I think we will see more toll road construction, not less.

I am pleased that you gentlemen concur with the observation of the gentleman from Florida on these roads.

Mr. KLUCZYNSKI. Any further comments?

Mr. Miller.

Mr. MILLER. Mr. Chairman, if I may, in conclusion, sir, add just two items:

One, the American Road Builders' Association would like to go on record fully supporting the recommendations of the American Association of State Highway Officials presented at this committee this morning regarding the drafting of appropriate legislation to guarantee the integrity of the highway trust fund.

We strongly support that.

We have no specific language to offer; but we believe, in the wisdom of this great committee, it can and should be done.

Second, in response to the question asked by Chairman Fallon, my engineering staff has made a little research that might help you, Mr. Fallon, and we tried to give here an overall picture of just what this cutback means.

And, as you witnessed from the testimony presented here, it varies from nothing to extreme hardship.

I would like the record to show that that is so.

Mr. Chairman, for the calendar year 1968, under the cutback program as we now stand, this is the reduction of obligations of $600 million, it is estimated that the total work available in 1968 will be $8.9 billion.

So we still have a substantial program nationwide, in spite of this cutback.

Now, that total is arrived at in this manner: There is $4.1 billion of work carried over from contracts awarded prior to the cutback and freeze; that plus the freeze level will give us a total program in 1968 of $8.9 billion.

Now, without the cut, and assuming that those States with unobligated balances could place these amounts under contract in 1968, there is a potential maximum of $10.6 billion as compared to $8.9 billion.

Now, that is a maximum potential, and analysis of it would indicate that all States could not put their money under contract, which my engineers estimate would probably give us a level, were it not for the cutback during the calendar year of 1968 of construction activity on the Federal-aid system of $9.7 billion; or, in other words, overall the cutback would represent a loss in construction activity and progress of approximately $1 billion.

Mr. KLUCZYNSKI. Does that complete your statement, Mr. Miller?

Mr. MILLER. May I file this for the record, please, Mr. Chairman?

Mr. KLUCZYNSKI. Without objection, so ordered.

(Table referred to follows:)

Calendar year 1968—Program under the cutback

	Billions
Uncompleted work under contract, Jan. 1, 1968	$4.1
Estimated 1968 obligation limitation (including matching funds)	4.8
Total work available, 1968	8.9

Theoretical maximum work possible, calendar year 1968 (no cutback)

	Billions
Uncompleted work under contract, Jan. 1, 1968	$4.1
Balance available for reimbursable obligations, Dec. 31, 1967 [1]	1.2
Estimated 1968 Federal-aid allocation [1]	5.3
Total	10.6
Practical level of construction work which could be performed during calendar year 1968	9.7

[1] Includes matching funds.

NOTE.—Presented as a part of the American Road Builders' Association testimony before the Subcommittee on Roads, Committee on Public Works, U.S. House of Representatives, Feb. 21, 1968.

Mr. MILLER. Mr. Chairman, on behalf of my colleagues, I want to express our sincere appreciation to this great committee for giving us an opportunity to present our views.

Thank you very much, sir.

Mr. KLUCZYNSKI. Mr. Miller, we are happy to have you here, and your statements will be very helpful and beneficial to this committee when we sit down in executive session. This will be of great help to us.

I want to tell you that the record will be open for at least 2 more weeks, if you have any further information to give this committee; we will be happy to have you put it in the record.

Mr. Fallon.

Mr. FALLON. Mr. Chairman, I would like to note the presence of an old highway builder in the room today, Mr. Jack Robinson, who used to be director of highways in Washington, D.C., when they were building highways in Washington.

Mr. KLUCZYNSKI. No further questions or comments?

Gentlemen, we want to thank you. We appreciate your presence here.

We will adjourn until February 27, at 10 a.m.

(Whereupon, at 12 noon, the subcommittee adjourned, to reconvene at 10 a.m., Tuesday, February 27, 1968.)

(The following was furnished for insertion:)

MINNESOTA GOOD ROADS, INC.,
Minneapolis, Minn., February 16, 1968.

[From Minnesota Good Roads, Inc.]

STATEMENT OF THE EFFECT OF THE OFFICIAL FEDERAL HIGHWAY CUTBACK AND UNOFFICIAL HOLDBACK OF FEDERAL HIGHWAY FUNDS ON THE A.B.C. SYSTEM IN MINNESOTA

For the second time in two years, the State of Minnesota has been forced to cancel the publication of its annual 5-year construction program. Attempts to keep our public informed of our highway programs have been completely stymied by the actual cutbacks, threats of cutbacks and the unofficial holding back of Federal highway user fees we have been dependent upon.

The official cutback of approximately $8 million is bad, but, during the past two years quarterly allotments of funds to Minnesota have fallen nearly six months behind. Our Highway Department has been carrying this deficit forward with the hope that the Federal Government might eventually catch up. The $600 million cutback has caused our Department to fear the worst. They have been forced to remove more than $35 million of construction from the scheduled programs for 1968.

As to the effect on the A.B.C. system, eight very significant projects have had to be delayed on highways, some of which were built in the late 20's and early 30's, because money has not been available to reconstruct and bring them up to a modern standard that will reduce the unnecessary slaughter because of the unsafe conditions on some of these roads. Many towns in our State cannot be entered by a fully loaded truck or a modern school bus; because of the lack of funds they cannot be brought up to the 9-ton all-weather road.

By the manipulation of these dedicated highway funds, attempts to publish construction schedules and completion estimates, to maintain a balanced program of highway construction and meet the needs of the traveling public have become meaningless.

Minnesota Good Roads, Inc. is an organization which represents facets of the economy, including both labor and industry, and we are deeply concerned that highways we have paid for—through the collection of highway user fees on a national level—will not be built on time—or at all.

ROBERT M. JOHNSON,
Executive Director.

STATEMENT OF NATIONAL JOINT HEAVY AND HIGHWAY CONSTRUCTION COMMITTEE BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS ON THE ABC HIGHWAY SYSTEM

Gentlemen, the National Joint Heavy and Highway Construction Committee is vitally interested in those matters which affect the members of these six International Unions on highway construction throughout the United States. These six International Unions are the United Brotherhood of Carpenters and Joiners of America, the International Union of Operating Engineers, the Laborers' International Union of North America, the Operative Plasterers and Cement Masons International Association of the United States and Canada, the Bricklayers, Masons and Plasterers' International Union of America and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, who have a total membership of 3.8 million of which hundreds of thousands are employed and dependent on highway construction for their livelihood. We are pleased with this opportunity to express their views of this nation's primary and secondary highway systems and their urban extensions known as the ABC System.

THE IMPORT OF THE ABC PROGRAM

Since 1916, the Federal Government has had a Highway Program; the main thrust has been towards a highway of an interstate nature. With the passage of the 1956 Highway Act, this country embarked on the largest public works project known to man, the National System of Interstate Defense Roads. However, recognizing that at the completion of the Interstate System, these roads will carry only 25% of the nation's traffic.

Congress, for the past decade, has progressively increased the annual authorized level of Federal Aid Highway Funds to this primary and secondary urban road system. For the years 1966 to 1969, $1 billion annually will be available to the ABC Program.

We are pleased with the concern of Congress for the ABC System and especially for the most recent attention paid to the urban roads. These roads are necessary to any intergrated system of inter and intrastate highways. We also concur with the recommendations of Secretary of Transportation, Alan S. Boyd, that more attention should be paid by all interested parties in developing an urban road system that is compatible with the social and economic needs of four urban areas. By 1990, more than 200 million people will be living in this country's urban areas; this is more than the total population of this fifty states.

THE ABC SYSTEM'S IMPACT ON EMPLOYMENT

Recognizing our responsibilities as representatives of organized labor, we would like to emphasize the importance of the ABC System as it is related to employment.

There will be, through the partnership of the Federal and 50 States' Governments, in funding for the years 1966 through 1969, a total of $2 billion annually for the ABC System. Using the 1966 report of the Department of Labor's Bureau of Labor Statistics on labor requirements for construction of Federal Aid Highways, this $2 billion will generate, annually, employment for 230 thousand people in manufacturing, transportation, trade, mining and other related industries. Of these 230 thousand potential jobs, over 40% will be available to construction workers.

Considering the recommendations of Secretary Boyd, of the nation's needs for greater attention towards the citizens of our urban areas, let us consider the needs for greater employment opportunities in the urban areas.

In 1967, one-third of all unemployed workers lived in this nation's fifteen larger cities. The unemployment rate in our cities is generally greater than the national average especially among minority groups in unskilled workers. Increased highway construction in the metropolitan areas in this country will provide employment opportunities for this segment of our population, now one of the main concerns of this country's "War on Poverty." The highway construction industry can train these people and upgrade them in the mainstream of this country's economy.

DAVIS-BACON COVERAGE FOR THE ABC SYSTEM

During the Eisenhower Administration, Congress wisely included a provision in Section 115, Title 1 of the 1956 Highway Act requiring the Secretary of Labor to determine the prevailing wage rates on similar construction in the locality of proposed interstate projects. This provided highway construction workers with the protection of the Davis-Bacon Act and lent to the industries in general, the stability afforded by predetermined prevailing wages.

Prior to the late 1940's, only construction contracts that were let by the so-called "procurement agencies" (Corps of Engineers, G.S.A., Bureau of Reclamation and the U.S. Air Force) came under the purview of the Davis-Bacon Act. This afforded workers with the necessary protection that large expenditures of their taxes, on Federal construction projects, would not serve to destroy wage rates which were established and prevailing in their areas.

The Administrations of Presidents Truman, Eisenhower, Kennedy and Johnson have all endorsed the principle of federal and local participation in the financing of construction projects that are held to be necessary to the needs of this country. With the innovation of Federal assistance programs whereby the Federal Government, through its various agencies, together with state municipalities or other local governmental authorities, share the cost of construction projects under the "National Housing Act of 1949," the "Federal Airport Act," the "College Housing Act of 1950," the "Area Redevelopment Act," and the "Education Assistance Act of 1963."

If there is any single, common denominator among these programs, it is that the Secretary of Labor sets forth the prevailing wage rates for all construction workers employed on these projects. This is true whether the Federal Government is paying 90% of the project, as in the Interstate Highway Program, or in the cases of some projects of the Federal Housing Administration, where no federal funds are expended but the Federal Government acts as the guarantor of the loan.

We feel that an annual federal disbursement of $1 billion for this ABC has such an impact on the highway industry that the workers on these projects are entitled to the protection of the Davis-Bacon Act. Certainly it was the intent of Congress with the passage of the Davis-Bacon Act to protect workers on all construction projects in which the Federal Government is involved whether it be by direct contract or those federal assistance programs with a predetermined prevailing wage rate. Therefore, we feel Congress should, at this time, act to place the workers employed on these ABC Highways under the protection of the Davis-Bacon Act.

SAFETY AND THE ABC SYSTEM

As representatives of organized labor, we feel we have a social responsibility, both to our members and to the general citizenry, to insist that any highway program must attempt to halt the alarming fatality rate on our nation's highways. Every single day over 10,000 Americans are injured on our highways and every week more than 1,000 are killed; the monthly economic loss is well over $800 million.

Congress is again to be commended for their most recent attempts in passing the Federal Highway Safety Act to reduce this shocking waste of human lives. We know that your Committee will continue to consciously search for answers to our nation's most disgraceful malady.

Again, we are appreciative of the opportunity to address your important Committee and trust that you will give our views and suggestions careful consideration.

FEDERAL AID HIGHWAY ACT—1968

THURSDAY, MAY 23, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ROADS
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The committee met at 10:08 a.m., in room 2167, Rayburn Building, the Honorable John C. Kluczynski, chairman of the subcommittee presiding.

Mr. KLUCZYNSKI. The Subcommittee on Roads will please come to order.

Earlier this year we heard testimony regarding the requirements of the ABC System. This morning we continue with authorization of the cost estimate for the Interstate System and with a wide variety of subjects closely related to the current and future highway policy.

There are some new program proposals in the adminstration's proposed legislation. There are pending before the committee in fact, not in legislation, such significant questions as relocation policy, extension of the Interstate System, policy on cutbacks of funds to the States, and so on.

Today we are going to hear from the Department of Transportation and the Forest Service. Next week and the following week we will hear from the Members of Congress, the States, and other interested witnesses.

With the exception of the legislation dealing with sizes and weights of trucks, which is scheduled for May 29, the witnesses may cover any and all of these subjects in one appearance before the committee.

Because many of these subjects have significant bearing on future highway policy, it seems quite likely that the committee will wish to ask the Department of Transportation witnesses to return at the conclusion of these hearings so that the committee may have the benefit of some departmental analysis of what we hear from the other vitally interested groups.

90TH CONGRESS
2D SESSION

H. R. 16994

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 1968

Mr. FALLON (for himself and Mr. KLUCZYNSKI) introduced the following bill; which was referred to the Committee on Public Works

A BILL

To authorize appropriations for the fiscal years 1970 and 1971 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal-Aid Highway Act of 1968."

REVISION OF AUTHORIZATION OF APPROPRIATIONS FOR INTERSTATE SYSTEM

SEC. 2. Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is amended to read as follows:

I

"(b) AUTHORIZATION OF APPROPRIATIONS.— For the purpose of expediting the construction, reconstruction, or improvement, inclusive of necessary bridges and tunnels, of the Interstate System, including extensions thereof through urban areas, designated in accordance with the provisions of subsection (d) of section 103 of title 23, United States Code, there is hereby authorized to be appropriated the additional sum of $1,000,000,000 for the fiscal year ending June 30, 1957, which sum shall be in addition to the authorization heretofore made for that year, the additional sum of $1,700,-000,000 for the fiscal year ending June 30, 1958, the additional sum of $2,200,000,000 for the fiscal year ending June 30, 1959, the additional sum of $2,500,000,000 for the fiscal year ending June 30, 1960, the additional sum of $1,800,-000,000 for the fiscal year ending June 30, 1961, the additional sum of $2,700,000,000 for the fiscal year ending June 30, 1962, the additional sum of $2,400,000,000 for the fiscal year ending June 30, 1963, the additional sum of $2,600,-000,000 for the fiscal year ending June 30, 1964, the additional sum of 2,700,000,000 for the fiscal year ending June 30, 1965, the additional sum of $2,800,000,000 for the fiscal year ending June 30, 1966, the additional sum of $3,000,-000,000 for the fiscal year ending June 30, 1967, the additional sum of $3,400,000,000 for the fiscal year ending June 30, 1968, the additional sum of $3,800,000,000 for the fiscal year ending June 30, 1969, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1970, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1971, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1972, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1973, and the additional sum of $2,225,000,000 for the fiscal year ending June 30, 1974. Nothing in this subsection shall be construed to authorize the appropriation of any sums to carry out sections 131, 136, or 319 (b) of title 23, United States Code, or any provision of law relating to highway safety enacted after May 1, 1966."

AUTHORIZATION OF USE OF COST ESTIMATE FOR APPORTIONMENT OF INTERSTATE FUNDS

SEC. 3. The Secretary of Transportation is authorized to make the apportionment for the fiscal years ending June 30 1970, and 1971, of the sums authorized to be appropriated for such years for expenditures on the National System of Interstate and Defense Highways, using the apportionment factors contained in table 5 of House Document Numbered 199, Ninetieth Congress.

EXTENSION OF TIME FOR COMPLETION OF SYSTEM

SEC. 4. (a) The second paragraph of section 101 (b) of title 23, United States Code, is amended by striking out "sixteen years'" and inserting in lieu thereof "eighteen years' " and by striking out "June 30, 1972", and inserting in lieu thereof "June 30, 1974".

(b) The introductory phrase and the second and third sentences of section 104 (b) (5) of title 23, United States Code, are amended by striking "1972" where it appears and inserting in lieu thereof "1974", and such section 104 (b) (5) is further amended by striking the three sentences preceding the last sentence and inserting the following: "Upon the approval by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1970, and June 30, 1971. The Secretary shall make a final revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section, in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1970. Upon the approval by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974."

AUTHORIZATIONS

SEC. 5. For the purpose of carrying out the provisions of title 23, United States Code, the following sums are hereby authorized to be appropriated:

(1) For the Federal-aid primary system and the Federal-aid secondary system and for their extension within urban areas, out of the highway trust fund, $1,000,000,000 for the fiscal year ending June 30, 1970, and $1,000,000,000 for the fiscal year ending June 30, 1971. Nothing in this paragraph shall be construed to authorize the appropriation of any sums to carry out sections 131, 136, or 319 (b) of title 23, United States Code, or any provision of law relating to highway safety enacted after May 1, 1966. The sums authorized in this paragraph for each fiscal year shall be available for expenditure as follows:

(A) 45 per centum for projects on the Federal-aid primary highway system;

(B) 30 per centum for projects on the Federal-aid secondary highway system; and

(C) 25 per centum for projects on extensions of the Federal-aid primary and Federal-aid secondary highway systems in urban areas.

(2) For traffic operation projects in urban areas as authorized in section 135 of title 23, United States Code, out of the highway trust fund, the additional sum of $250,000,000 for the fiscal year ending June 30, 1970, the additional sum of $250,000,000 for the fiscal year ending June 30, 1971, the additional sum of

$250,000,000 for the fiscal year ending June 30, 1972, the additional sum of $250,000,000 for the fiscal year ending June 30, 1973, and the additional sum of $250,000,000 for the fiscal year ending June 30, 1974.

(3) For forest highways, $33,000,000 for the fiscal year ending June 30, 1970, and $33,000,000 for the fiscal year ending June 30, 1971.

(4) For public lands highways, $16,000,000 for the fiscal year ending June 30, 1970, and $16,000,000 for the fiscal year ending June 30, 1971.

(5) For forest development roads and trails, $125,000,000 for the fiscal year ending June 30, 1970, and $125,000,000 for the fiscal year ending June 30, 1971.

(6) For public lands development roads and trails, $3,500,000 for the fiscal year ending June 30, 1970, and $5,000,000 for the fiscal year ending June 30, 1971.

(7) For park roads and trails, $30,000,000 for the fiscal year ending June 30, 1971.

(8) For parkways, $11,000,000 for the fiscal year ending June 30, 1971.

(9) For Indian reservation roads and bridges, $30,000,000 for the fiscal year ending June 30, 1970, and $30,000,000 for the fiscal year ending June 30, 1971.

AUTHORIZATION FOR STATE AND COMMUNITY HIGHWAY SAFETY PROGRAMS

SEC. 6. For the purpose of carrying out section 402 of title 23, United States Code, there is hereby authorized to be appropriated the sum of $50,000,000 for the fiscal year ending June 30, 1970, and $75,000,000 for the fiscal year ending June 30, 1971.

AUTHORIZATION FOR HIGHWAY SAFETY RESEARCH AND DEVELOPMENT PROGRAMS

SEC. 7. For the purpose of carrying out sections 307 (a) and 403 of title 23, United States Code, there is hereby authorized to be appropriated to remain available until expended, the additional sum of $30,000,000 for the fiscal year ending June 30, 1970, and the additional sum of $40,000,000 for the fiscal year ending June 30, 1971.

ADVANCE ACQUISITION OF RIGHTS-OF-WAY

SEC. 8. (a) That section 108 of title 23, United States Code, is amended to read as follows:

"(a) For the purpose of facilitating the acquisition of rights-of-way on any of the Federal-aid highway systems, including the Interstate System, in the most expeditious and economical manner, and recognizing that the acquisition of rights-of-way requires lengthy planning and negotiations if it is to be done at reasonable cost; to facilitate the orderly relocation of persons, businesses, farms, and other existing users of property; to minimize right-of-way costs by forestalling development of land ultimately required for highway purposes, and to achieve a rational development of communities, the Secretary, upon the request of the State highway department, is authorized to make available the funds apportioned to any State for expenditure on any of the Federal-aid highway systems, including the Interstate System, for acquisition of rights-of-way in anticipation of construction and under such rules and regulations as the Secretary may prescribe.

"(b) In addition to funds available under subsection (a) of this section, the Secretary is authorized to allocate to each State, subject to the provisions of section 124 (b) of this title, an additional amount equivalent to 2 per centum of the aggregate sums apportioned to it under section 104 of this title for any fiscal year. Within six months subsequent to the allocation to a State of funds under this subsection the State shall demonstrate to the satisfaction of the Secretary that it will obligate such funds for the purposes of this subsection. Any funds made available under this subsection with respect to which a State has not made the demonstration required by the preceding sentence shall automatically revert to the Secretary who may, in his discretion, make such reverted funds available for the purposes of this subsection and on the basis of need to any other State requesting such funds and making the requisite demonstration.

"(c) Before any funds may be made available to a State pursuant to this section, the State highway department shall enter into an agreement with the Secretary which shall provide (1) for the reimbursement of the costs of such rights-of-way, and (2) for the actual construction of a road on such rights-of-way, both within a period not exceeding seven years following the fiscal year in which such request is made or by the terminal date of the highway trust fund, whichever occurs first.

"(d) Federal participation in the cost of right-of-way acquired under subsection (a) of this section shall not exceed the Federal pro rata share applicable to the class of funds from which Federal reimbursement is made except for advance payments that are to be repaid under the provisions of section 124(c) of this title."

(b) That section 124 of title 23, United States Code, is amended by relettering the first paragraph as subsection "(a)", substituting the word "subsection" for the world "section" in the third sentence of such subsection "(a)" and adding at the end thereof the following new subsections:

"(b) For the purpose of carrying out the provisions of section 108(b) of this title relating to the allocation of additional amounts to the States for the advance acquisition of rights-of-way, there is hereby authorized to be appropriated from the highway trust fund such moneys, not to exceed $100,000,000, as may be necessary for the initial establishment of a fund and for its replenishment on an annual basis, which may be used by the Secretary, upon the request of any State, for payment of the total cost of rights-of-way acquired in advance of construction, including any net expenses of property management, on any of the Federal-aid systems. Pending such appropriation, the Secretary may advance from any cash heretofore or hereafter appropriated from the highway trust fund to Federal-aid highways (trust fund) for liquidation of contract authority, such sums as may be necessary for payments to the States for the rights-of-way acquired in advance of construction, that appropriation to be reimbursed from the appropriations herein authorized when made.

"(c) Before any funds are made available to a State under subsection (b) of this section, the respective State highway department shall enter into an agreement with the Secretary which shall provide for repayment by the State of its pro rata share of funds made available under section 108 of this title. Before actual construction commences on rights-of-way acquired under section 108 of this title, repayment by the State of its pro rata share of the costs applicable to such project shall be credited to the highway trust fund and the Federal pro rata share of the costs applicable to such project shall be charged to the unobligated balance of regularly apportioned funds available to the State for improvement of the Federal-aid system for which the right-of-way was purchased.

"(d) The provisions of subsections (d), (f), and (g) of section 209 of the Highway Revenue Act of 1956 (70 Stat. 374) shall be applicable to section 108(b) of this title and to subsection (b) of this section."

DEFINITIONS OF FOREST ROAD OR TRAIL AND FOREST DEVELOPMENT ROADS AND TRAILS

SEC. 9. The fourth and fifth paragraphs in section 101 (a) of title 23, United States Code, are amended to read as follows:

"The term 'forest road or trail' means a road or trail wholly or partly within or adjacent to and serving the national forests and other areas under Forest Service administration.

"The term 'forest development roads and trails' means those forest roads or trails of primary importance for the protection, administration, and utilization of the national forest and other areas under Forest Service administration or, where necessary, for the use and development of the resources upon which communities within or adjacent to the national forest and other areas administered by the Forest Service are dependent."

FOREST DEVELOPMENT ROADS AND TRAILS

SEC. 10. The first two sentences of subsection (c) of section 205 of title 23, United States Code, are amended to read as follows:

"(c) Construction estimated to cost $15,000 or more per mile or $15,000 or more per project for projects with a length of less than one mile, exclusive of bridges and engineering, shall be advertised and let to contract. If such estimated cost is less than $15,000 per mile or $15,000 per project for projects with a length of less than one mile or if, after proper advertising, no acceptable bid is received or the bids are deemed excessive, the work may be done by the Secretary of Agriculture on his own account."

URBAN AREA TRAFFIC OPERATIONS IMPROVEMENT PROGRAMS

SEC. 11. Chapter 1 of title 23, United States Code, is hereby amended by adding the following new section 135 thereto:

"§ 135. Urban area traffic operations improvement programs

"(a) The Congress hereby finds and declares it to be in the national interest that each State should have a continuing program within the designated boundaries of urban areas of the State designed to reduce traffic congestion and accidents and to facilitate the flow of traffic in the urban areas.

"(b) To accomplish this objective the sums available for expenditure for the purposes of this section shall be used for projects which include but are not limited to those which directly facilitate and control traffic flow.

"(c) The sums available for expenditure for the purposes of this section shall be apportioned in accordance with section 104(b)(3).

"(d) The Federal share payable on account of any project authorized by this section shall be that provided for in section 120(a) of this title. Sums available for expenditure for the purposes of this section shall be used to finance the Federal share payable under this section.

"(e) The provisions of chapter 1 of this title relating to the obligation, period of availability, and expenditure of Federal-aid primary highway funds shall apply to the sums available for expenditure for purposes of this section."

SEC. 13. The analysis of chapter 1 of title 23, United States Code, is hereby amended by adding thereto, in the appropriate numerical order, the following:

"135. Urban area traffic operations improvement programs".

90TH CONGRESS
2D SESSION

H. R. 17134

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 1968

Mr. FALLON (for himself and Mr. KLUCZYNSKI) (by request) introduced the following bill; which was referred to the Committee on Public Works

A BILL

To authorize appropriations for the fiscal years 1970 and 1971 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal-Aid Highway Act of 1968".

REVISION OF AUTHORIZATION OF APPROPRIATIONS FOR INTERSTATE SYSTEM

SEC. 2. Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is amended to read as follows:

I

"(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of expediting the construction, reconstruction, or improvement, inclusive of necessary bridges and tunnels, of the Interstate System, including extensions thereof through urban areas, designated in accordance with the provisions of subsection (d) of section 103 of title 23, United States Code, there is hereby authorized to be appropriated the additional sum of $1,000,000,000 for the fiscal year ending June 30, 1957, which sum shall be in addition to the authorization heretofore made for that year, the additional sum of $1,700,000,000 for the fiscal year ending June 30, 1958, the additional sum of $2,200,000,000 for the fiscal year ending June 30, 1959, the additional sum of $2,500,000,000 for the fiscal year ending June 30, 1960, the additional sum of $1,800,000,000 for the fiscal year ending June 30, 1961, the additional sum of $2,200,000,000 for the fiscal year ending June 30, 1962, the additional sum of $2,400,000,000 for the fiscal year ending June 30, 1963, the additional sum of $2,600,000,000 for the fiscal year ending June 30, 1964, the additional sum of $2,700,000,000 for the fiscal year ending June 30, 1965, the additional sum of $2,800,000,000 for the fiscal year ending June 30, 1966, the additional sum of $3,000,000,000 for the fiscal year ending June 30, 1967, the additional sum of $3,400,000,000 for the fiscal year ending June 30, 1968, the additional sum of $3,800,000,000 for the fiscal year ending June 30, 1969, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1970, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1971, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1972, the additional sum of $4,000,000,000 for the fiscal year ending June 30, 1973, and the additional sum of $2,225,000,000 for the fiscal year ending June 30, 1974. Nothing in this subsection shall be construed to authorize the appropriation of any sums to carry out sections 131, 136, or 319 (b) of title 23, United States Code, or any provision of law relating to highway safety enacted after May 1, 1966."

AUTHORIZATION OF USE OF COST ESTIMATE FOR APPORTIONMENT OF INTERSTATE FUNDS

SEC. 3. The Secretary of Transportation is authorized to make the apportionment for the fiscal years ending June 30, 1970, and 1971, of the sums authorized to be appropriated for such years for expenditures on the National System of Interstate and Defense Highways, using the apportionment factors contained in table 5 of House Document Numbered 199, Ninetieth Congress.

EXTENSION OF TIME FOR COMPLETION OF SYSTEM

SEC. 4. (a) The second paragraph of section 101 (b) of title 23, United States Code, is amended by striking out "sixteen years'" and inserting in lieu thereof "eighteen years" " and by striking out "June 30, 1972", and inserting in lieu thereof "June 30, 1974".

(b) The introductory phrase and the second and third sentences of section 104(b) (5) of title 23, United States Code, are amended by striking "1972" where it appears and inserting in lieu thereof "1974", and such section 104(b) (5) is further amended by striking the three sentences preceding the last sentence and inserting the following: "Upon the approval by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1970, and June 30, 1971. The Secretary shall make a final revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section, in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1970. Upon the approval by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974."

AUTHORIZATIONS

SEC. 5. For the purpose of carrying out the provisions of title 23, United States Code, the following sums are hereby authorized to be appropriated:

(1) For the Federal-aid primary system and the Federal-aid secondary system and for their extension within urban areas, out of the Highway Trust Fund, $1,000,000,000 for the fiscal year ending June 30, 1970, and $1,000,000,000 for the fiscal year ending June 30, 1971. Nothing in this paragraph shall be construed to authorize the appropriation of any sums to carry out sections 131, 136, or 319 (b) of title 23, United States Code, or any provision of law relating to highway safety enacted after May 1, 1966. The sums authorized in this paragraph for each fiscal year shall be available for expenditure as follows:

(A) 45 per centum for projects on the Federal-aid primary highway system;

(B) 30 percentum for projects on the Federal-aid secondary highway system; and

(C) 25 per centum for projects on extensions of the Federal-aid primary and Federal-aid secondary highway systems in urban areas.

(2) For traffic operation projects in urban areas as authorized in section 135 of title 23, United States Code, on extensions of the Federal-aid primary and secondary highway systems in urban areas, the additional sum of $250,000,000 for the fiscal year ending June 30, 1970, the additional sum of $250,000,000 for the fiscal

year ending June 30, 1971, the additional sum of $250,000,000 for the fiscal year ending June 30, 1972, the additional sum of $250,000,000 for the fiscal year ending June 30, 1973, and the additional sum of $250,000,000 for the fiscal year ending June 30, 1974.

(3) For forest highways, out of the Highway Trust Fund, $33,000,000 for the fiscal year ending June 30, 1970, and $33,000,000 for the fiscal year ending June 30, 1971.

(4) For public lands highways, out of the Highway Trust Fund, $16,000,000 for the fiscal year ending June 30, 1970, and $16,000,000 for the fiscal year ending June 30, 1971.

(5) For forest development roads and trails, $125,000,000 for fiscal year ending June 30, 1970, and $125,000,000 for the fiscal year ending June 30, 1971.

(6) For public lands development roads and trails, $3,500,000 for the fiscal year ending June 30, 1970, and $5,000,000 for the fiscal year ending June 30, 1971.

(7) For park roads and trails, $30,000,000 for the fiscal year ending June 30, 1971.

(8) For parkways, $11,000,000 for the fiscal year ending June 30, 1971.

(9) For Indian reservation roads and bridges, $30,-

000,000 for the fiscal year ending June 30, 1970, and $30,000,000 for the fiscal year ending June 30, 1971.

AUTHORIZATION FOR STATE AND COMMUNITY HIGHWAY SAFETY PROGRAMS

SEC. 6. For the purpose of carrying out section 402 of title 23, United States Code, there is hereby authorized to be appropriated the sum of $50,000,000 for the fiscal year ending June 30, 1970; and $75,000,000 for the fiscal year ending June 30, 1971.

AUTHORIZATION FOR HIGHWAY SAFETY RESEARCH AND DEVELOPMENT PROGRAMS

SEC. 7. For the purpose of carrying out sections 307 (a) and 403 of title 23, United States Code, there is hereby authorized to be appropriated to remain available until expended, the additional sum of $30,000,000 for the fiscal year ending June 30, 1970, and the additional sum of $40,000,000 for the fiscal year ending June 30, 1971.

AUTHORIZATIONS FOR HIGHWAY BEAUTIFICATION

SEC. 8. (a) Section 131 (m) of title 23, United States Code, is amended to read as follows:

"(m) There is authorized to be appropriated to carry out the provisions of this section, out of any money in the Treasury not otherwise appropriated, not to exceed $20,000,000 for the fiscal year ending June 30, 1966, not to exceed $20,000,000 for the fiscal year ending June 30, 1967, not to exceed $5,000,000 for the fiscal year ending June 30, 1969, not to exceed $5,000,000 for the fiscal year ending June 30, 1970, and not to exceed $5,000,000 for the fiscal year ending June 30, 1971. The provisions of chapter 1 of this title relating to the obligation, period of availability, and expenditure of Federal-aid primary highway funds shall apply to the funds authorized to be appropriated to carry out this section after June 30, 1967."

(b) Section 136(m), title 23, United States Code, is amended to read as follows:

"(m) There is authorized to be appropriated to carry out this section, out of any money in the Treasury not otherwise appropriated, not to exceed $20,000,000 for the fiscal year ending June 30, 1966, not to exceed $20,000,000 for the fiscal year ending June 30, 1967, not to exceed $10,000,000 for the fiscal year ending June 30, 1969, not to exceed $10,000,000 for the fiscal year ending June 30, 1970, and not to exceed $10,000,000 for the fiscal year ending June 30, 1971. The provisions of chapter 1 of this title relating to the obligation, period of availability, and expenditure of Federal-aid primary highway funds shall apply to the funds authorized to be appropriated to carry out this section after June 30, 1967."

(c) Section 319(b) of title 23, United States Code, is amended by striking the last two sentences and inserting in lieu thereof the following: "There is authorized to be appropriated to carry out this subsection, out of any money in the Treasury not otherwise appropriated, not to exceed $120,000,000 for the fiscal year ending June 30, 1966, not to exceed $120,000,000 for the fiscal year ending June 30, 1967, not to exceed $70,000,000 for the fiscal year ending June 30, 1969, not to exceed $70,000,000 for the fiscal year ending June 30, 1970, and not to exceed $70,000,000 for the fiscal year ending June 30, 1971. The provisions of chapter 1 of this title relating to the obligation, period of availability, and expenditure of Federal-aid primary highway funds shall apply to the funds authorized to be appropriated to carry out this subsection after June 30, 1967."

(d) Funds authorized to be appropriated by this section to carry out the provisions of sections 131, 136, and 319(b) shall be subject to a deduction for necessary administrative expenses which shall not exceed 5 per centum of the aggregate total of amounts authorized for any fiscal year.

ADVANCE ACQUISITION OF RIGHTS-OF-WAY

SEC. 9. (a) That section 108 of title 23, United States Code, is amended to read as follows:

"(a) For the purpose of facilitating the acquisition of rights-of-way on any of the Federal-aid highway systems, including the Interstate System, in the most expeditious and economical manner, and recognizing that the acquisition of rights-of-way requires lengthy planning and negotiations if it is to be done at reasonable cost; to facilitate the orderly relocation of persons, businesses, farms, and other existing users of property; to minimize right-of-way costs by forestalling development of land ultimately required for highway purposes, and to achieve a rational development of communities, the Secretary, upon the request of the State highway department, is authorized to make available the funds apportioned to any State for expenditure on any of the Federal-aid highway systems, including the Interstate System, for acquisition of rights-of-way in anticipation of construction and under such rules and regulations as the Secretary may prescribe.

"(b) In addition to funds available under subsection (a) of this section, the Secretary is authorized to allocate to each State, subject to the provisions of section 124(b) of this title, an additional amount equivalent to 2 per centum of the aggregate sums apportioned to it under section 104 of this title for any fiscal year. Within six months subsequent to the allocation to a State of funds under this subsection the State shall demonstrate to the satisfaction of the Secretary that it will obligate such funds for the purposes of this subsection. Any funds made available under this subsection with respect to which a State has not made the demonstration required by the preceding sentence shall automatically revert to the Secretary who may, in his discretion, make such reverted funds available for the purposes of this subsection and on the basis of need to any other State requesting such funds and making the requisite demonstration.

"(c) Before any funds may be made available to a State pursuant to this section, the State highway department shall enter into an agreement with the Secretary which shall provide (1) for the reimbursement of the costs of such rights-of-way, and (2) for the actual construction of a road on such rights-of-way, both within a period not exceeding seven years following the fiscal year in which such request is made or by the terminal date of the Highway Trust Fund, whichever occurs first.

"(d) Federal participation in the cost of right-of-way acquired under subsection (a) of this section shall not exceed the Federal pro rata share applicable to the class of funds from which Federal reimbursement is made except for advance payments that are to be repaid under the provisions of section 124 (c) of this title."

(b) That section 124 of title 23, United States Code, is amended by relettering the first paragraph as subsection "(a)", substituting the word "subsection" for the word "section" in the third sentence of such subsection "(a)" and adding at the end thereof the following new subsections:

"(b) For the purpose of carrying out the provisions of section 108 (b) of this title relating to the allocation of additional amounts to the States for the advance acquisition of rights-of-way, there is hereby authorized to be appropriated from the highway trust fund such moneys, not to exceed $100,000,000, as may be necessary for the initial establishment of a fund and for its replenishment on an annual basis, which may be used by the Secretary, upon the request of any State, for payment of the total cost of rights-of-way acquired in advance of construction, including any net expenses of property management, on any of the Federal-aid systems. Pending such appropriation, the Secretary may advance from any cash heretofore or hereafter appropriated from the highway trust fund to Federal-aid highways (trust fund) for liquidation of contract authority, such sums as may be necessary for payments to the States for the rights-of-way acquired in advance of construction, that appropriation to be reimbursed from the appropriations herein authorized when made.

"(c) Before any funds are made available to a State under subsection (b) of this section, the respective State highway department shall enter into an agreement with the Secretary which shall provide for repayment by the State of its pro rata share of funds made available under section 108 of this title. Before actual construction commences on rights-of-way acquired under section 108 of this title, repayment by the State of its pro rata share of the costs applicable to such project shall be credited to the highway trust fund and the Federal pro rata share of the costs applicable to such project shall be charged to the unobligated balance of regularly apportioned funds available to the State for improvement of the Federal-aid system for which the right-of-way was purchased.

"(d) The provisions of subsection (d), (f), and (g) of section 209 of the Highway Revenue Act of 1956 (70 Stat. 374) shall be applicable to section 108 (b) of this title and to subsection (b) of this section."

DEFINITIONS OF FOREST ROAD OR TRAIL AND FOREST DEVELOPMENT ROADS AND TRAILS

SEC. 10. The fourth and fifth paragraphs in section 101 (a) of title 23, United States Code, are amended to read as follows:

"The terms 'forest road or trail' means a road or trail wholly or partly within or adjacent to and serving the national forests and other areas under Forest Service Administration.

"The term 'forest development roads and trails' means those forest roads or trails of primary importance for the protection, administration, and utilization of the national forest and other areas under Forest Service administration or where necessary, for the use and development of the resources upon which communities within or adjacent to the national forest and other areas administered by the Forest Service are dependent."

FOREST DEVELOPMENT ROADS AND TRAILS

SEC. 11. Subsection (c) of section 205 of title 23, United States Code, is amended to read as follows:

"(c) Construction estimated to cost $15,000 or more per mile or $15,000 or more per project for projects with a length of less than one mile, exclusive of bridges and engineering, shall be advertised and let to contract. If such estimated cost is less than $15,000 per mile or $15,000 per project for projects with a length of less than one mile or if, after proper advertising, no acceptable bid is received or the bids are deemed excessive, the work may be done by the Secretary of Agriculture on his own account."

URBAN AREA TRAFFIC OPERATIONS IMPROVEMENT PROGRAMS

SEC. 12. Chapter 1 of title 23, United States Code, is hereby amended by adding the following new section 135 thereto:

"§ 135. Urban area traffic operations improvement programs

"(a) The Congress hereby finds and declares it to be in the national interest that each State should have a continuing program within the designated boundaries of urban areas of the State designed to reduce traffic congestion and accidents and to facilitate the flow of traffic in the urban areas.

"(b) To accomplish this objective the sums available for expenditure for the purposes of this section shall be used for projects which include but are not limited to those which directly facilitate and control traffic flow.

"(c) The sums available for expenditure for the purposes of this section shall be apportioned in accordance with section 104(b)(3).

"(d) The Federal share payable on account of any project authorized by this section shall be that provided for in section 120(a) of this title. Sums available for expenditure for the purposes of this section shall be used to finance the Federal share payable under this section.

"(e) The provisions of chapter 1 of this title relating to the obligation, period of availability, and expenditure of Federal-aid primary highway funds shall apply to the sums available for expenditure for purposes of this section."

SEC. 13. The analysis of chapter 1 of title 23, United States Code, is hereby amended by adding thereto, in the appropriate numerical order, the following:

"Sec. 135. Urban area traffic operations improvement programs."

FRINGE PARKING FACILITIES

SEC. 14. Chapter 1 of title 23, United States Code, is hereby amended by adding the following new section 139 thereto:

"FRINGE PARKING

"SEC. 139. (a) It is hereby declared to be in the national interest, in furtherance of the orderly development of balanced transportation systems based on a continuing comprehensive transportation planning process, to encourage and assist the States in the development of publicly owned parking facilities outside central business districts to reduce traffic volume and increase the mobility and safe flow of traffic on highways and streets within urban areas of more than fifty thousand population.

"(b) The Secretary may approve, as a project under this title, the acquisition of land adjacent to the right-of-way on any Federal-aid highway system outside a central business district, as defined by the Secretary, and the construction of publicly owned parking facilities thereon or within such right-of-way, including the use of the air space above and below the established grade line of the right-of-way, to serve an urban area of more than fifty thousand population. Such parking facility shall be located and designed to permit its use in conjunction with existing or planned mass transportation facilities. In the event fees are charged for the use of any such facility, the rate thereof shall not be in excess of that required for maintenance and operation.

"(c) The Federal share payable on account of any project authorized by this section shall be 75 per centum. Sums apportioned in accordance with section 104 of this title shall be used to finance the Federal share payable under this section.

"(d) The Secretary shall not approve any project under this section until the following conditions have been satisfied:

"(1) The State highway department has provided assurances satisfactory to the Secretary that the State, or a political subdivision thereof, or a public parking authority, is authorized and capable of constructing, maintaining, and operating the facility;

"(2) The design standards for construction of the facility have been concurred in by the Secretary, which shall be developed in cooperation with the State highway department; and

"(3) The Secretary and the State highway department or other appropriate public agency have entered into an agreement governing the financing, maintenance, and operation of the facility.

"(e) The term 'parking facilities', for purposes of this section, shall include access roads, buildings, structures, equipment, improvements, and interests in lands."

"(f) The Secretary shall not approve any project under this section unless he determines that it is needed for carrying out a plan, completed or under active preparation, for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area."

SEC. 15. The analysis of chapter 1 of title 23, United States Code, is hereby amended by adding thereto, in the appropriate numerical order, the following:

"Sec. 139. Fringe parking."

Secretary Boyd, it is a pleasure to have you. Will you and your associates please take the chair and you may proceed.

STATEMENT OF HON. ALAN S. BOYD, SECRETARY OF TRANSPORTATION; ACCOMPANIED BY HON. LOWELL K. BRIDWELL, FEDERAL HIGHWAY ADMINISTRATOR, DEPARTMENT OF TRANSPORTATION; FRANCIS C. TURNER, DIRECTOR OF BUREAU OF PUBLIC ROADS; DR. WILLIAM HADDON, JR., DIRECTOR, NATIONAL HIGHWAY SAFETY BUREAU; AND DR. ROBERT BRENNER, DEPUTY DIRECTOR, NATIONAL HIGHWAY SAFETY BUREAU

Secretary BOYD. Thank you, Mr. Chairman and members of the committee, it is always a pleasure to appear before this committee.

This morning I would like to testify on the Federal-Aid Highway Act of 1968. I have with me Mr. Lowell K. Bridwell, Federal Highway Administrator, Mr. Francis C. Turner, Director of the Bureau of Public Roads, Dr. William Haddon, Jr., Director of the National Highway Safety Bureau, and Dr. Haddon's Deputy, Dr. Robert Brenner.

We have prepared for the record a detailed analysis of H.R. 17134, introduced by request, which comprises the administration program; and by reference, H.R. 16994, introduced by you, Mr. Chairman, and the chairman of the full committee. I shall confine my remarks to a summary of the significant proposals and the reasons behind some of the new proposals.

The ABC program continues unchanged from the 1966 level, with $1 billion annually requested for fiscal years 1970 and 1971 for the Federal-aid primary and secondary systems and their urban extension.

We are asking the Congress to extend the completion date for the Interstate System from 1972 to 1974 and to add $8.340 billion to the present interstate authorization. That will give us a final cost figure for the Interstate System of approximately $50.640 billion.

The administration bill would revise the schedule of authorization of appropriations to make possible the completion of the 41,000-mile Interstate Highway System. It would increase the amounts for fiscal years 1970, 1971, and 1972 to $4 billion annually. It also would add new authorization of $4 billion for fiscal year 1973 and $2.225 billion for fiscal 1974.

About 6,000 miles of the Interstate System are in metropolitan areas and about half of that mileage remains unbuilt, partly because of its high cost and partly because people who live in the cities have asked us to take another look at the functions of an urban highway from their standpoint. This we have done and some of the results are evident in this proposed legislation.

On a more comprehensive basis than ever before, this omnibus bill recognizes that population trends have made city problems national problems, and therefore provides Federal funds for various solutions to urban highway problems.

So what we are proposing are new programs—programs to improve the traffic capacity of existing roadways, to provide Federal funds for fringe parking spaces, to permit States to buy land for highways as long as 7 years in advance of need, and to expand the new highway safety programs and supportive research.

Not part of the administration bill, but basic to it is a necessity for devising a new formula for compensation of homeowners dislocated by Federal-aid highway construction.

When we sent the authorization bill to Congress, we stated that the administration would present a position on this important question. This has been done by both testimony and letter by Philip Hughes, Deputy Director of the Bureau of the Budget. We fully subscribe to the principles expressed by Mr. Hughes and urge their incorporation in the Federal-aid highway legislation.

We believe that the Federal Government should require a uniform system by which decent, safe, and sanitary housing is provided to those who must be relocated as a result of federally assisted highway construction.

Federal aid has previously emphasized the improvement of principal urban arterials through construction. Our preliminary experimentation with a program known as topics—traffic operations program to increase capacity and safety—convinces us that we can increase the traffic-carrying capability of existing heavily traveled city streets and highways by 20 to 25 percent through traffic engineering and operational improvements. They would include projects that directly facilitate and control traffic flow in and through urban areas, such as left-turn lanes and reserve lanes for buses; special turnout areas where trucks can load or unload; pedestrian overpasses; traffic channelizations; and installation or modernization of traffic control and surveillance systems.

We are asking for $250 million a year for this program beginning in fical year 1970 through 1974.

The program will be administered on a 50–50 matching basis, in much the same manner as the regular Federal-aid ABC programs, following generally the same guidelines previously issued by the Bureau of Public Roads, but also taking into account new approaches to traffic engineering as they evolve from research and experience.

To coordinate the urban highway program with the urban mass transit program being transferred to our Department July 1, we are proposing for the first time to provide Federal assistance for fringe parking in large urban areas.

I note with regret that this provision is omitted from the committee bill.

The administration bill, however, would make it possible for us to pay 75 percent of the cost of fringe parking spaces if they were tied in with mass transit systems that would distribute people to the downtown area. Such parking facilities would have to be adjacent to Federal-aid highways serving urban areas of more than 50,000 population.

This program will encourage increased use of mass transit by providing conveniently located, economical parking facilities. Where authorized, the parking facilities can be built on, over, or below the highway right-of-way. No increase in appropriations is provided but States have the option to designate land acquisition and facility construction for fringe parking as a highway project by encouraging the use of mass transit facilities.

The primary purpose in Government financing of inexpensive fringe parking is to reduce the number of vehicles using overloaded highways in the downtown area. This could in turn reduce the need for extensive improvements on these facilities. Available studies indicate that about 10 percent of total downtown work trip demand may be transferred to fringe parking in cities between 500,000 and 1 million population. This would have an added benefit of reducing the overload on downtown parking and freeing street lanes for vehicle movement.

The estimated need is for 367,000 fringe spaces by 1975 at a cost of $387 million.

Another "first" in the bill would make it possible for States to spend up to 2 percent of their allocation for advance acquisition of property for highways. The law now forbids this. As a result, highway planners often are forced to watch industrial or commercial construction proceed on land they know is part of a long-range highway program. This bill would make it possible for them to buy land as many as 7 years in advance of actual need. It will cut eventual costs in many cases and will make it easier for cities to practice effective land-use planning.

As I am sure you know, we have not yet received authorization for fiscal 1968 for the highway beautification program. Since it is so late in the fiscal year, the bill proposes to pick up the program in fiscal 1969 with authorizations of $85 million in each year for 3 years.

This would put these authorizations on the same fiscal year basis as the biennial ABC highway program authorizations.

The bill would provide $5 million for outdoor advertising control programs; $10 million for screening junkyards; and $70 million for landscaping, the purchases of scenic easements, and other measures.

Last year your committee held very comprehensive hearings concerning the Highway Beautification Act, with particular emphasis on outdoor advertising control. These hearings clarified the issues and removed the uncertainties which had inhibited the implementation of the program up to that time. Since then we have been making steady progress.

In the past year some 17 outdoor advertising control agreements have been signed, and we are close to agreement with a number of other States. Thirty-one State legislatures have enacted laws providing for control of outdoor advertising and the legislatures of other States are presently considering such legislation, or will do so during their next regular session, many in early 1969.

This progress has been brought about, I am pleased to say, without invoking the penalty provision in section 131(b) of the act. The Department stated last year that we had no expectation of imposing any penalties during the year 1968, or even in early 1969 if a State legislature would not have an opportunity to act during 1968.

Section 8(c) would authorize the sum of $70 million for each of the fiscal years 1969, 1970, and 1971 for landscaping and scenic enhancement of Federal-aid highways.

Of the three titles in the Highway Beautification Act, the landscaping and scenic enhancement provision has had the most immediate and favorable impact upon the public. All States are participating in the program, and obligations to date total $120 million in Federal funds, as follows: $31 million for landscaping; $29 million for 5,400 scenic easements, and $60 million for 510 roadside rest areas.

We are requesting an authorization of $33 million for forest highways and $16 million for public lands highways in each fiscal year 1970 and 1971. We are again recommending, however, that these programs be financed from the highway trust fund rather than the general funds since the highways are similar in character and use to Federal-aid highways and logically should be financed in the same manner.

Finally, on safety, we are asking for an increase in the budget for safety research and for a continuation of the automobile and highway safety programs.

These programs are beginning to save lives. But in order to maintain their effectiveness, we must continue to invest in research. For that reason, we are proposing a gradual increase in research funds to a level of $40 million by 1971.

Under the highway safety program we have published standards covering driver education, vehicle inspection, alcohol, highway design, and other areas. If you just read the figures in section 6, you might get the impression that the program tapers off in 1971. What the figures actually mean is this: Congress has already authorized us to obligate a total of $267 million—$67 million of that authorized for fiscal 1967, and $100 million each for fiscal 1968 and fiscal 1969. These authorizations extend for 2 years each, so we now have authorization to obligate funds through the end of fiscal 1971.

We will have obligated through June 1968 only $27 million of that money—partly because of a limit of $25 million that was placed on this year's budget. So we still have $240 million.

We are asking the Congress to add $50 million in fiscal year 1970 and another $75 million in 1971. I emphasize this because the amounts requested in 1970 and 1971, if taken by themselves, would seem to indicate a tapering off of the program. Actually because of the carryover of the authorization, we expect to have the authority to obligate a total of $225 million in 1970.

To qualify for assistance under this program, each State is required to improve safety programs in conformance with national standards promulgated by the Department.

The Department has been pleased with the way the States have responded to the highway safety program. For example, 34 States have enacted enabling legislation implementing the motor vehicle inspection; nine States adopted legislation for emergency medical services; 10 States have enacted implied consent laws; 13 States have enacted special motorcycle licensing laws; 26 States and the District of Columbia have enacted laws to strengthen general driver licensing statutes; 13 States have enacted laws for licensing of commercial driver training schools and instructors; and 33 additional States have adopted motorcycle helmet laws.

Mr. Chairman, this completes my discussion of the provisions of the Federal-Aid Highway Act of 1968.

We believe the bill lays out a comprehensive program for attacking urban highway problems. It is not ours alone. It reflects months and years of study and thought by the Congress, by highway engineers, by architects and city planners, by just about everyone concerned with relationship between transportation and the city.

The shape of the future highway program will depend in large degree on the decisions of the Congress on this legislation. May I respectfully urge this committee to make these decisions in accord with the provisions of H.R. 17134.

Thank you for permitting me to appear before you. My colleagues and I are ready for questions.

Mr. KLUCZYNSKI. Thank you, Mr. Secretary, for that fine statement.

Mr. Secretary, you refer to a letter and testimony by Mr. Hughes of the Bureau of the Budget. To whom was the letter sent? Where and when was the testimony presented? And what did Mr. Hughes say?

Mr. BRIDWELL. Mr. Chairman, may I respond to your question?

Mr. KLUCZYNSKI. Mr. Bridwell.

Mr. BRIDWELL. The letter referred to was sent by Mr. Hughes to the Senate Subcommittee on Government Operations, chaired by Senator Muskie of Maine.

We will supply for the record a copy of the letter of report on legislation under consideration by that committee and a copy of the statement made by Mr. Hughes. We do not have those copies with us. However, we are prepared to discuss the contents of that.

(Material referred to follows:)

STATEMENT OF PHILLIP S. HUGHES, DEPUTY DIRECTOR, BUREAU OF THE BUDGET

Mr. Chairman and members of the committee, we are here to discuss S. 698, "The Intergovernmental Cooperation Act," which was introduced by the Chairman of the Subcommittee, and other related measures which have as their purpose the enhancement of our system of federalism and the improvement of the quality of American Government.

The purpose of S. 698 is to make more workable the machinery of our Government through achieving the fullest possible cooperation and coordination of activities at the Federal, State, and local levels in—as the bill phrases it—"an increasingly complex society." To achieve this purpose the bill as introduced is designed to: (a) improve the administration of grants-in-aid to the States; (b) permit provision of reimbursable technical services by the Federal Government to State and local governments; (c) establish coordinated intergovernmental policy and administration of grants and loans for urban development; (d) provide for periodic congressional review of grant-in-aid programs; (e) authorize the consolidation of certain grant programs; (f) provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs; (g) establish a uniform relocation assistance program, and (h) establish a uniform land acquisition policy for direct Federal and federally aided programs.

Finally, the measure as recently amended by Senator Muskie would aim at improving the accounting, auditing, and financial reporting requirements associated with Federal assistance funds.

The present legislation before this Subcommittee is the direct lineal descendent of previous congressional consideration over the last several years of intergovermental cooperation acts, all of which have been sponsored by the Chairman of this Subcommittee.

Last year the Advisory Commission on Intergovernmental Relations requested our assistance in developing an intergovernmental cooperation act. After discussions with the various affected Federal agencies and with the Advisory Commission, agreement was reached on a measure transmitted by the ACIR containing five titles which are identical or substantially similar to corresponding titles of S. 698.

My testimony today will also take into account this measure as it relates to the relevant titles of S. 698.

Previous Bureau testimony in 1965 and 1966 emphasized the growing importance of cooperative federalism reflected in the significant enlargement of Federal aid to State and local governments to deal with problems of national concern. In the fiscal year 1969, the total of Federal grant programs dealing with national goals in a joint endeavor by Federal, State, and local units of government will exceed $20 billion dollars. In that fiscal period, such Federal financial assistance to State and local governments under existing and proposed programs will total an estimated $20.3 billion, of which there will be net expenditures of $15.5 from regular budget accounts and $4.8 from the Highway and Unemployment Trust Funds.

In ten years, total Federal aid will have more than tripled, rising from $6.7 billion in 1959 to an anticipated $20.3 billion in 1969. It is estimated that, in the same decade, expenditures by State and local funds also will have more than doubled.

The fastest growing grants are those to advance the war on poverty, to provide decent medical care for the needy, to improve the facilities and services in our urban centers, and to upgrade the elementary and secondary educational opportunities available to children of low-income families. Between 1965 and 1969, grants administered by the Office of Economic Opportunity will show an increase of $1.3 billion, and those for the new elementary and secondary education program will rise by $1.4 billion. During the 1967–69 period alone expenditures for Medicaid will grow some $949 million, and those for housing and community development will rise $1 billion.

Total aids for metropolitan or urban areas have risen from $4 billion in 1961 to an estimated $12 billion in 1969. Thus, Federal aids benefiting urban areas have grown by about $8 billion—nearly tripling in less than a decade.

The effective administration of Federal aid programs has received increasing attention in the last several years. The Bureau's concern has been both with the budgetary impact of grant expenditures, and with the means of coordinating the growing number of grant programs as well as devising measures for the more effective management of cooperatively financed Federal programs.

The Bureau of the Budget has consistently supported the purposes of an Intergovernmental Cooperation Act. My testimony will be directed almost entirely towards those portions of S. 698 where significant problems or issues arise.

I intend now to turn to discussion of the individual titles of the bill. *Title I* deals solely with definitions, and we continue to support *Title II*, designed to improved the administration of grants-in-aid to the States.

We also favor the provisions of *Title III* which would authorize all Federal departments and agencies to provide specialized or technical services on a reimbursable basis to State and local governments. We are fully in accord with the proviso that such services shall include only those which are not reasonably and expeditiously available through ordinary business channels.

Title IV of S. 698, dealing with coordinated intergovernmental policy and administration of grants for urban development, differs slightly in language from the provisions of Title IV of the ACIR bill. It would be our suggestion here that the provisions of S. 698 be conformed to the Commission's bill.

The Bureau is in accord with the aim of assuring periodic congressional review of Federal grant-in-aid programs, as is provided for in *Title V*, and in S. 458 and S. 735. We doubt, however, either the feasibility or desirability of an arbitrary five-year termination date for such programs.

Also, I wish to reaffirm our earlier views that the Congress itself should conduct the periodic reviews. We believe that periodic review of grant programs by the Comptroller General or other bodies could not be as effective or serve the same purpose as a review by the relevant congressional committee, and that any review of grant programs should be initially limited to new programs.

Title VI of the bill would authorize the President to follow a procedure based on the Reorganization Act of 1949 to consolidate grant-in-aid programs. Thus, it attempts to deal with one of the most significant problems affecting intergovernmental relations—the multiplicity of narrow categorical grants.

Under Title VI, the President would be authorized to prepare plans to consolidate individual grant-in-aid programs within the same functional area when he finds consolidation to be desirable or necessary. Each plan could provide for a single consolidation and would have to place responsibility in a single agency and specify the grant formulas for the consolidated program. Such plans, like reorganization plans, would be transmitted to the Congress by the President. Congressional action would be governed by a procedure similar to that under the reorganization statute, expect that the Congress would have 90 days to reject grant consolidation plans rather than the 60 days provided for disapproval of a reorganization plan.

If Title VI is narrowly interpreted, it adds very little to the authority which the President already has under the reorganization statute and might conceivably be construed as a limitation on that authority. Under the reorganization statute, the President has the authority to propose plans which may transfer functions involving any number of grant-in-aid programs. For example, Reorganization Plan No. 2 of 1968 transfers authority for a series of urban mass transportation grant programs from the Department of Housing and Urban Development to the Department of Transportation. Under Title VI each plan may deal with "only one consolidation of individual grant programs," and that must be within the same functional area.

Section 602(a)(2) of Title VI appears to be the only specific addition to the President's existing authority. It states that each grant consolidation plan "shall specify in detail the formula or formulas for the making of grants under the consolidated program. . . ." If that language is intended to authorize the President to include changes in matching and apportionment formulas in a grant consolidation plan, it goes beyond the authority contained in the reorganization statute. However, that authority by itself may not be useful since program consolidation would generally also require changes in eligibility, planning, and other requirements as well.

In addition, we believe the Committee should carefully consider the use of the type of procedure set forth in Title VI to deal with matters which go beyond questions of the internal organization of existing executive branch functions with which the President may deal under the reorganization statute. Grant consolidations, in most cases, would have to involve changes in existing functions and substantive law which are of major concern outside the executive branch.

While we have reservations about the approach used in Title VI, we share your concern about the current multiplicity of narrow grant programs. We believe some consolidation into broader program grants is desirable and have been working with various agencies to explore the possibility of developing such grants.

Title VII amends the Federal Property and Administrative Services Act by adding at the end thereof a new Title VIII—Urban Land Utilization. This Title would require the Administrator of General Services to give advance and "reasonable notice" to a responsible official of local governments before offering for sale any Federal real property located within an urban area as defined in the Act.

The Administrator also would be required to provide available zoning information to prospective purchasers of such property. He would additionally be required to the extent practicable to comply with local zoning requirements, to give advance notice of plans to acquire additional Federal property, and to consider objections by local governments to proposed Federal acquisition and use of real property in urban areas.

The Bureau of the Budget generally supports provisions of Title VII of this bill but believes that the provisions should be conformed to those contained in the Advisory Commission's bill

Title VIII of S. 698 is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs. This policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

Generally, we believe that Title VIII would establish a workable, uniform system for fair and equitable treatment of those displaced by such land acquisitions. However, we believe that it could be substantially improved in a number of respects to meet more adequately its objectives. If it is agreeable to the Committee, I would like to present for inclusion in the record at an appropriate point a statement containing detailed comments on Title VIII and at this time address our more significant recommendations.

First is the question of the method of financing the cost of relocation expenses for federally assisted programs and for programs which require State agencies to furnish land incident to a Federal public improvement project. This subject is covered in Sections 804 and 807(b). The net effect of both provisions is to require the Federal Government to pay 100 percent of the cost of relocation in most cases.

We agree that under these programs the same type of relocation payments, services and assurances as are required for Federal programs should be furnished. However, we believe that the cost of relocation should be considered as a part of the cost of the acquisition of land and should be borne by the party responsible for land acquisition. Where acquisition of land is a prerequisite to a project and the State agency normally would pay for the cost of the land, we believe that the cost of relocation should be the responsibility of the State agency. Where the cost of the land is shared on some type of a previously agreed-upon basis, or prescribed by law, we believe that the costs of relocation should be shared on the same basis.

Second, section 803(c)(2) requires assurance of the availability of adequate substitute dwellings within a reasonable period of time prior to displacement for all individuals displaced by the Federal Government. This assurance may be waived in periods of national emergency proclaimed by the President. We believe that there may be other cases when it will be in the national interest to proceed urgently with a land acquisition and that, therefore, the Government must have some additional flexibility in this regard. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire property for urgent national defense purposes when the President has not proclaimed a period of national emergency.

There may well be other situations in addition to the national defense when the Government must move swiftly to protect individuals or a community. We recommend revision of Section 803(c)(2) to provide that the President may prescribe by regulations those situations when such assurances may be waived.

Third, Title VIII does not recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe, and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally assisted programs. We believe this problem should be dealt with in Title VIII by providing for a payment of up to $5,000 which would represent an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards available on the private market.

Fourth, Section 802(b) provides that a displaced person who moves or discontinues his business may elect to accept an optional payment of up to $5,000. If, as we understand it, the intent of this provision is to recognize both the cost of moving and the economic impact of displacement, we recommend that it be clarified by authorizing the payment of (a) actual moving expenses plus (b) a payment equal to the average annual net earnings of the business or $2,500, whichever is the lesser.

Fifth, Section 803(d) would make three changes in Section 7(b)(3) of the Small Business Act. Under the current law some businesses are eligible for long term low interest loans, if they have suffered substantial economic injuries as a result of displacement by a federally aided urban renewal, or highway construction program, or by any other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also non-displaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs, but by also ". . . any other public improvement program. . ." and (3) to cover not only businesses injured by Federal or federally aided programs, but also businesses injured by wholly State or local programs. We are opposed to these amendments to the Small Business Act. We believe it is impractical to provide assistance to other than those who are actually displaced, and we believe it inappropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally aided programs.

Title IX of the bill would establish a uniform policy on land acquisition practices. We concur in the objectives of Title IX; but believe that certain amendments are desirable for purposes of clarification, permitting greater flexibility and more fully protecting the Government's interest.

Section 901(a)(3) concerns the establishment of a fair and reasonable price to be paid for property acquired. We interpret this provision as assuring that the Government will reimburse landowners in an amount which is fair and reasonable, commensurate with the appraised value of the land, and arrived at through mutual negotiation. We do not believe that the provision is intended to preclude effective negotiation or to establish a "one price" policy. Since some of the administering agencies so interpret the section, we recommend that the legislative history make it clear that a hard and fast "one price" policy is not intended.

Section 902 provides that when real property is acquired, the fair market value for such property should be paid therefor unless it is the intention of the seller to convey the property for less than fair market value. We concur with this provision.

Section 903(c) provides that in determining the extent of real property to be acquired and the evaluation thereof, we should pay for tenants' improvements even though the tenant may be required to remove the improvements by a contract with the owner of the land. The Department of Justice and some of the major land owning agencies point out that the present language might cause the Federal Government to pay both the property owner and the tenant for the improvements. We will be glad to provide language to assure that the interest of the United States will be protected and the objective of the provision accomplished.

Section 904 provides that an acquiring agency shall reimburse the seller for all reasonable expenses incidental to the transfer of title to the Government. We favor the objective of this provision, but recommend certain minor amendments concerning the timing of the payment and limitations on reimbursement to sellers for mortgage penalty costs. We will provide language to improve this section.

Section 905(b) details those land acquisition policies that State agencies will be required to follow after January 1, 1970 to obtain approval of grants, agreements, or contracts for Federal financial assistance where acquisition of land or of any public improvement is part of the cost. We recommend that this provision be amended to defer the effective date of the requirement for three years after enactment to allow State and local governments sufficient time to make necessary changes in their laws.

Section 905(b)(3) provides for the acquisition of tenants' improvements in federally assisted programs. The purpose of this section is identical to the purpose of section 903(c) which is applicable to Federal programs. We have already recommended certain revisions to section 903(c). We believe that the two sections should be identical.

Section 906 provides that effective January 1, 1970, certain specified sections of the Housing and Urban Development Act of 1965 are repealed. We have already recommended that the effective date for the requirements of Federal aid specified in Section 905(b) be changed to three years after enactment. We would make the same recommendation concerning repeal of the specified sections of the Housing and Urban Development Act of 1965.

The purpose of *Title X* is to encourage simplification and improve coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, and to provide for a survey of the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions. Additionally, this title of the bill places new responsibilities upon the Comptroller General of the United States in respect to the financial administration of grant programs at the State and local levels, including the promulgation of rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs. This title of the bill would also require a joint study by the Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget, looking towards improvement of the financial administration of grant programs at the Federal and local levels.

We agree that there is need for improving the financial management of grant programs through more simplification and better coordination of accounting, auditing, and reporting activities. The Committee may be interested to know that in 1965 the Bureau of the Budget issued Circular No. A–73, the purpose of which is to promote improved audit practices and to achieve more efficient use of manpower through improved coordination of the efforts of Federal, State, and local government audit staff.

In this regard the Committee may also be interested to know that just last week the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget agreed to launch, under the auspices of the joint financial management improvement program, an interagency study in this area. We recommend deferral of legislative action on this title of the bill pending completion of the interagency study.

In conclusion, Mr. Chairman, I simply reiterate that the Bureau of the Budget believes the objectives of the Intergovernmental Cooperation Act are most meritorious and will make a positive contribution to a stronger and more effective American federalism.

TITLE VIII—UNIFORM RELOCATION ASSISTANCE

Title VIII of the bill would establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs or by related activity in public improvement programs. Title VIII states that this policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

The House Public Works Committee's Select Subcommittee on Real Property Acquisition issued a staff report in 1965 which clearly documents the case that the Federal, State and local governments are falling far short of equity in treatment of those displaced by governmental programs. The Bureau of the Budget favors enactment of legislation which would minimize inequities which exist when land is acquired for use in a Federal or federally assisted program.

Generally, Title VIII would establish a workable, uniform system for fair and equitable treatment of individuals displaced by acquisition of real property in Federal and federally assisted programs. However, in an effort to improve the bill, we have a number of recommendations and also offer some technical suggestions.

Section 802(b) provides that under certain circumstances, a displaced person who moves or discontinues his business may elect to accept an optional payment of up to $5,000. We understand thaat the intent of this optional payment is to cover both (1) the cost of moving and (2) a readjustment allowance payment to assist small businesses in making up for the economic impact of displacement. If this is in fact the intent, we recommend that Section 802(b) be revised to treat these two purposes more clearly by providing for two separate payments; one for actual moving expenses and one for economic readjustment. Accordingly, Section 802(b) should be amended as follows: Delete the first sentence in Section 802(b) beginning on line 19, page 33 "If" and ending on line 2, page 34 with "lesser." Substitute the following for this sentence: "In addition to the payment authorized by Subsection (a) of this section an additional payment is authorized for any displaced person who moves or discontinues his business provided the average annual net earnings of the business are less than $10,000 per year. This payment shall be in an amount equal to the average annual net earnings of the business or $2,500, whichever is the lesser."

Section 802(c)(3) provides that should a displaced person who moves from a dwelling select an optional payment in lieu of reimbursement for fair and reasonable expenses as provided by 802(a), he would receive $300 in addition to the allowances provided by 802(c)(1) and 802(c)(2) if he purchases a dwelling for purpose of residence within one year from the date of actual displacement. This payment would be made only if the displaced person selects the optional payment. We would like to invite the Committee's consideration of whether or not this payment should also be made to a displaced person who elects to receive fair and reasonable relocation payments as provided by Section 802(a).

The provisions of Title VIII fail to recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally-assisted programs. Accordingly, we invite the Committee's consideration of the following amendment to be inserted as subsection 802(f), with the present subsection (f) redesignated (g).

"(f)(1) In addition to amounts otherwise authorized, the head of such Federal agency may make a payment to the owner of real property which is acquired for the project and which is improved by a single- or two-family dwelling occupied by the owner for a period of not less than one year prior to the initiation of negotiations for the acquisition of such property. Such payment, not to exceed $5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market: *Provided*, that such payment shall be made only to a displaced owner who purchases and occupies a dwelling within one year subsequent to the date on which he is required to move from the dwelling acquired for the project.

"(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of paragraph (1) above for all agencies makng such payments."

Section 802(f) of the bill would make all functions performed under Section 802 subject to the provisions of the Act of June 11, 1946 and judicial review. The Department of Justice and the major real property acquiring agencies advise that this provision would unnecessarily burden property acquiring agencies with the expense of making a record upon which defense of their determinations may be based and will add to the litigation load of the Department of Justice. Furthermore, it appears that under Section 802(f) only the publication, public inspection, and judicial review provisions of the Administrative Procedure Act would be applicable, although the "all functions performed under this section" language carries the implication that administrative determinations must be made in accordance with all the requirements of the Administrative Procedure Act. In the latter circumstance the expense to agencies would be considerable, and delays in making payments would detract from some of the intended benefits of the bill.

The primary purpose of Section 802(f) is to give recognition to the principle that the payments authorized by Section 802 should be viewed as rightful compensation of persons displaced by Federal programs. The need for this provision would appear to be more theoretical than practical. The Department of Defense advises that during 15 years it has administered thousands of applications for payments for relocation costs under its broad authority (10 U.S.C. 2680) with a negligible number of appeals from displaced individuals to the Department. We believe that the objective of this provision can be achieved by making clear that the provisions of Section 802 as regards relocation payments would represent congressional policy and that the heads of agencies would be responsible for its faithful execution. For the language now in Section 802(f) we recommend substituting:

"Any person aggrieved by a determination as to eligibility for a payment authorized by this section, or the amount of a payment, may have his application reviewed by the head of the agency, whose determination shall be final, and no provision of this section shall be construed to give any person a cause of action in any court."

Section 803(a) of the bill provides for a relocation assistance program not only to individuals actually displaced from the acquired property but also to those who occupy property *adjacent* to the acquired property and who are caused substantial economic injury by the acquisition.

We believe it is impractical to determine where to stop Government assistance if indirect effects of Government acquisition are to be considered. For example, a business operating one block (or farther) from the property taken might be affected more than one adjacent to it. Suppliers or customers of businesses adjacent to such property may also be adversely affected if those businesses move or cease operations. Moreover, it would often be impossible to determine whether the decreased profits or losses suffered by an adjacent business were actually caused by the property acquisition or by other factors. We are convinced that aid to those indirectly affected should be confined to that generally available, such as loans and advisory services from the Small Business Administration or assistance under the Manpower Development Training Act. We therefore recommend that the balance of Section 803(a) beginning with "If the head of such agency" on line 18, page 38, be deleted.

Section 803(c)(2) would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period of time prior to displacement. The last clause of *Section 803(c)(2)* provides for waiver of the assurance requirement in periods of national emergency proclaimed by the

President. We believe that there may be other cases when it will be in the national interest to proceed with a land acquisition project even though the Government cannot assure comparable housing within an individual's financial means. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire real property for urgent national defense purposes when the President has not formally proclaimed a period of national emergency. This situation arose during the Cuban crisis when it was necessary to obtain certain properties and thousands of cableline easements were urgently required for the installation of Minute Man Launching Sites and easements for the control of such launching for the protection of this Nation. Under the then existing world situation, any delay which would have resulted to enable assurance of housing could have resulted in incalculable dangers or risks.

There are other situations in addition to the national defense of the country when the Government must move swiftly to protect individuals or a community. Some of these may be caused by natural disasters such as floods or earthquakes, or sometimes it has been our experience when excavations are made for the basement and piles are driven for the new building, large timber supporting footings of adjacent buildings are endangered. Such is the case surrounding the new Foley Square Courthouse, an office building in New York City, New York. We believe it is desirable to provide sufficient flexibility in the relocation requirements of the bill to enable a distinction to be made when circumstances similar to those described above may arise.

Therefore, we recommend revision of this section to provide that the President may provide by regulations situations when such assurances may be waived. This can be accomplished by deleting the balance of Section 803(c)(2) beginning with "such assurance" on line 18, page 39, and substituting the following: "the President may prescribe by regulation situations when such assurances may be waived; . . ."

Section 803(d) would make three changes in Section 7(b)(3) of the Small Business Act. Under the current law, small businesses are eligible for long term, low interest loans if they have suffered substantial economic injury as a result of displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also non-displaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs but also by ". . . any other public improvement program . . ." and (3) to cover not only businesses injured by Federal or federally aided programs but also businesses injured by wholly State-run programs.

The Bureau of the Budget is opposed to these amendments to the Small Business Act. As noted in our comments on Section 803(a), we believe it is impractical to provide assistance to other than those who are actually displaced. Further, we do not believe it is appropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally assisted programs. Accordingly, we recommend that Section 803(d) be deleted.

Section 804 provides that when lands are acquired by a State agency for a Federal public improvement project, such acquisition shall be deemed to be an acquisition by the Federal agency having authority over the project for purposes of providing relocation payments, assistance and assurances. The staff report of the House Public Works Committee's Select Subcommittee on Real Property Acquisition included a bill with such a provision. That report states that the reason for this provision is to assure relocation assistance for individuals displaced when local interests provide the necessary lands for Federal projects, as in the case of flood control projects. The Corps of Engineers requires localities to furnish lands, easements, rights of way, and relocation of utilities in these and certain other water resource projects.

We agree with the intent of Section 804 to provide relocation assistance for displaced individuals in public improvement projects, as in the case of acquisitions of property by a Federal agency. However, when land is furnished incident to a Federal public improvement project, relocation should be the responsibility of the State agency as a prerequisite to the acceptance of the properties for project purposes. Relocation expenses should be considered an essential cost of the acquisition and borne by the party responsible for land acquisition.

In addition, we do not believe that the present arrangements for cost sharing should be disturbed because the study of the Water Resources Council (established by P. L. 89–80) on this subject is not complete. Pending the outcome of the Council study, present cost sharing arrangements should not be disturbed and the relocation expense should be considered part of the land acquisition cost for Federal public improvement projects and be borne by the local agencies.

Accordingly, we recommend that the following be substituted for Section 804:

"Sec. 804. Whenever real property is acquired by a State agency for a Federal Public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost."

Section 805 would authorize the President to make such rules and regulations determined necessary to carry out the provisions of the Act and also would prescribe minimum legislative guidelines. *Section 805(a)(2)(A)* would limit reimbursement to acual and reasonable expenses in searching for a replacement farm to those individuals who are displaced from a farm operation. The Department of Defense advises that it has followed the policy of reimbursing persons in locating all types of replacement property and can find no reason to limit the reimbursement to farms. The General Services Administration also recommends reimbursement for searching for all types of replacement property. Accordingly, we recommend that this provision be amended on page 42, lines 5 and 6 by deleting "in the case of a farm operation," and on page 42, line 7 by substituting "property" for "farm".

Section 805(a)(2)(B) would authorize a payment to businesses and farm operations which dispose of their personal property and replace such at the new location. This payment would be made whether or not any expense is actually incurred by displaced persons. The Department of Defense, under its present authority to make relocation payments, only authorizes the payment of the difference between the sale price and the cost of comparable replacement property, but not in excess of the cost of moving the property or its market value, whichever is less. Under the present language, the owner would be entitled to an amount equivalent to the full cost of moving irrespective of any difference between the disposal and replacement amounts. A displaced person who would dispose and replace personal property of a very low value, which is very bulky, heavy and costly to move might receive an unintended "windfall" if the present language remains in the bill. We believe that the present practice of the Department of Defense should be made applicable to all programs and we recommend that this provision be amended to read as follows:

"(B) if he disposes of personal property on moving his business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Section 807 details the requirements for approval of contracts or agreements State agencies must meet for Federal financial assistance, the type of relocation payments and assistance to be provided, and how the program is to be financed.

Section 807(a)(2) requires State agencies to make fixed relocation payments in the same amount and under the same terms and conditions as are required to be made by a Federal agency by subsection 802(b), (c), (d), and (e) of this title.

We believe there should also be authorized for federally assisted projects the payment for owner-occupants which we recommended as a new subsection 802(f). However, we understand that several States are considering legislation which would permit such payments as a part of the acquisition price under eminent domain rather than as a separately determined relocation payment. We believe this bill should prevent the possibility of double payment without, however, eliminating an area of experimentation. This can be accomplished by a provision prohibiting Federal assistance for a payment under this section if the owner-occupant receives a payment under state law which the head of the Federal agency determines to have the same purpose and effect and for which Federal assistance is available. Accordingly, we recommend the following language be inserted as subsection 807(a)(5):

"(5) A payment for owner-occupants under the same terms and conditions as are required to be made by Federal agencies by subsection 802(f) of this Act: *Provided*, That no such payment shall be required or included as a project cost under subsection 807(b) if the owner-occupant receives a payment required by State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 802(f) and to be part of the cost of the project for which Federal financial assistance is available."

Section 807(b) provides in the case of federally assisted projects that costs of relocation would be included in project costs and Federal financial assistance would be provided to the same extent as other project costs, except that the Federal agency would contribute the first $25,000 of the cost of providing a relocation payment to any displaced person. The effect of the proposal would be to have the Federal Government assume almost all relocation payments.

We believe that relocation payments are an essential element of project cost and see no reason to exempt the first $25,000 from the usual sharing requirements. Moreover, these relocation provisions will be administered by local agencies. They can be expected to administer the provisions more economically and efficiently if they are also required to bear the same portion of these costs as of other project costs involved. We believe strongly that relocation payments should be shared as other project costs. Accordingly, we recommend that the comma after "project costs" on line 24, page 45, be changed to a period and the balance of the sentence on lines 24 and 25 of page 45 and 1 of page 46 be deleted.

We believe that a new section should be added to this title to provide for the effective date of this title. This amendment is necessary to provide sufficient time for the assignment of responsibility and for drafting of regulations for direct Federal programs and to allow State and local governments sufficient time to make necessary changes in their laws and possibly their constitutions to permit the agreements required as a condition of Federal aid. We recommend the new *Section 811* should read as follows:

"This Act shall become effective 180 days after enactment, except that Sections 807, 808, and 810(a) (4), (5), (6), (7), (8), (9), and (10) shall become effective three years after enactment; *Provided*, that, commencing 180 days after enactment, the provisions of Sections 807 and 808 shall be applicable with respect to any contract, grant to, or agreement with a State agency, where such State agency is able under State law or local ordinance to agree to the requirements set out in Section 807(a) and the provisions of law governing relocation payments and assistance otherwise applicable to the provisions of Federal financial assistance to such State agency shall be superseded by this Act."

Bureau of the Budget Proposed Amendments to Section 903(c) and 904

Section 903(c)

Change the period at the end of the section to a comma and add as follows: "which determination of fair value and method used by the agency head shall be final and conclusive. *Provided*, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer and release to the United States all his right, title and interest in and to such improvements; *Provided further*, that no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law."

Section 904

(1) On line 1 of Section 904(a) after "agency," delete "not later than" and substitute "as soon as practical after."

(2) On line 14 of subsection 904(a)(2), after "property" delete "; and" and add as follows: "provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and"

Mr. Kluczynski. What did Mr. Hughes say in the letter?

Mr. Bridwell. Mr. Hughes stated a position for the administration on a uniform relocation assistance policy to be applicable to all Federal or Federal-aid programs throughout the Federal establishment.

The testimony and the position as expressed by Mr. Hughes had the following principal points: No. 1—and I will address this, if I may, Mr. Chairman, in terms of the highway program, rather than all Federal or all Federal-aid programs. Even though Mr. Hughes' testimony was addressed to all Federal or Federal-aid programs, I would prefer, if I may, to put it in the context of the highway program.

He stated the following principal points: That each State would be responsible for assuring that it will provide fair and reasonable relocation payments, rent supplements, and replacement housing payments prior to the approval of projects by the Secretary under section 106, that relocation assistance programs would be offered—that is, relocation assistance in the form of advice, help to individuals in finding replacement housing. And that a State highway department could rely upon any other State or local organization having an established organization for conducting relocation assistance programs to carry out this responsibility. That the Federal share of the cost of this program would be in the same proportion as, in this instance, the highway program to which it applied.

The Secretary would have the authority to establish criteria for decent, safe, and sanitary housing for relocatees, and that would determine the eligibility for any one of the assistance programs—namely, rent supplement or a replacement assistance amount. The replacement assistance amount would be limited to a maximum of $5,000, and the amount that a relocatee could claim would be that amount of difference between what he received for the purchased or condemned property under the traditional fair market system and the amount that he would have to pay for a decent, safe, and sanitary replacement dwelling.

In the instance of a tenant as distinguished from an owner-occupant, the Secretary would be authorized to supplement rents up to a maximum of $500 per year for 2 years; again the amount would be based upon the difference that he paid in rent for the place from which he was removed and the amount that he would have to pay for a new residence under the criteria of decent, safe, and sanitary housing.

Those are the principal modifications from the report which we previously submitted last year to the committee in response to its direction to make a study of right-of-way acquisition and relocation assistance policies and practices.

Mr. Kluczynski. Mr. Bridwell, you are talking about the relocating of tenants, families, and businesses?

Mr. Bridwell. Yes, sir.

Mr. Kluczynski. Also businesses. What is the amount toward the business for relocation?

Mr. Bridwell. The business is actual moving cost up to a maximum—it is actual moving cost and in addition to that, an additional payment would be authorized for any displaced business, the owner of which has an average annual net earning of less than $10,000. And that the additional payment to the business for this group would be an amount equal to the average annual net earning of the business or $2,500, whichever is less.

Mr. Kluczynski. Did you say $2,500?

Mr. Bridwell. Yes, sir. So it is actual moving cost plus up to $2,500 extra payment for businesses, the average annual net earnings of which are $10,000 or less.

Mr. KLUCZYNSKI. Under the urban renewal and HUD, isn't there a HUD figure of $10,000 for the relocation of business?

Mr. BRIDWELL. Under existing law, you are correct, Mr. Chairman, that under the urban renewal program there is a maximum of $25,000 for the relocation of a business. This is what we are pointing out is different in this sense, that instead of saying a maximum of $25,000, Mr. Hughes testified before the committee that the Federal Government should pay the actual moving cost and then, in addition to that, for businesses which earn net earnings of less than $10,000 a year, they should pay up to $2,500 in addition.

Mr. KLUCZYNSKI. Thank you. Mr. Bridwell, it is my understanding that the future before any further construction can get underway within urban areas you plan to be in a position to have persons or businesses who would be forced to move as a result of such construction already moved completely out of the way before any construction is undertaken. Would you explain to the committee how you intend to operate this phase of the program?

Mr. BRIDWELL. I believe, Mr. Chairman, you are referring to a section in which the Secretary, by statute, would be required not to approve any project until he received a series of assurances.

These assurances would be that fair and reasonable relocation payments, rent supplements, and replacement housing payments would be offered to those persons, families, businesses, which meet the criteria established in the proposed legislation; that relocation assistance in the form of advice, service, that type of thing, would be offered to these persons; that the State or its agency operating under contract would provide a feasible method for the temporary relocation of families and businesses required to move, and that over a reasonable period of time there would be available in areas not generally less desirable decent, safe, and sanitary dwellings as defined by the Secretary.

Mr. KLUCZYNSKI. Now, Mr. Secretary, I note you spoke about "I note with regret that this provision is omitted from the Committee bill." That is on the fringe parking. True, the chairman of the full committee and I introduced H.R. 16994 on May 2 and we deleted the fringe parking and the beautification from the bill sent to us by the administration. On May 8, Mr. Fallon, chairman of the full committee, and myself had introduced H.R. 17134, and we included beautification and fringe parking.

Now Mr. Secretary, fringe parking is completely a new program and a new concept. Would you care to elaborate in further detail beyond your prepared statement what is intended by this program?

Secretary BOYD. What is intended by this program primarily, Mr. Chairman, is to help the viability of cities particularly during the periods of peak-hour congestion.

There are two parts to this highway transportation system. One is the highway and another is a place to park the automobile. And there is rather severe shortage of parking facilities in most cities of this country today.

There is an opportunity to provide through this program we are submitting substantial parking facilities on the fringes of the central business district, or of the urban area, where primarily buses can pick up the people who park their cars there, get them downtown, without having all of the congestion which those cars would otherwise cause on the street, and provide them with a better service than they will be able to get if they continue to use their automobiles, as they are doing in increasing numbers, in the central business district.

In addition, the fact that the streets are being so heavily overused now and increasing the costs of maintaining those streets, we feel that this would provide both a better service to the public and, second, reduce by some extent the expenses of maintaining the existing city street system because of this heavy overuse.

Mr. KLUCZYNSKI. Mr. Secretary, we have heard some talk about, having in the future construction of highways, a separate lane for buses only. That is just in the talking stage?

Secretary BOYD. Yes, sir.

Mr. KLUCZYNSKI. But I wonder if you could elaborate on that?

Secretary BOYD. Yes, sir. This is included as one of the areas that would be pursued under the TOPICS program, which is also mentioned in my testimony.

To give you a specific example, we have been talking to the New York Port Authority and the State of New Jersey about the possibility of reserving a lane in the Lincoln Tunnel during rush hours for the movement of buses. This would increase very substantially the number of people who can get in and out of the city within a specified period of time over the number of people who could move strictly by private automobile.

Mr. KLUCZYNSKI. That was my next question. Another program you presented to the committee was the so-called Topics program.

The Chair recognizes the gentleman from Maryland at this time.

Mr. FALLON. Mr. Chairman, thank you very much.

Mr. Secretary, I have a question with regard to your discussion of fringe parking in the suburban areas of the city. Are you aware of an experiment that was made in Baltimore several years ago just out of the central city area where the Baltimore Stadium is located? They have an area there around the stadium where you can park about 5,000 cars, and because the ball games are mostly played at night, except on weekends, this great big parking area was available for the experiment. They could bring their cars from the north and northeast into the section of the city which is very heavily populated by thousands and thousands of cars in the inner city each day. The city provided free parking and the transit company buses were available there to take them into different parts of the central city.

When it was first inaugurated it looked like it was going to be a success but gradually fell off. It fell off to a point where the transit company couldn't afford to furnish the buses any longer. So what you are talking about, we have experimented with and failed.

I am wondering if it is not going to be the same, after these areas are built, if people are still going to want to use their automobiles, like they have, from their homes closer to the business where they won't have to get on a bus, and walk four or five squares, and back to the bus in the evening. It didn't work out in Baltimore. What makes you think it will work out any place else?

Secretary BOYD. I am glad you raised that point, Mr. Chairman. The fact of the matter is not only did it fail in Baltimore, it failed in Los Angeles, Calif., where they attempted the same thing at Hollywood Bowl which has a tremendous parking lot. I don't know the capacity. And it failed in Miami, Fla.

Now, there are several reasons for the failure, as best we can identify them. First and foremost, in a number of these cities, what happened was that you or I would drive to the parking lot, many times in an air-conditioned automobile, and we would get out, and we would wait a few minutes, maybe have to walk several blocks; and then we would get on an old junker of a bus which burned gasoline and stunk to high heaven, wasn't air conditioned, was hot and dirty, with a driver who was sweating under his collar and very much upset about the world in general; and the frequency of the service was not the way it should be because people don't like to wait. Incidentally, though, this same thing is working very well in New York. The New York Port Authority has a tremendous parking lot just across the river in New Jersey from the Lincoln Tunnel and that parking lot, which holds—I don't know; several thousand cars—fills up early every morning. Then buses take those people directly into the Port Authority Bus Terminal. So it is working in some cities.

Now this, I think, really gets to the heart of what is important about the Department of Transportation and it gets to the heart of what we have been talking about—a total transportation system.

There has got to be comparable service provided if people are going to use this service. Comparable service, in my mind, means buses that are clean, that are air conditioned, that have comfortable seats, and that moves with frequency.

Now with the transfer of the Urban Mass Transit Administration from the Department of Housing and Urban Development into the Department of Transportation, if we are able to get these fringe parking programs set up, we will be able, simultaneously, to work out the kinds of support for the community which will permit this kind of bus service to operate.

Mr. Fallon. Well, Mr. Secretary, I don't know the conditions of the buses in Baltimore, but from observation at the time the buses seemed to be a little bit more adequate than the buses you described. I have passed there many mornings—I wasn't going downtown but I was going to the railroad station—but from observing the buses they seemed to be new buses, air conditioned, and very comfortable.

Secretary Boyd. May well be.

Mr. Fallon. I don't think that was the reason in Baltimore. I think the reason was after the persons got off the bus, they didn't want to walk three or four squares to their office when they were used to parking much closer.

Secretary Boyd. Well, that may well be, Mr. Chairman, but I think the facts are also that if we continue to rely on the private automobile, these people are going to be walking three or four squares anyway, as new office buildings go up with insufficient parking space and no office building to my knowledge is putting in the parking space sufficient to take care of, (a) the tenants in the building, and (b), the business visitors to the building today.

Every time our chamber of commerce goes out and brings in new business and generates new downtown construction, they are making it more and more difficult for the individual to get in and out of town in his own automobile.

Mr. FALLON. Mr. Secretary, getting away——

Secretary BOYD. Would you mind, sir, Mr. Bridwell wants to shore up what I said.

Mr. FALLON. We will hear from Mr. Bridwell.

Mr. BRIDWELL. Mr. Chairman, I am not personally familiar with the demonstration project that was attempted in Baltimore. We perhaps can obtain information on that and find why it didn't work. Presumably there is a reason why it didn't work.

We are, however, familiar with a number of cases where it has worked and worked quite well. Two particular instances that I would cite, Mr. Chairman, are in Cleveland, Ohio, and in Milwaukee, Wis. However, without taking a lot of the time of the committee to go into them in detail, we do have documents which explain the fringe parking program and its combination with public transportation services for both Cleveland and Milwaukee, and I would like to offer them for reference if I may, Mr. Chairman.

Mr. FALLON. Mr. Chairman, the gentleman wants to ask unanimous consent to furnish the material.

Mr. KLUCZYNSKI. Without objection it will be made a part of the subcommittee files.

(The material referred to may be found in the subcommittee files.)

Mr. FALLON. Mr. Secretary, I understand the reorganization plan is about to go through the Congress in the near future, the reorganization plan No. 2.

Secretary BOYD. Yes, sir.

Mr. FALLON. And there will be no objection to it?

Secretary BOYD. Yes, sir.

Mr. FALLON. At least the time has already expired for objection?

Secretary BOYD. Yes, sir.

Mr. FALLON. What effect will the transfer from HUD to DOT have on the urban highway program? I mean, will it remain under the Federal Highway Administrator or will something else be set up to take care of it?

Secretary BOYD. The only effect of reorganization plan No. 2 is to transfer elements from the Department of Housing and Urban Development into the Department of Transportation. There is no reverse flow.

Mr. FALLON. Well, will the transfer and the people that make up that complement, both in HUD and in the Bureau of Public Roads—will that be put under the Administrator?

Secretary BOYD. The people who are in the Bureau of Public Roads will remain in the Bureau of Public Roads.

Mr. FALLON. I mean the supervision, the authority?

Secretary BOYD. There is no change within the Department of Transportation, Mr. Chairman, except for the fact that we are creating a new administration which is the Urban Mass Transit Administration. And all of the positions of the Urban Transit Administration of the Department of Housing and Urban Development will transfer en masse into the Urban Mass Transit Administration of the Department.

Mr. FALLON. Including the highway program in urban areas?

Secretary BOYD. There is no highway program in the Urban Mass Transit Administration in HUD.

Mr. FALLON. Well, will there be?

Secretary BOYD. No, sir. That urban mass transit program is authorized under the omnibus housing bill and has no provision for highway design, acquisition, or construction. It is strictly an urban mass transit program and it is related primarily to two things, to two operations. One is grants and loans for operation of bus systems; one is grants and loans for operation of rail rapid transit systems. In addition, there is provision in the authorization for research into urban mass transit technology.

Mr. FALLON. Mr. Secretary, in a letter to me on October 25, you stated that HUD would certify to the Department the adequacy of the continuing transportation planning processes in urban areas, that certification to your department by HUD would be advisory only.

Secretary BOYD. That's right.

Mr. FALLON. And you would not be bound by the recommendation of HUD.

Secretary BOYD. That is correct.

Mr. FALLON. Secretary Wood testified before the Government Operations Committee just 3 days before in which he made several statements that certification by HUD was the requisite and no plan could go forward without that certification.

Now there seems to be a conflict there in——

Secretary BOYD. That is incorrect. The fact of the matter is that the certification of the continuing comprehensive planning process is a requisite but it is a statutory requisite in the Federal Highway Act and there is no jurisdiction being transferred by the reorganization plan No. 2 from the Department of Transportation to the Department of Housing and Urban Development.

Mr. FALLON. Let me see if I get that clear. That means that although it is not certified by HUD, the planning and the building of highways is continuing on under the Federal Highway Administrator without that certification?

Secretary BOYD. That is correct, but I want to go on and make very clear that we expect HUD to participate with us in looking at this whole area of activity.

Mr. FALLON. Well, in what manner? How far does that go?

Secretary BOYD. It does not go to certification. It is an advisory situation.

Mr. KLUCZYNSKI. Thank you very much. The gentleman from Florida, Mr. Cramer.

Mr. CRAMER. Mr. Secretary, on that same subject, we presently have the highway planning agencies established under the existing law, which you just mentioned. They have been certified as planning agencies.

HUD, of course, in some instances, has now certified areawide planning agencies.

Are the presently certified-by-your-department planning agencies going to continue to have that function? Does HUD have to recertify those same agencies?

Secretary BOYD. No. No. However, where there are different agencies involved I expect to try, in conjunction with HUD, to get our operation so that we are dealing with the same planning agency for the area.

Mr. CRAMER. Well, that is exactly what I am concerned about. Pinellas County has, as you know, under your authorization, a planning agency in existence, statutory, as a matter of fact, by State law. Then there is an areawide planning agency certified by HUD. Who is going to have the final say-so relating to, No. 1, which agency shall be certified for highway planning and, secondly, on the local level, which agency shall have the authority?

Secretary BOYD. There is nothing, I repeat, in reorganization plan No. 2 changing any of the responsibility or authority of the Department of Transportation. However, I must say that the local planning agencies, whether they be HUD certificated or BPR certificated, are dealing with the same general responsibility, which is land use planning, and transportation within that land use planning concept. And there are not, to my knowledge, many instances where we have different agencies dealing with these two things.

Mr. CRAMER. Well, I gave you a specific example where, under section 204, of the model cities approach, an areawide agency has been established for the west coast of Florida, certified by HUD.

Secretary BOYD. I understood what you told us.

Mr. CRAMER. We have Pinellas County-wide area certified by Transportation. Who is going to make a decision?

Secretary BOYD. As it stands, they each make their own decisions and I think this puts the Federal Government in a fairly ridiculous situation if we get into conflict.

Mr. CRAMER. It sure does.

Secretary BOYD. I would hope this is the sort of thing that we can work out. I do not see the relationship of transportation and land use planning as being one of constant confrontation.

Mr. CRAMER. Well, I would hope that those agencies which have been certified or operational or financed or statutorally established have been working. I would hope that they would be given an opportunity to continue that certification and that work without having piled on top of that another agency, areawide, that also has to review and certify or submit plans already certified by the county agency. It looks to me like it is going to end up with endless redtape and nobody is going to have the final say-so. The areawide agency isn't even tooled up with finances or personnel qualified, in my opinion, to do the job.

Secretary BOYD. Of course I was just checking with Mr. Bridwell—my recollection is that section 204 today provides for review by the agency of the highway planning projects.

Mr. CRAMER. I would trust you would look into that matter and give it some pretty careful consideration, because otherwise we are going to have so many review agencies we won't get any construction done.

Secretary BOYD. This is already in the law, Mr. Cramer. And I agree with you that we ought not to have a proliferation of agencies. I do not think the Federal Government ought to be sending out and supporting field organizations whose main purpose in life is to fight each other.

I think that what I have told the Department of Housing and Urban Development is this: That there should be a great deal of commonsense applied to how we go about relating land use to transportation.

Now, actually a lot of this stuff we are talking about is just a bunch of hurrah, because if the job is done right it is going to be decisions at the local area on what kinds of communities they want and what kind of transportation system they want. And, so far as I am concerned, the Federal Government has got little business sitting up here in Washington and trying to figure out whether a boulevard should go northeast or southwest in Clearwater, Fla. I think the people in Clearwater who are elected and who decide on their own planning agency should have that decision and we would be well advised to get out of it.

Mr. CRAMER. It is too bad you don't administer 204 as well, that being your attitude. As you know, I have raised this question before, and I trust that now that you have this mass transit authority and so forth that you will continue the same attitude.

Mr. BRIDWELL. Mr. Cramer, may I introduce just one additional comment here.

Mr. CRAMER. Yes.

Mr. BRIDWELL. I am sure you are aware that under section 204 the designated transportation planning agency in any given urban area has only the authority to review and comment upon any project submitted to it under the highway program or any other program. And that it has no decisive authority or, in effect, veto authority.

Mr. FALLON. Will the gentleman yield?

Mr. CRAMER. Yes, I will yield.

Mr. FALLON. Just that point, we have been getting correspondence from several States. As a matter of fact, all but four States have asked the Congress to fully explore it. What is apparently happening is that the executive branch no longer accepts the concept of the relationship that has been going on for years between the local level and the Federal level. They seem to be exercising their will and control more and more all the time to a point where the States are complaining that it impedes progress of not only location but construction, planning, and engineering.

Are you aware of that, Mr. Secretary, of this feeling among many of the States in the country?

Secretary BOYD. I don't know to whom you are referring as States.

Mr. FALLON. I am referring to the State highway officials.

Secretary BOYD. My conversations are normally with the Governors of the States and to this date I have had no complaint from any Governor.

Mr. FALLON. Well, I might say mine hasn't come from the Governor but from the people who have to do the job, the State highway officials, their engineers, their planners.

There certainly is not the same relationship there was in the past that many decisions are made at the local level now are being held up to be reviewed and decided at the Federal level.

Secretary BOYD. We have been very deeply involved in some local situations, there is no question about that. We have been directly involved in a situation in San Francisco. We have been directly involved in a situation in Nashville, Tenn., I believe at the request of the Governor. I won't say that for sure, but I believe so.

We have been directly involved in a situation in New Orleans, and in Memphis, Baltimore, San Antonio, Boston, Chicago, and several others, either at the request of the Governor or at the request of the city.

Now, my philosophy is one that I want to make very clear—as long as I am Secretary of Transportation, I expect to pursue this philosophy—that is that insofar as transportation in a city is concerned, the mayor and city council have a definite voice in what that transportation should be.

Mr. FALLON. I found that out in Baltimore.

Secretary BOYD. I have asked in every case where we have become involved in these local situations for the Governor to provide us with his views because I believe that, no matter what I happen to think about the wisdom or unwisdom of any particular design, location, or anything else, the people who are going to use it and live with it should have the final say.

Mr. FALLON. Well, I am glad to hear you say that, Mr. Secretary, because I think what happens is the communication is between the highway officials and the Bureau.

Secretary BOYD. Part of it is, Mr. Chairman.

Mr. FALLON. I think what they told me to do, when the highway departments have a complaint, is go to the Governor, because the communication with you is only with the Governor.

Secretary BOYD. That is because the highway officials who told you this haven't bothered to get in touch with me.

One of the things that I must admit that scratches me a little bit is some highway officials in this country put out information about what I do and what I think which has no relation to the fact and they never come talk to me about it. And my belief has been and is, very simply, this: If I have got a complaint with you, I am going to knock on your door and say I would like to talk to you about it. I am not going to go tell Lowell Bridwell what I think about George Fallon.

Mr. FALLON. I know, Mr. Secretary, but you couldn't deal with all these problems, in lower positions, minor problems. They are irritating and they tend to slow up the work in States.

Now, I have had lots of complaints but I imagine they were to the district offices and so forth and they were not properly complying with the intent of Congress, the relationship that Congress wants between the Federal level and the State level.

Secretary BOYD. Let me say this, Mr. Chairman——

Mr. FALLON. Yes.

Secretary BOYD (continuing). I spent a great deal of my time in the city of Tallahassee, Fla., the State capital, between 1955 and 1959, and I was not officially but I was directly and deeply involved in the operations of the State highway department during that period of time under a completely separate Federal administration. And a great deal of that time I spent sitting talking to the chairman of the State road board and State highway engineer, who were complaining about the trouble they were having with the Federal Government. So this is nothing new. It is just we have a new cast of characters here.

Mr. FALLON. Thank you, Mr. Chairman.

Mr. KLUCZYNSKI. Thank you. The gentleman from Florida, Mr. Cramer.

Mr. CRAMER. In how many instances have you, in dealing with the cities, in the areas you suggested, overruled the recommendations of the State road board relating to a location of the highway or those highway problems?

Secretary BOYD. I would have to submit that for the record. I do not at this moment recall a single instance.

(The following was received:)

CASES WHERE STATES WERE OVERRULED ON LOCATION RECOMMENDATIONS (IN FAVOR OF CITY RECOMMENDATIONS)

In practice, the Bureau of Public Roads does not dictate the location of highways, although it can withhold approval of a particular State proposal and, by refusing to approve route alternates, indirectly influence State location decisions. In a few instances, the Bureau has been quite influential in the determination of locations favored by cities rather than by States. The extent of any such action is quite small considering the number of new highway improvements within urbanized areas each year. Excluding the freeway problems in Washington, D.C., with which the committee is already familiar, there are several cities throughout the country where State proposals are not being fully advanced principally because of Public Roads or Federal Highway Administration's rulings which could be construed to favor a particular city. Recent examples are:

MASON CITY, IOWA

The Bureau of Public Roads required restudy of a 90-mile section of Interstate Route 35 from Williams, Iowa, to Albert Lea, Minnesota. The location ultimately approved was similar to that recommended by Mason City, Iowa.

CAMBRIDGE, MASSACHUSETTS

The Federal Highway Administration requested additional study of the necessity for the Boston Inner Belt (I-695) after the State submitted its recommendation for a route through Cambridge opposed by city. This study is now underway.

PHILADELPHIA, PENNSYLVANIA

The Pennssylvania Department of Highways has been recently requested by the Bureau of Public Roads to abandon planning and right-of-way acquisition for an interchange between the proposed Crosstown Expressway and I-95 which in effect could defer construction of the Crosstown Expressway indefinitely. This expressway has been strongly opposed by Philadelphia officials because of displacement problems.

SAN FRANCISCO, CALIFORNIA

This controversy involves a 4.2-mile segment of I-280 in San Mateo County through watershed lands along Upper Crystal Springs Reservoir which are owned by the City of San Francisco. The disagreement is between the California Highway Commission and the City of San Francisco. Issues include water pollution, costs, scenic and recreational values, highway-user benefits and safety. The Federal Highway Administration recently withdrew a 1958 Bureau of Public Roads location approval and asked the California Division of Highways to recommend an alternate location for its consideration.

* * * * * * *

Section 134 of Title 23 provides for a "continuing comprehensive transportation planning process" in urban areas over 50,000 population, and Section 128 provides for hearings to be conducted by State highway departments on projects involving incorporated or unincorporated communities of any size. The effective use of these highway planning and hearing processes promotes a measure of review and cooperative planning with local governments.

Pursuant to the urban transportation planning requirement, the Bureau requires each highway department to execute a memorandum of understanding with local governments in the urban area. This is not intended to create a local veto over location decisions. If there is an unwillingness on the part of a local political unit to participate in the transportation planning process in such area, the Bureau makes determination as to whether the percentage of the urban area affected is such to negate an effective planning process for the whole area.

Under secondary road procedures the State highway departments must comply with section 103(c) of Title 23, U.S. Code, regarding cooperation with appropriate local authorities. The manner and extent of such cooperation are to be determined by the State. Where all public roads and highways in a county or other political subdivision of a State are under the control and supervision of the State highway department, the State highway department is considered the local road authority and cooperation with other local authorities of such political subdivisions is not required.

In Montana, Pennsylvania, and Michigan, the State highway departments may exercise their powers in an incorporated town subject to the consent of the municipal government.

In Arkansas, Delaware, Kentucky, Mississippi, and North Dakota, the State highway departments are authorized to lay out limited access highways "provided that within cities and towns such authority shall be subject to such municipal consent as may be provided by law."

In Minnesota and Washington, arbitration procedures are available to municipal governments when agreement cannot be reached on freeway locations.

In California and Oregon, municipal consent is based upon statutes which require the highway departments to reach agreement with municipality to close off local streets for freeway construction.

Mr. Cramer. How about the Tennessee situation?

Mr. Bridwell. Mr. Cramer, I will respond to that, if I may, by relying upon memory and not upon any documents before me.

In terms of location of a highway, to the best of my knowledge there has not been any instance in which a location has been disapproved; that is, a recommendation from a State highway department has been disapproved in favor of one recommended by a city. There are perhaps two or three cases that I can recall offhand which remain unsettled in which there are very decided differences of opinion between the State highway department and the city on location. But at this point, of those decided, to the best of my recollection there has not been any instance in which a recommended location by the State has been overridden in favor of a location or of a location proposed by a city. There have been several instances——

Mr. Kluczynski. Pardon me just a moment.

We have a call to the floor. We obtained unanimous consent to sit this afternoon. So some of us will leave and vote on this and we will continue the hearings.

(At this point, Mr. Edmondson assumed the chair.)

Mr. Cramer. With regard to final say of the local area, I guess Washington, D.C. would be one exception to that rule.

Secretary Boyd. Yes, yes.

Mr. Bridwell. I said of the ones decided, Mr. Cramer.

Mr. Cramer. I see. We have understood there was to be a report submitted of the future highway needs on April 1.

Secretary Boyd. That is overdue. It is in the process of what is euphemistically called "executive coordination." We hope to get it out very shortly.

Mr. Cramer. Do you think it might be out before we have a markup of the bill?

Secretary Boyd. Yes, sir.

Mr. Cramer. I am sure you are aware of the interest of a number of members who sent out a request to a number of States concerning additional mileage on the Interstate System and many States replied they had additional mileage they were interested in. I trust the report will include that aspect of future highway needs?

Secretary BOYD. I believe there is a rather comprehensive statement—there will be a comprehensive statement of the administration's views of future requirements and the approaches to them.

Mr. CRAMER. Well, do you contemplate it will recommend additional mileage to the Interstate System?

Secretary BOYD. I would rather not speculate on that, Mr. Cramer.

Mr. CRAMER. You are going to have to make a decision now. You haven't made up your mind yet; is that the present position?

Secretary BOYD. The executive coordination is a very interesting procedure. [Laughter.]

I wouldn't want to leave any inferences, but it is an interesting procedure.

Mr. CRAMER. As you know, as do other States we have a pretty serious problem that needs to be looked into and hopefully some direction result in the very near future. I am sure you are familiar with the Tampa-St. Petersburg-Miami missing link on the interstate. You are familiar, also, with the fact there is a contemplated bobtail toll road section being discussed?

Secretary BOYD. Yes, sir.

Mr. CRAMER. Research, surveyed. I am sure you realize under those circumstances it is extremely important to the State of Florida, for instance, and there are other instances, to have some guidance as to what is going to happen relating to the possibility of that becoming a part of the Interstate System, at least after the present system is completed.

Secretary BOYD. Yes, sir.

Mr. CRAMER. Now do you think this study you have underway and expect a report on will give some guidance relating to that problem?

Secretary BOYD. We certainly hope so.

Mr. CRAMER. I would hate to see a toll road constructed on a bobtail basis when there was the prospect, which I trust there will be, of it becoming a part of the Interstate System.

On this subject that was discussed previously concerning the relocation problem, is it your preference we not dally with this subject at all in this legislation contemplating maybe something will be done in general legislation concerning all fields?

Secretary BOYD. This is something that is certainly up to the good judgment of the committee.

Mr. CRAMER. You wouldn't be adverse, then, to our considering the matter as relating to this legislation and under your discretion and control and not that of HUD relating to highway relocating?

Secretary BOYD. We certainly would not like to be responsible for suggesting the committee inhibit its areas of activity.

Mr. CRAMER. Sir?

Secretary BOYD. I am not sure I can repeat that. [Laughter.]

We would not want to be responsible for suggesting that the committee inhibit its areas of activity.

Mr. CRAMER. That is pretty clear. [Laughter.]

You suggest that on April 20, in a submission to the committee, to the Congress, relating to the authorization bill, and I quote, we expect to submit a draft bill on this subject, meaning relocation, to the Congress in the next 2 weeks to implement objectives of the "Highway Relocation System."

Secretary BOYD. Yes, sir, that was our contemplation at that time.

Mr. CRAMER. What has happened since?

Secretary BOYD. Mr. Hughes, for the administration, has taken a position before the Government Operations Subcommittee in the Senate as outlined by Mr. Bridwell, and we fully subscribe to the principles and the statements made in Mr. Hughes' testimony.

Mr. CRAMER. Where would the money come from for the relocation cost?

Secretary BOYD. As I understand it, Mr. Cramer, the statements made by Mr. Hughes were broad general statements about all grant programs and the assumption would be that the relocation costs for each program would come from the authorized funds in that program.

Mr. CRAMER. In other words, the trust fund in this sense?

Secretary BOYD. Yes, sir.

Mr. CRAMER. Was any estimate made, to your knowledge, of what that contemplated cost would be under Mr. Hughes' suggested approach?

Secretary BOYD. I have no knowledge. I will examine the transcript and advise you.

(The following information was received:)

The Federal Highway Administration estimated the annual cost of the highway relocation provisions recommended by Mr. Hughes for the Administration to be $173 million. This estimate consists of the following items:

$75 million for replacement housing assistance (21,000 eligibles averaging $3,500)
$19 million for rental assistance payments (38,000 units averaging $500)
$14 million for cost of transferring property to the State (56,000 units averaging $250)
+$5 million for business relocations in excess of amounts recommended in Highway Relocation Assistance Study
$60 million for recommendations of Highway Relocation Assistance Study

$173+ million total

These costs should decline in the next several years as land acquisition for the Interstate System tapers off.

Mr. CRAMER. Were you not asked for advice concerning what might that cost be concerning highway relocation?

Mr. BRIDWELL. Mr. Cramer, as you are aware, we made a study which we submitted to the committee last year in response to a statutory request for such a study. We did estimate the costs of the recommendations contained in that report.

The position taken by Mr. Hughes, representing the executive branch before the Senate Government Operations Subcommittee, is not identical with the recommendations in the study which we submitted to the Congress at the request of this committee, so that the estimates of cost are much less firm for the modifications advanced by Mr. Hughes.

However, recognizing that the estimates are not as definitive, we can give some information to the committee—if I can find it among all these blue tabs—on the estimated costs. Under the existing program—that is, the one that was enacted in 1962—and then projecting that type of assistance in the States, the 37 States and the District of Columbia which have implemented it, we estimate the cost to be about $12 million annually. In other words, that is approximately what we believe the cost will be under existing law, and assuming no additional

States opt for implementing it, and then projecting that against the needs—needs in the sense of the number of relocatees or displacees——

Mr. CRAMER. That is the $200 for moving costs?

Mr. BRIDWELL. Three thousand for businesses.

Mr. CRAMER. Three thousand businesses, present cost, right?

Mr. BRIDWELL. And then projecting against the recommendations in the 1967 report and using the same estimates for dislocatees, we are estimating that the cost would be about $60 million annually.

As I say, we have less firm costs relating to the modifications suggested by Mr. Hughes, but we believe that the additional cost would be something slightly over $100 million per year.

Mr. CRAMER. Additional cost?

Mr. BRIDWELL. Yes, sir.

Mr. CRAMER. So it would be approximately $160 million a year; is that right?

Mr. BRIDWELL. Yes. I would not place too heavy reliance upon those figures, Mr. Cramer, because they are pretty rough.

Mr. CRAMER. All right. And that, too, would come out of the trust fund?

Secretary BOYD. Yes, sir.

Mr. CRAMER. So we obviously are swiftly running into problems of what we are going to do for more money in the trust fund. Actually, that is coming out of the Interstate System, isn't it? Because ABC is fixed and surplus goes to Interstate so anything else that goes to ABC has to come out of Interstate; is that correct?

Mr. BRIDWELL. That is correct.

Secretary BOYD. Yes, sir.

Mr. CRAMER. So what are we going to do about more money for the trust fund? There has been a recommendation, I understand, by the administration for more taxes.

Secretary BOYD. We have submitted proposals for additional user charges, Mr. Cramer. So far there have been no hearings.

Mr. CRAMER. There has not really been considerable drive for enactment, even to the extent of getting hearings?

Secretary BOYD. Well, it certainly does put in perspective some of the "vaunted" power of the executive branch of the Government when we look at our ability to get hearings on various pieces of legislation.

Mr. CRAMER. Am I wrong in my observation there hasn't been a real drive to request hearings?

Secretary BOYD. I don't know what you mean by a "real drive." I have sought hearings personally.

Mr. CRAMER. Well, they have considerable drive behind the 10-percent surtax. I don't see that kind of drive behind the request for trust funds. That is my observation.

Secretary BOYD. A matter of priorities.

Mr. CRAMER. Relating to the Topics program, traffic operations program to increase capacity and safety, that is $250 million a year, 1970–74, also to come out of the trust fund; right?

Secretary BOYD. Yes, sir.

Mr. CRAMER. Therefore, also to come out of the Interstate System?

Secretary BOYD. Yes, sir.

Mr. BRIDWELL. Mr. Cramer, this may be a matter of semantics, but the trust fund will obviously support the authorization of $250 million a year for the years requested in addition to the authorizations we are recommending for the Interstate System. So in that sense it does not take away from the Interstate System.

Mr. CRAMER. Well, you have to reduce what you are requesting for Interstate because you are requesting all those other things; right?

Mr. BRIDWELL. Well, that logically follows, then, if you take away ABC you can make more money available for Interstate.

Mr. CRAMER. Let's get to ABC. That is an interesting subject. A lot of States have asked for increases in the authorization for ABC and we did have $25 million for a considerable period of time. We got to the billion. Your recommendation is against an increase related to ABC system; is that right?

Secretary BOYD. Yes, sir.

Mr. CRAMER. Would you oppose this committee increasing ABC authorizations?

Secretary BOYD. Yes, sir.

Mr. CRAMER. Isn't it true that is where some of the chronic problems are, and it is obvious that ABC has been downgraded for years, as compared to Interstate, for instance?

Mr. BRIDWELL. We, of course, are asking in effect for an increase in ABC, Mr. Cramer, by the request of the $250 million for TOPICS program, because that would be applied to what we usually refer to as primary, secondary, and urban extensions of primary and secondary. That got kind of fouled up. Let me say that again. The $250 million would be for the urban extensions of primary and secondary. So it is an increase in funds for ABC.

Mr. CRAMER. Your bill, of course, would permit expenditure of funds on any city street even though it is not a part of the Federal-aid system; right?

Mr. BRIDWELL. That is correct.

Mr. CRAMER. So actually that is another—could be termed another diversion from the trust fund so far as it relates to Federal-aid highways presently designated?

Secretary BOYD. Yes, sir, if one desired to so characterize it. I am at a loss to understand this business of diversion from the trust fund because the trust fund, as I understood it, was set up for the Federal-aid highway system. And the Federal-aid highway system is a part of a national system and the whole purpose of the Topics program is to increase the utilization and efficiency of that highway system.

Mr. CRAMER. Well, these roads are not on the system that we are talking about and as I recall, the funding act that sets up the trust fund specifically restricts expenditure of those trust funds to Federal-aid highways. How are you going to get around that?

Secretary BOYD. Designation as a part of the system.

Mr. CRAMER. As I read your bill it doesn't provide any such designation.

Secretary BOYD. I will have to provide you an answer for the record. I am sure legal counsel has advised us on this.

(The information is as follows:)

Our proposal contemplates that the "TOPICS" funds would be expended on the Federal-Aid systems, but that arterial city avenues and streets in need of capital improvements not now on the existing urban extensions of a Federal-aid system would be eligible for future inclusion on a system and thereby be able to benefit from this new program. This explains why no amendment to expend highway trust funds off Federal-aid systems is included in our proposal.

Mr. CRAMER. Have you recommended an amendment to the Highway Trust Fund Act to permit expenditure of undesignated highway trust funds?

Secretary BOYD. No.

Mr. CRAMER. I suggest you take a look at the language—I am not trying to be argumentative; I am trying to be helpful—because I think the language submitted would not get around the restriction on the fund for Federal highways.

Secretary BOYD. We will do so.

Mr. CRAMER. You have to designate—

Secretary BOYD. That is what I suggested we were prepared to do.

Mr. CRAMER. I see. Relating to fringe parking, you suggest $387 million by 1975. Where is that going to come from?

Secretary BOYD. The trust fund.

Mr. CRAMER. That poor old Interstate System is really going to suffer, is it not, if all these extra trust fund expenditures are used for other purposes?

Secretary BOYD. We live in an aura of eternal optimism, Mr. Cramer, and believe that the Congress will rise up in its wisdom one day and assess additional user charges.

Mr. CRAMER. I would like to see the administration put some real fire behind that effort. It might be successful.

Why should not some of this cost of the fringe parking come out of mass transit? It benefits mass transit just as much as it does highway users, does it not?

You are going to shift these people from the roads, parking to mass transit?

Secretary BOYD. I do not think it benefits mass transit at all. I think mass transit is not something that you should look at in the light of either being benefited or injured.

I think mass transit is an essential link to the life of the city. I furthermore do not think that mass transit is going to be a money-making proposition in the cities in this country. But I do think it provides an essential service and will become more essential as our population grows.

Mr. CRAMER. I think it is quite obvious it is intended to encourage people not to drive into the cities, but to park in the fringe areas.

Secretary BOYD. No question about it.

Mr. CRAMER. And take other transportation facilities. It so states at page 17.

Secretary BOYD. That is the stated purpose of it.

Mr. CRAMER. "Such parking facilities shall be located and designed to permit its use in conjunction with existing or planned mass transportation facilities." So you would not contemplate any of that cost coming out of anything other than the highway trust fund?

Secretary BOYD. That is correct, sir.

Mr. CRAMER. Now, this advance acquisition of right-of-way, do you contemplate $100 million as the annual authorization for advance acquisition?

Secretary BOYD. Yes, sir.

Mr. CRAMER. That too will come out of the trust fund?

Secretary BOYD. Yes, sir; but for later reimbursement.

Mr. CRAMER. Now, are you setting up a revolving fund concept or just reimbursement to a general trust fund?

Secretary BOYD. We contemplate a revolving fund.

Mr. CRAMER. Well, the language you submitted I would suggest does not accomplish that. The reason I suggest that is I drafted a bill, and introduced it, that does specifically set up a revolving fund, and your language in my opinion does not accomplish that.

Mr. BRIDWELL. Mr. Cramer, we would be glad to look at the language of the bill you introduced. The concept, of course, is to authorize an amount, and when any land acquired in advance of project status, goes to project status, the land acquisition cost is transferred to the project cost and that amount credited to the advance acquisition fund.

Mr. CRAMER. Does the revised section 108(a) pertaining to right-of-way acquisition authorize the advance of cash Federal funds to the States, or does it merely authorize the obligation of a portion of Federal-aid funds to the right-of-way acquisition?

Mr. BRIDWELL. Mr. Cramer, no. I think the language specifies that 2 percent in addition to the apportioned amounts will be available to the States up to a period of 6 months, and that if a State does not choose to use that additional 2 percent within the 6 months, then it can be allocated to other States which do request it.

Mr. CRAMER. I think you are talking about 108(b) and my question was with reference to 108(a).

Mr. BRIDWELL. I believe my response is the same. It is an additional amount equivalent. On line 19 of the bill, Mr. Cramer, it says:

an additional amount equivalent to 2 per centum of the aggregate sums apportioned to it under section 104.

Mr. CRAMER. Subsection (b) says:

. . . addition to funds available under subsection (a) of this section.

I am talking about subsection (a), which is the found which the 2 percent is in addition to.

The reason I am concerned is that subsection 108(a) is the revision of the amendment that I wrote into the law some time ago providing for 7-year acquisition of right-of-way. It says:

(Provision referred to was read by Mr. Cramer.)

Mr. BRIDWELL. Well, it is obligational authority in the same sense that obligational authority is really what is apportioned to the States, and this obligational authority can be liquidated in the same sense that obligational authority can be liquidated for a contract.

Mr. CRAMER. The reason I asked the question is why do you require reimbursement on line 8, page 11, subsection (c), "Before any funds may be made available to a State pursuant to this section," meaning (a) and (b), "the State highway department shall enter into an agreement with the Secretary which shall provide for the reimbursement of the costs of such rights-of-way." Now, you do not have to reimburse under that 7-year provision.

Mr. BRIDWELL. I will have to provide an answer for the record, Mr. Cramer. I have not gone over this specific language in the sense you are asking it.

Mr. CRAMER. Well, I also find it very difficult to understand subsection (a) at all as compared to the present 7-year advance acquisition law.

Secretary BOYD. The concept as I understand it, Mr. Cramer, is to provide a revolving fund for the stated limitations from which the States can borrow without interest against the date when they undertake the project, which must be within 7 years. At the time they undertake the project, any moneys that they have utilized in that fund for that project must be credited back to the fund. That is the concept.

Now, the language creates some problems perhaps in how it is worked out, but that is what we are trying to accomplish.

Mr. CRAMER. It would be my observation the bill as drafted does not accomplish that and it is sufficiently confusing that, frankly, I cannot understand it. I read it half a dozen times. Well, let me ask you this question: Does subsection (a) authorize an initial hundred percent advance of right-of-way acquisition?

Mr. BRIDWELL. Yes.

Mr. CRAMER. I know (b) does, but does (a) as well?

Mr. BRIDWELL. Yes.

(At this point Mr. Kluczynski resumed the chair.)

Mr. CRAMER. Why does it not say so? You say so in (b), but you do not say so in (a). I wish you would look into that.

Secretary BOYD. All right, sir. Do you have any other questions relative to these sections?

Mr. CRAMER. Yes. What I am going to do is submit some questions in writing. I will write a series of questions if the Department will be kind enough to supply us with some answers.

Secretary BOYD. Right, sir.

(The following was received for the record:)

THE SECRETARY OF TRANSPORTATION,
Washingon, D.C., July 2, 1968.

Hon. WILLIAM C. CRAMER,
House of Representatives,
Washington, D.C.

DEAR MR. CRAMER: Thank you for your letter of June 7, 1968, to which you appended a series of questions related to recent hearings by the House Roads Subcommittee.

The attachment provides replies to each of the questions in your letter.

Should there be any additional materials which you would wish from us, or more extensive discussion of any particular subjects, please let me know.

Sincerely,

ALAN S. BOYD.

RESPONSES TO QUESTIONS IN YOUR LETTER

1. Would section 108(a), pertaining to right-of-way acquisition as it would be revised by section 9 of H.R. 17134, authorize the advance of cash Federal funds to the States, or would it merely authorize the obligation of apportioned Federal-aid funds for right-of-way acquisition?

Answer: No. The provisions of section 108(a) would be broadened by the insertion of the following phrase immediately after the words reasonable: ". . . to facilitate the orderly reloctaion of persons, businesses, farms, and other existing users of property; to minimize right-of-way costs by forestalling development of land ultimately required for highway purposes, and to achieve a rational development of communities. . . ."

2. Would revised section 108(a) authorize initial *100% Federal* financing of right-of-way acquisition?

Answer: No. The financing provisions as now contained in existing law would remain in effect.

3. Could money under section 108(b) be used for making payments on account of relocation costs of displaced persons?

Answer: Yes.

4. I would appreciate your clarification of section 14 of H.R. 17134 with respect to fringe parking facilities:

(*a*) Reference is made in the proposed new section 139 of title 23, United States Code, to the "established grade line of the right-of-way." In practically all instances there is no established grade line of the *right-of-way*, although there is an established grade line of the highway structure itself. Should section 14(b) be amended to refer to the established grade line of the highway, rather than the right-of-way?

Answer: Yes.

(*b*) If a proposed fringe parking area is located equi-distant from a Federal-aid primary highway and an Interstate highway, how will it be determined whether the funds for the construction of such fringe parking facility will be taken from Federal-aid primary apportionments or from Interstate apportionments?

Answer: This would be determined by the route that the transit service is expected to use in reaching its final destination.

(*c*) The proposed new section 139 would authorize the use of Federal funds for the construction of fringe parking facilities upon the right-of-way of a highway, or upon property *acquired* for that purpose. Would this narrow language preclude the use of Federal funds to aid in the construction of a parking facility upon land which may have been previously owned by the State or municipality involved, or may be received as a gift or otherwise?

Answer: We do not interpret the language as prohibitive of the use of lands acquired for highway or other purposes for fringe parking provided the other requirements of this section are met.

5. Section 131, title 23, United States Code, as enacted by the Highway Beautification Act of 1965, provides a penalty for failure to control outdoor advertising through the means of reducing the apportionment of Federal-aid highway funds. Federal-aid funds for fiscal year 1970 will probably be apportioned in late summer or early fall of this year. You are on record as stating that there will be no penalty for failure to comply with the requirements of section 131 during 1968. Funds authorized for fiscal year 1971 are expected to be apportioned in the late summer or early fall of calendar year 1969.

(*a*) If the prescribed penalty is imposed upon a State would it be done at the time of apportioning funds authorized for fiscal year 1971 or at some other time?

Answer: Section 131(b) provides in substance that Federal-aid highway funds apportioned on or after January 1, 1968, to any State which the Secretary determines has not made provision for effective control of outdoor advertising shall be reduced by amounts equal to 10 percentum of the amounts that would otherwise be apportioned to such State under Section 104 until such time as the State shall provide for such effective control. However, the Secretary, whenever he determines it to be in the public interest, may suspend for such periods as he deems necessary the application of this subsection to a State.

The language of this section provides sufficient latitude for the Secretary to reduce the State's apportioned funds by 10 per centum of the amounts apportioned either at the time of apportioning or at some later date when the Secretary determines that such action may become necessary.

(*b*) If a penalty can or may be imposed at a time other than the time of apportionment of funds authorized for fiscal year 1971, in what manner and by what means would such a penalty be imposed?

Answer: If a 10 per centum reduction in apportioned funds becomes necessary at the time of apportionment of funds authorized for fiscal year 1971 or at any other time, the manner and means employed to institute such a reduction will be in accordance with Section 131(1) which, in addition to various other detailed procedures, provides that not less than sixty days before making a final determination to withhold funds from a State under subsection (b) of this section, the Secretary shall give written notice to the State and shall provide the State an opportunity for a hearing on such determination.

S. 2658—VEHICLE WEIGHTS AND DIMENSIONS

1. It is clear, is it not that:

(*a*) S. 2658 and H.R. 14474 apply only to the Interstate System, and

(*b*) the States would not have to permit the operation of vehicles having the weight and dimensions set forth in those bills, but could establish lower limits?

Answer:

(*a*) It is clear that S. 2658 and H.R. 14474 would apply only to the Interstate System, and

(*b*) that the States would not be required to come up to the maximum specified limits but could do so at their option.

In this regard, Senate Report No. 1026 on S. 2658, stated:

"The committee most emphatically reaffirms that the responsibility for legal maximum allowable limits and control of sizes and weights of vehicles operating on the Interstate System, as well as on all the other road systems of the United States, rests with the individual States."

2. S. 2658, as passed the Senate, would increase the weights of vehicles permitted to operate on the Interstate System from 18,000 to 20,000 pounds on one axle, from 32,000 to 34,000 pounds on a tandem axle, and would change the overall gross-weight limit from 73,280 pounds to a weight determined by a formula based on the number and spacing of axles.

(*a*) As the bill is written, there is no maximum limit on the overall gross weight of vehicles which would be permitted to operate on the Interstate System. Does this present a danger to structures on the Interstate System?

Answer: The bill as written, with no maximum limit on the overall gross weight (or on overall length of vehicle or combinations) would present no danger to the H–20S–16 structures on completed sections of the Interstate System, since the equation controls permitted weight on axle groups in relation to their spacing.

(*b*) Do you think the bill should be amended to include a limitation on the maximum overall gross weight?

Answer: No, as per the preceding answer.

3. The bill as written contains no limit on the maximum length of vehicles. Would this create a problem with respect to negotiating on and off ramps at interchanges?

Answer: The omission of length control, as noted in 2(a) above, could pose operational problems on ramps with certain types of equipment.

4. The length of vehicles has a bearing on highway safety. Taking for example, an automobile travelling at 70 miles per hour passing a truck travelling at 60 miles per hour, if the truck is 65 feet long, the passing maneuver can be completed in 18.92 seconds and over a distance of 1,942.5 feet. If the truck is 98 feet long (the length of some combinations currently being operated), the time to complete the passing maneuver is 21.16 seconds and the distance will be 2,172.5 feet. The difference between the passing time and distance in this example is 2.24 seconds and 230 feet.

(*a*) Would this increase the potential safety hazards on four-lane highways?

Answer: The passing maneuver on four-lane divided highways with access control would not appear to have a significant effect on safety hazards.

(*b*) There is still a considerable mileage of two-lane highways on the Interstate System. Would the additional time and distance to complete a passing maneuver of a 98-foot long combination of vehicles unduly increase the hazards on these highways?

Answer: The longer combination would materially influence both safety and capacity on two-lane, two-direction highways, both adversely. In our opinion, such operation should be restricted to completed segments of the Interstate System or equivalent.

(*c*) During recent hearings of the Special Subcommittee on the Federal-aid Highway Programs, we heard considerable testimony about inadequate signing, particularly advance signing of exits. In a congested urban area with interchanges closely spaced, would this additional time and distance required to complete a passing maneuver create a safety hazard?

Answer: If exit signing is inadequate due to insufficient lead time, it does not appear that this deficiency would be made worse by the longer combination as contrasted to lesser vehicles hauling the same tonnage. Much of the criticism of urban interchange signing may possibly be attributed to the maintenance of rural speeds in urban environments. At 60 miles per hour, a vehicle will traverse the distance between two interchange exit ramps spaced at one-eighth of a mile in less than 8 seconds.

(*d*) Depending upon the height of the vehicle and the location of signs, it might be that a motorist would not be able to see the sign designating the exit he wants to take. How can this problem be solved?

Answer: It does not appear that vehicle height would deter motorists' vision of properly located signs unless he is travelling too fast or tailing too close behind a maximum-height vehicle. He can always slow down to avoid over-shooting his exit destination. Advance consultation of maps can be helpful to tourists in strange environments. Additional audio means to supplement visual aids are being extensively researched as part of the problem of what kind of information the motorist needs, in what circumstances, and how it may best be imparted to him. Broadly included in the problem are the elements of route guidance, emergency alert, and advisory information as to the availablity of traffic-oriented services.

5. Do you think the bill should contain a limitation on:

(*a*) vehicle length?

Answer: No, not at this time. Further studies are necessary on the economic and safety implications in the various regions of these United States.

(*b*) vehicle height?

Answer: Yes, a height limit of 13 feet, 6 inches is desirable to ensure safety margins in the vertical clearance of overhead structures, with due allowance for resurfacing requirements, snow and ice accumulation, and the like. Even more compelling is the maintenance of vehicle stability, inherent in the preservation of a limiting height to width ratio.

6. The present law limits the weights and dimensions of vehicles permitted to operate on the Interstate System to either specified limitations or limitations established by State law or regulations in effect on July 1, 1956, whichever is the greater. S. 2658, as it passed the Senate, would permit the operation of vehicles on the Interstate System which could be operated on the *public highways* under laws or regulations in effect on January 1, 1968.

(*a*) How many States have increased the weights or dimensions permitted to operate on public highways other than Interstate Highways since 1956?

Answer: Numerous States have made changes in limits on other than Interstate highways since July 1, 1956, many by specific exception of certain products, on certain designated highways, and by special permit authorization, such as would preclude a precise answer to this part. Five States have increased width for certain vehicles on certain highways beyond the 96-inch limit of Sec. 127, Title 23. All but twenty States have increased the height limit, not restrained by Sec. 127. Length limit increases tabulate as follows:

	States
Truck	14
Bus	23
Truck tractor semitrailer	34
Other combination	30

Nine States have increased either single or tandem axle limits, across-the-board or in limited application, in excess of the Sec. 127 restraint for either designated or non-Interstate highways. One State increased axle limits permitted on the Interstate System. These axle limit increases suggest that the nine States now permit gross weights on non-Interstate highways in excess of those permitted on the Interstate System. All States that were below the Sec. 127 gross weight limit of 73,280 pounds have come up to that limit for operation on the Interstate and the generality of highways. Tables of permitted sizes and weights as of July 1, 1956, and December 31, 1967, are attached.

(*b*) According to the Senate Report on S. 2658 (Senate Report No. 1026) 15 States allow the operation of motor vehicles with axle weights over 20,000 pounds. 24 States allow the operation of vehicles having a tandem axle of over 32 000 pounds, and 8 of these States allow tandem axle weights over 36,000 pounds. Would this create a problem for those States which have lower weight limitations?

Answer: All States would retain the prerogative to deny legal entry of such of such vehicles of the 15 States enumerated as permitting axle limits in excess of proposed Interstate limits, or for that matter, of all vehicles with axle loads in excess of those in accord with the determined capability of their highways.

7. S. 2658 does not define the term "axle" or "tandem axle." Do you think the bill should be amended to define these terms?

Answer: It is our view that all such required definitions may be included, appropriately in Sec. 101 of Title 23, and the bill should be amended to so provide.

8. The bill provides for measurement of weight "to the nearest 500 pounds." Do you think it would be helpful to provide for measurement of length "to the nearest foot?"

Answer: Yes, both the weight and the measurement of length. It should be made clear that the term "L" in the gross weight equation is defined as the distance in feet between the centers of the extreme axles of any group of two or more consecutive axles, measured to the nearest foot.

9. If a State violates the weight and size limitation of State and Federal law, inadvertantly or otherwise, it can be penalized 100 percent of its Federal-aid highway funds, although the weight and dimension limitations apply only to the Interstate System. Do you think an adjustment in this penalty provision is needed?

Answer: A State does not violate State size and weight limitations although it may, inadvertantly or otherwise, permit or condone violations. If we are to secure enforcement by letting the punishment fit the crime, some adjustment may be needed in the penalty provision.

QUESTIONS ON H.R. 17134

Section 2—Revision of Authorization of Appropriations for Interstate System

1. Section 2 of the bill would increase the total amounts authorized for the Interstate System from the $42.3 billion authorized by existing law to $50.64 billion (an increase of $8.34 billion) to reflect the increased Federal cost indicated in the 1968 cost estimate.

Is that right?

Answer: Yes.

2. Can the Highway Trust Fund support expenditures resulting from these increased authorizations, together with other required expenditures, from revenues provided by existing law?

Answer: Revenues provided under existing law through the present termination date of the Trust Fund, September 30, 1972, would not be adequate. However, if the Trust Fund termination date is extended by 33 months to June 30, 1975, to receive revenues from the sources and at the rates provided by existing law, recepits would be adequate to cover complete disbursement of all funds authorized for fiscal year 1975 and prior fiscal years for programs presently financed and proposed to be financed from the Fund, including the $50.64 billion cost of the Interstate System.

3. Last year the Administration recommended legislation to increase the receipts of the Highway Trust Fund, but the Congress took no action. On April 22, 1968, the Administration again transmitted to the Congress recommended legislation to provide additional revenue for the Highway Trust Fund and to extend it for two years, but no action has been taken, no hearings have been held, and none are scheduled.

(*a*) What are the prospects for enactment of the Highway Trust Fund legislation this session of Congress?

Answer: (a) The prospects are slim at this date.

(*b*) What affirmative action is being taken by the Administration to assure its enactment?

Answer: (b) Representatives of the Department have discussed the proposed legislation with Chairman Mills and members of his staff.

4. The cost estimates indicate that the Federal share of the estimated cost of completing the Interstate System has increased from $42.0 billion in 1965 to $50.64 billion in 1968—an increase of $8.64 billion or 20.57%. Can you tell me how there could be this wide disparity in estimates made just three years apart?

Answer: The increase in the estimate between 1965 and 1968 is attributable to many factors including changes in unit prices, increased allowance for reserve mileage, costs of engineering and right-of-way, change in legislation requiring a minimum of 4 lanes throughout the system, additional interchanges, crossing structures, traffic lanes, pavement design, safety features, and other elements which reflect the great increase in use of this system as completed sections are opened to traffic. The cost differences between the estimates for these items are shown in House Document 199, 90th Congress, 2d Session, on pages 11 and 12. The cost items are repeated below for convenient reference.

TABLE 7.—COMPARISON OF THE 1965 AND THE 1968 ESTIMATES OF TOTAL COST OF THE 41,000-MILE INTERSTATE SYSTEM

[In millions of dollars]

Item	1965		1968	
	Total cost	Federal share	Total cost	Federal share
1. Interstate mileage in State estimates:				
1965 estimate (40,886 miles)	44,744	40,100		
1968 estimate (40,969 miles)			54,234	48,538
2. Remaining system mileage:				
1965 estimate:				
Reserved for specific routes (93 miles)	465	420		
Held for final measurement (21 miles)	105	95		
1968 estimate: Held for final measurement (31 miles)			310	280
Subtotal, 41,000-mile system	45,314	40,615	54,544	48,818
3. State highway planning and research	640	579	790	704
4. Public roads administration and research	511	511	663	663
5. Contingencies	335	295	503	455
Grand total	46,800	42,000	56,500	50,640

The 1968 estimate total cost is shown in table 7 to be $56.5 billion as compared to $46.8 billion reported in the 1965 estimate. The difference in cost, $9.7 billion, includes a $310 million allowance for reserve mileage totaling 31 miles which had been estimated in 1965 at $5 million per mile—an increase of $155 million. Also included in the estimate differences is an increase in the allowance made in this estimate for State Highway and Public Roads planning, administration, and research and for contingency items. The increase in the 1968 estimate for these categories is $470 million. The remaining net increase in preliminary engineering, right-of-way, and construction items totals $9,075 million.

The following is a brief summary and tabulation of the costs which make up the differences between the 1965 and 1968 estimates.

[In millions of dollars]

Unit price changes:	
(a) Change in cost due to the increase in unit prices between the base year 1963 and the year 1966	1,875
Added construction items:	
(b) Additional interchanges and grade separations, plus improvements in design of ramps and structures—costs not included in 1965 estimate	990
(c) Additional lanes over those reported in 1965 estimates but not including the conversion from 2 to 4 lanes in item (k), an increase to meet greater traffic needs	340
(d) Heavier design of roadway base, surface, and shoulder areas to accommodate heavier traffic volumes and increased load factors, reflecting changes in design knowledge and procedures over 1965 estimate data	1,045
(e) Extra stage of pavement structure on earlier opened sections of Interstate System to adequately accommodate design year traffic	200
(f) Added landscaping, erosion control features, roadside rest areas, and rest area facilities, not included in 1965 estimate, and not subsec. 319(b) costs	555
(g) Additional safety features on work under construction, or work remaining to be obligated—including flatter slopes, wider bridges, additional guardrail, safety posts, and light standards—not a part of 1965 estimate	845
(h) Added safety features on segments previously opened to traffic	685
Subtotal	4,660

Preliminary engineering and right-of-way:	
(i) Increase in right-of-way costs over 1965 estimate for segments not included in items (l) and (k)	890
(j) Increase in preliminary engineering costs over 1965 estimate, for segments not included in items (l) and (k) plus overruns in preliminary engineering and right-of-way projects previously considered fully financed for 1965 estimate purposes	385
Subtotal	1,275
Four-lane minimum design requirement:	
(k) Added cost to provide a minimum of 4 lanes for previous 2-lane segments of the Interstate System, in accordance with sec. 5 of the Federal-Aid Highway Act of 1966	335
System changes:	
(l) System additions and significant system adjustments, including deleted system segments, total $1,345,000,000 which is offset by an allowance of $5,000,000 per mile for 83 miles included in the 1965 estimate—Increase	930
Grand total	9,075

5. According to the 1968 Cost Estimate, some $4.66 billion of the increase, more than half, is attributable to added construction items not included in the 1965 estimate.

(*a*) Why were these items not included in the 1965 Cost Estimate?

Answer: The 1965 Estimate was prepared on the best judgment then available to State and Bureau people as to the needs of the system to provide the service expected to be rendered for transportation requirements. It was not apparent in 1964 that these needs would be as great as they were shown to be in 1967 when the new estimate was being prepared. The Bureau and the States are constantly being requested to approve new interchanges, to provide crossing for local service roads, to provide new service ramps, to provide additional lanes, etc. As more and more of the system is completed these needs become more established and the later estimates reflect this change in concept. In addition, it has been recognized the early pavement designs in many instances were not capable of carrying the traffic loads to be imposed by 1975 and later years. Further, there is obvious need now for changes involving added safety features needed to give optimum protection to the traveling public. All of these elements are included in the $4.66 billion increase and are itemized in the listing under Question 4.

(*b*) Can we look forward to comparable additional construction items in the next cost estimate?

Answer: These items of additional construction needs should be minimized by the time of the next estimate since this is a "pick-up" really, of earlier oversight or miscalculation as to the real impact of the Interstate System on traffic service requirements and demands. There will be some increase, of course, but it is our judgment this will be a diminishing factor as the system draws nearer to a status of total completion.

6. The 1968 Cost Estimate was based on calendar year 1966 prices. We have now passed the first quarter of 1968.

(*a*) How much have prices increased since calendar year 1966?

Answer: The Bureau of Public Roads quarterly report on construction price index shows the following trend during 1967 and early 1968. The four quarters of calendar 1966 are shown for comparison purposes.

Year:	*Composite index*
1957–59 (base)	100.0
1966:	
1st quarter	109.0
2d quarter	113.7
3d quarter	115.6
4th quarter	112.8
Year average	113.0

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.

On request to the States for information regarding cost comparison between the two estimates for landscaping and rest areas, the total reported was the $555 million item shown in House Document 199.

8. The "1967 Highway Beautification Program" submitted to the Congress in January 1967 (Senate Document No. 6), suggests alternative programs for landscaping and scenic enhancement. Program A would involve only "top quality" work, and the report states that, "Obtaining maximum benefit for minimum expenditure was the overriding concern in selecting this program work". Program B would include all work considered "desirable and feasible", and the report states that Program B "could be considered as an ultimate program". The *total* estimated cost for Program A for the Interstate System is about $506 million. The estimated cost of Program B for the Interstate System is about $876 million. Excluding the estimated cost of acquiring scenic strips adjacent to the right-of-way of Interstate highways (to be financed largely, if not entirely, by funds appropriated to carry out the Highway Beautification Act of 1965), the estimated cost of landscaping and scenic enhancement on Interstate Highways would be about $462 million under Program A, and about $800 million under Program B.

According to the 1968 cost estimate, the estimated Federal share of the cost of highway beautification items (including those items which were and those which were not included in the 1965 cost estimated) is about $984 million.

Can you tell me why the estimated cost of beautifications items for the Interstate System under the 1968 Cost Estimate is so much higher than the estimated cost of both Program A and Program B as set forth in the "1967 Highway Beautification Program"?

Answer: There is no valid comparison which can be made between these two reports since the instructions which covered the two estimates were totally different, the estimates were for different purposes, and the variables which controlled the ultimate costs reported in each case were many and different. As stated under Question 7 the *Line Item 13* costs for the 1968 Estimate covered erosion control, landscaping, rest areas and facilities, and scenic overlooks. We can report a breakdown of the $984 million as follows:

Erosion control	$331,000,000
Landscaping	353,000,000
Rest areas and facilities	284,000,000
Scenic overlooks	16,000,000
Total	984,000,000

These values reflect the increased emphasis on landscaping and erosion control within the highway right-of-way, and the increased need for safety rest areas along the Interstate System. The great use being made of rest areas on completed sections of the Interstate System points up the public need for these facilities. As shown in the tabulation, the cost of scenic overlooks reported by the States is not a large part of the total Item 13 costs.

SECTION 4—EXTENSION OF TIME FOR COMPLETION OF SYSTEM

1. Under existing law, the 1968 cost estimate is to be used for apportioning funds authorized for fiscal year 1970, and the final cost estimate is to be submitted in January 1969 for use in apportioning funds in fiscal years 1971 and 1972.

Section 4 of the bill would provide for the 1968 cost estimate to be used for apportioning funds for both fiscal years 1970 and 1971, and would require the next and last cost estimate to be submitted in January 1970 for use of that cost estimate for apportioning funds for fiscal years 1972, 1973, and 1974.

(*a*) If the price increase trend continues and the 1970 cost estimate is to be used for apportioning funds for three fiscal years, wouldn't it be badly out of date by the end of the program?

Answer: Assuming a price increase, as reported in the appendix of House Document 199, is included in development of the new authorization schedule for completing the Interstate System; and assuming there are no major system changes which require adjustment of apportionment factors—the 1970 Estimate should not be badly out of date if used for apportionment of funds for three fiscal years.

(*b*) In the view of the extension of time for completing the Interstate System, shouldn't an additional cost estimate be submitted to the Congress?

Answer: The number of additional estimates needed to provide equitable apportionment factors for completing the Interstate System depends, of course, on the length of program time extension required. The Act provides for an extension to fiscal year 1974 with the 1970 Estimate used for apportioning funds for 1972, 1973, and 1974. It might be preferable that there be made provision for administrative revision of apportionment factors during the final two years of the Interstate program period with the Secretary authorized to adjust program balances between States as necessary to assure a proper distribution of available funds to complete the system.

SECTION 5—AUTHORIZATIONS FOR ABC PROGRAM AND PUBLIC DOMAIN ROADS

1. During hearings of this Subcommittee in February of this year, it was pointed out that there has been no increase in Federal-aid ABC authorizations since 1964. H.R. 17134 would continue the practice of authorizing funds for the ABC program at a $1 billion annual level. It was recommended by the American Road Builders Association that, in view of price increases and relative neglect of the ABC program because of emphasis on the Interstate program, the annual authorizations for the ABC program be increased to $1.5 billion for each of the fiscal years 1970 and 1971.

Would you comment on this please?

Answer: Annual authorizations for the ABC highways were increased considerably under the expanded highway program inaugurated in 1956, from $700 million authorized for the fiscal year 1956 to a $1 billion level beginning with the fiscal year 1966. This $1 billion authorization level was continued for the fiscal years 1967 through 1969, and is further proposed for the fiscal years 1970 and 1971.

During the fiscal years 1970 and 1971 the major effort under the Federal-aid highway program will still be directed toward completion of the Interstate System, involving recommended authorizations of $4 billion annually. In addition, a new TOPICS program is being recommended to supplement the ABC program, involving additional authorizations of $250 million annually for improvement of the Federal-aid primary system in urban areas. In view of these circumstances, it is recommended that the ABC authorizations be continued at the $1 billion annual level for each of the fiscal years 1970 and 1971.

2. Section 5 of H.R. 17134 would authorize the appropriation of $250 million for each of five fiscal years, a total of $1.250 billion, for "traffic operation projects in urban areas". H.R. 17134 would limit expenditure of these funds to extension of the Federal-aid highways in urban areas. I understand, however, that the Administration recommends that the money be appropriated out of the Highway Trust Fund, but without any requirements that the money be spent only on roads and streets on the Federal-aid system.

(*a*) It that correct?

Answer: No. The TOPICS funds would be expended only on an approved Federal-aid system within urban areas.

(*b*) Isn't this a diversion of Highway Trust Funds from the purposes now prescribed by law?

Answer: Arterial highways, major streets and most of the streets in the downtown areas would be eligible for addition to the Federal-aid primary system. All expenditures would be in accordance with the provisions of current Federal-aid highway legislation.

3. The bill would authorize the appropriation of funds for parkways and park roads and trails for fiscal year 1971 but not for fiscal year 1970. Why is this?

Answer: This question should be referred to the Department of Interior since it relates to the programs and responsibilities of that Agency.

4. The authorizations for all public domain highways and park roads would be held at about the present levels or reduced, except for Indian reservation roads and bridges. Under existing law, $19 million was authorized for fiscal year 1968, and $23 million authorized for 1969 for Indian reservation roads and bridges. H.R. 17134 would increase this to $30 million for each of fiscal years 1970 and 1971. Why this increase?

Answer: This question should be referred to the Department of Interior since it relates to the programs and responsibilities of that Agency.

5. Under section 204(g) of the Highway Revenue Act of 1956, apportionments for the Interstate System must be reduced if the apportionment would result in expenditures which, together with all other expenditures from the Trust Fund, would exceed its receipts. In other words, all programs financed out of the Highway Trust Fund take priority over the Interstate program.

(*a*) If enacted as recommended by the Administration, the $1,250 billion "traffic operation projects" would take priority over the Interstate System under the existing law, would it not?

Answer: Under existing law (Section 209(g) of the Highway Revenue Act of 1956) the TOPICS program as recommended for financing from the Highway Trust Fund would take priority over the Interstate System program if Highway Trust Fund revenues were inadequate to finance all programs at the authorized levels.

(*b*) Was this fact taken into account when it was decided to not limit the progrom to streets and highways on the Federal-aid system?

Answer: The TOPICS funds would be expended only on Federal-aid system routes. TOPICS-type improvements on streets and highways comprising the Federal-aid system are urgently needed to expedite traffic in urban areas, and this was the major consideration in submitting recommendations for the TOPICS program.

(*c*) Under these circumstances, I would like to have your views as to the desirability of making the authorizations for the new traffic operation projects program and the provision for financing forest highways and public lands highways out or the Highway Trust Fund conditional upon enactment of legislation providing revenues for the Highway Trust Fund in excess of that required to complete the Interstate System.

Answer: The Administration proposal for the continuing highway program is for a complete package involving completion of the Interstate System, continuation of the ABC program, authorization of a TOPICS program, and continuation of the Forest Highway and Public Lands Highway programs, all to be financed from revenues accruing to the Trust Fund under present and proposed legislation. No priority other than as prescribed by Section 209(g) of the Highway Revenue Act of 1956 has been established for one program over another—all are needed, and it is recommended that all be financed from the Trust Fund.

Revenues accruing to the Trust Fund under present legislation would be adequate to finance all of the programs at recommended levels for a period of several years in the future. The programs are needed now, and the necessary authorizations should not be conditioned upon enactment now of legislation to provide revenues for the Highway Trust Fund in excess of that required at a later date to complete the Interstate System. The Interstate System itself cannot be completed except as there is legislation to provide additional revenues in the Highway Trust Fund.

Section 6—Authorizations for State and community highway safety programs

1. Even if appropriation of money for this program is authorized by the Congress, the funds cannot be apportioned to the States. The apportionment formula set forth in the existing law loes not apply to fiscal years after 1969. The Secretary is required to submit recommendations to the Congress by January 1, 1969 regarding a non-discretionary apportionment formula, and until this is done and the Congress acts, the funds cannot be apportioned.

Is there any reason why we should not defer authorization of funds for this program until the Congress considers the recommendation of the Secretary regarding the apportionment formula?

Answer: Public Law 89–564, the Highway Safety Act of 1966, requires the Secretary of Transportation to report to the Congress his recommendations for a nondiscretionary apportionment formula for State highway safety programs on or before January 1, 1969, and this will be done. The Department currently is studying various formulas which could be used for apportionment of authorizations for fiscal year 1970 and thereafter.

Authorizations are needed well in advance of usage so that the States may comply with Section 105, Chapter I, Title 23, U.S.C.—Highways, by submitting a program or programs of proposed projects for the utilization of funds. Enactment of the fiscal year 1970 and 1971 authorizations this year will permit the States the latitude they need for advance planning.

Section 7—Authorization for highway safety, research and development programs

1. I notice that section 7 would authorize $30 million for fiscal year 1970 and $40 million for fiscal year 1971 for highway safety, research and development programs. This compares with $20 million and $25 million authorized for fiscal years 1968 and 1969 respectively.

(*a*) Why does the Administration ask for an increase in this research program while many of the other aspects of the highway program are to be reduced?

Answer: The answer to this question must first speak to the thesis that the other aspects of the highway safety program are in fact not being reduced. If the figures on Section 6 are taken alone, you would get the impression that the program tapers off in 1971. What those figures actually mean is this: Congress has already authorized us to obligate a total of $267 million—$67 million of that authorized for Fiscal 1967; and $100 million each for Fiscal 1968 and Fiscal 1969. These authorizations extend for two years each, so there now exists the authorization to obligate funds through the end of Fiscal 1971. We will have obligated through June 1968 only $27 million of that money, partly because of a limit of $25 million that was placed on this years' budget. Thus, there remains $240 million authorized, $100 million of which is available for obligation through 1970 plus $100 million of which is authorized through 1971.

We are asking the Congress to add $50 million in Fiscal Year 1970 and another $75 million in 1971. This is emphasized because the amounts requested in 1970 and 1971, if taken by themselves, would seem to indicate a tapering off of the program. Actually because of the carry-over of the authorization, if the request is enacted we will have authority to obligate a total of $225 million in 1970.

Secondly, the requested increase in R & D funding is directly related to the large variety of R & D requirements, in a field where basic exploratory effort has only been accomplished to date. Our initial, comprehensive research program undertaken and planned for FY 67, 68 and 69 was intended to—

Define the nature and magnitude of the problems to be addressed,

Upgrade the understanding of these highway safety problems.

Therefore, at the conclusion of this exploratory phase we must move to the applied and experimental phase of (1) developing systems, techniques, and devices to improve highway safety, and (2) to testing and demonstrating the systems, techniques, and devices in the laboratory and highway environment. As with any R & D program, when you move from pencil and paper to actual design and operation of a system or systems, you are experiencing increased funding requirements.

(*b*) Can you give us a list of the Research Projects that have been undertaken under the Highway Safety Act of 1966 and those you would propose to undertake with these additional funds?

Answer: The attached Documents provide a listing of the projects undertaken during FY 67, 68 and planned for FY 69. These are contained in Attachments 2, 3, 4 and 5 respectively. Attachment 5 contains the FY 70 and 71 program areas in which effort will be undertaken to expand upon the base established in the exploratory phase. The specific projects for FY 70 and 71 have not been refined at this point in time.

Section 8—Authorizations for highway beautification

1. Section 8 of H.R. 17134 would authorize the appropriation of $85 million for each of the fiscal years 1969, 1970, and 1971 for carrying out the Highway Beautification Act of 1965.

Is the Administration seriously proposing that the Federal Government expend $255 million for highway beautification purposes in addition to the $984 million included in the 1968 Interstate cost estimate, in view of the Vietnam war and the absolute necessity of curtailing nonessential government spending?

Answer: It is expected that during the period in which the Interstate System is to be completed, construction of the items represented in the $984 million reported in Line Item 13 of the 1968 Estimate will have been accomplished. These are the estimate costs for regular items for erosion control, landscaping, rest areas and facilities, and scenic overlooks; and during the remaining construction period we would expect this work to be completed.

The concurrent program for highway beautification, for which authorizations are requested in Section 8 of H.R. 17134 is a separate consideration from the Interstate program and the items covered in these authorizations are those required to carry out the provisions of the Highway Beautification Act of 1965.

2. I have before me a copy of a letter dated March 29, 1968, from Secretary of Transportation Alan S. Boyd to a Mr. F. J. MacDonald, Chairman of the Governor's Commission on Arizona Beauty. The letter addressed itself to the question of imposition of the 10% penalty for failure to comply with the Highway Beautification Act of 1965 in the event the Arizona Legislature failed to enact the laws necessary for compliance at its 1968 session. Mr. Boyd states, and I quote,

"For these reasons, we feel that the Arizona Legislature will have, during its current session, ample opportunity to consider appropriate action. In the absence of some unforeseen development, I can see no reason to delay further the imposition of the penalty beyond January 1, 1969, should the legislature fail to act to provide effective control during 1968."

As I understand this letter, Secretary Boyd has informed the State of Arizona that if its Legislature fails to act to come into compliance with the Highway Beautification Act of 1965, Arizona will be penalized 10% of its Federal-aid Highway funds apportioned in 1969.

(*a*) Is this correct?

Answer: The Secretary stated during the hearing on May 23, 1968, that at the end of 1968, the Federal Highway Administrator will prepare for him a report on the status of the various States relative to the Highway Beautification Program. This report will contain recommendations which will be reviewed by the Secretary's staff. The Administrator and the Secretary will thereafter decide what is to be done to carry out their requirements under the law.

(*b*) The Legislatures of Puerto Rico and 23 States met during calendar year 1968. Is it the intention of the Administration to impose the 10% penalty of those States whose Legislatures have met and failed to Act?

How about those States whose Legislatures did not meet in 1968?

Answer: The answer to Question 2(a) relates to how the question of the penalty with respect to all States will be handled. In addition, the Secretary in response to questions of Mr. McEwen stated that the possibility exists that the State of New York would lose 10 percent of its Federal highway money unless it enacted outdoor advertising control legislation. This possibility exists for any State whose Legislature met in regular session during 1968 and failed to act during that session or prior thereto. With regard to those States whose Legislatures did not meet in 1968, the Secretary has previously stated that in such cases the suspension of the penalty will continue until the adjournment of the next regular session of the State's Legislature, presumably in early 1969.

3. Suppose a State that has entered into the bonus agreement provided for in section 12 of the Federal-Aid Highway Act of 1958 does not come into compliance with the 1965 Act until say 1970 or 1971. Would that State remain eligible for the bonus payments on those projects completed before it complied with the 1965 Act? In other words, would the State lose its eligibility for the bonus on these projects entirely or would the bonus simply be deferred until the State is in compliance?

Answer: Section 131(j) provides that a State shall be entitled to receive bonus payments as set forth in its bonus agreement, but no such State shall be entitled to such payments unless the State maintains the control required under such agreement or the control required by Section 131, whichever control is stricter.

Section 131(b) of the Highway Beautification Act of 1965 authorizes the Secretary to suspend for such periods as he deems necessary the application of this subsection to a State whenever he determines it to be in the public interest.

The Secretary is fully authorized to suspend any sanctions against a State for failure to provide for "effective control" of outdoor advertising under Section 131(b) of the Act until such time as the State Legislature has had a reasonable opportunity to act on the basis of explicit information.

This also applies with regard to the suspension of bonus payments under Section 131(j). Bonus States which continue to carry out their obligations to control outdoor advertising along the Interstate System in conformity with their existing bonus agreements may thus be entitled to receive bonus payments when the State has enacted appropriate legislation and entered into a suitable agreement to fully implement the 1965 Act.

Section 131(j) further expressly provides that "The provisions of this subsection shall not be construed to exempt any State from controlling outdoor advertising as otherwise provided in this section."

Bonus States as well as non-bonus States are therefore required to implement and fully comply with the provisions of the Highway Beautification Act of 1965, regardless of whether or not the bonus State elects to remain eligible to receive bonus payments as provided by Section 131(j).

Additionally, if the Legislature of a bonus State has not had a reasonable opportunity to act, prior to January 1, 1968, and the State acts administratively by entering an agreement under the 1965 Act contingent on later ratification or approval by the State Legislature the State's eligibility to receive bonus payments would be preserved without question. Bonus payments, however, would be deferred in such circumstances until the State Legislature actually ratifies or adopts a mutually satisfactory agreement.

4. The Vermont Legislature recently enacted a statute which, in effect, socializes the outdoor advertising industry in the State of Vermont. Briefly speaking, that statute (Chapter 333, Laws 1968) would prohibit all outdoor advertising signs except on-premise signs in areas adjacent to all highways within the State. In lieu of private enterprise outdoor advertising, the State Highway Department would erect and maintain official business directional signs, presumably upon the right-of-way of public highways. Each business within the State would be entitled to a maximum of four official business directional signs. I am informed that there are approximately 10,000 registered businesses within the State of Vermont.

(*a*) I would like to have your comments on the safety aspects of erecting this clutter of signs within the highway right-of-way.

Answer: One of the stated purposes of the 1968 Vermont law is to promote highway safety. The law contains specific safeguards with regard to the erection of official business directional signs. Provided the basic guidelines and goals of the law are followed in the administration and implementation tereof, we can foresee no traffic hazard resulting from the erection of these official signs.

(*b*) I would like to have your further comments on the aesthetic value of putting this clutter of signs within the highway right-of-way.

Answer: One of the main purposes of the Vermont law is the preservation of its scenic resources. Properly administered, following the goals of the laws itself, we fail to see how the official business directional signs will have an adverse effect on esthetics.

(*c*) In view of the criticisms which have been directed toward the "fuel, food, lodging" signs erected on the Interstate highway, I would like to have your comments as to whether adequate information can be communicated to highway users through this socialized advertising sign program.

Answer: The official business directional sign system is only one means of communicating with the motorist provided for or contemplated under the Vermont law. Others include information centers or sign plazas, guide books, etc. We fail to see that there will be any serious problem of lack of communication.

(*d*) Should publicly owned highway rights-of-way be used for advertising private businesses?

Answer: The official business directional signs are not advertising in the common meaning of the term. They provide directional information and are similar in basic form and purpose to the signs authorized under Section 131(f) of the Highway Beautification Act. This section permits the erection and maintenance of these signs within the rights-of-way of the Interstate System.

5. I have before me a leter dated February 12, 1968, from Federal Highway Administrator Lowell K. Bridwell to Governor Hoff of Vermont concerning this recent Vermont outdoor advertising law. Mr. Bridwell comments in part as follows:

"We commend the Legislature of Vermont for considering this farsighted proposal. It is certainly consistent with the overall objectives of the Highway Beautification Act of 1965 and the highway beautification program. We look forward to observing its development and implementation."

In hearings before the Subcommittee on Roads in May of 1967, Mr. Bridwell testified with regard to the Highway Beautification Act of 1965, as follows:

"It specifically recognizes the rightful place of outdoor advertising by stating that it shall be permitted and, in fact, promoted, within zoned and unzoned commercial and industrial areas subject to certain limitations mutually agreed to between the Secretary and the States."

(*a*) In view of this, and in view of the many pronouncements of Members of Congress to the effect that outdoor advertising is a legitimate business, which should be regulated and controlled but not eliminated, how can it be consistent with the overall objectives of the Highway Beautification Act of 1965 to pass a law which would socialize the outdoor advertising industry and prohibit all outdoor advertising visible from any road or highway except on-premise signs and signs erected by the State?

Answer: One of the specific provisions of the Highway Beautification Act is that nothing contained therein shall prohibit a State from establishing stricter limitations with respect to outdoor advertising than those established under Section 131. In effect, the Act provided minimum standards of control which were expected of every State. A number of States have enacted legislation exceeding the requirements of the Federal Act; several have virtually eliminated off-premise outdoor advertising. Provided the State Legislature finds that this is in the best interest of the State, there is nothing inconsistent with such action insofar as the objectives of the Federal Act are concerned.

(*b*) In view of this commendation of the Legislature of Vermont for "considering this farsighted proposal" would it be your policy to encourage other States to enact similar legislation?

Answer: It is our policy to encourage all States to enact the necessary legislation to comply with the Highway Beautification Act of 1965.

The initiative for action similar to Vermont's must come from the State, and specifically the State Legislature, as it did in Vermont. If the State Legislature of any State felt that such action would promote travel and tourism by the preservation of its natural beauty, we feel that such action would be commendable.

6. If the Congress refuses to authorize additional funds for carrying out the Highway Beautification Act of 1965, what will be your position with respect to imposing the 10% penalty in 1969 against States which cannot comply with the requirements of the 1965 Act?

Answer: As the Secretary stated to Mr. McEwen at the May 23 hearing, the threat of the 10 percent loss exists whether or not the Congress appropriates Federal funds for carrying out the Highway Beautification Act. See also the answers to questions 2(a) and (b).

7. Suppose that a State compiles with the junkyard control provision of the Act, but fails or refuses to comply with outdoor advetrising control provisions. Will a penalty be imposed upon such a State and, if so, in what amount?

Answer: Should a State clearly and finally refuse to comply with Title I of the Federal Act, there is no question but that the penalty of 10 percent will be imposed.

8. Suppose that a State fails or refuses to comply with both the outdoor advertising and junkyard control provisions of the Act, and penalties are imposed. Will the penalty be 10% or 20% of the State's Federal-aid highway apportionment?

Answer: Since most States have already provided for compliance with Title II of the Act, and there has been very little opposition thereto, we cannot foresee that any State will be penalized for failure to comply with this section of the Act. For this reason, we think the question is academic and would prefer to defer an answer until such time as a specific situation of the nature described may arise.

9. It is my recollection that 25 States entered into agreements under the bonus provision of section 12 of the Federal-Aid Highway Act of 1958. Is this correct?

Answer: That is correct.

10. I understand that only 17 States have entered into agreements under the Highway Beautification Act of 1965.

(*a*) Is this correct?

Answer: Eighteen States have signed agreements under the Highway Beautification Act of 1965.

(*b*) Could you give us the names of those States?

Answer: Rhode Island, Vermont, Virginia, Hawaii, District of Columbia, Connecticut, New York, Kentucky, Minnesota, Maine, Utah, Puerto Rico, California, Maryland, Alaska, Pennsylvania, Delaware, and Iowa.

11. I have been informed that of the 17 States which have entered into agreements, 4 of these have signed agreements not authorized by State legislation. These 4 States are : Delaware, Maine, Minnesota, and Pennsylvania.

Is this correct?

Answer: Five States have signed agreements pending ratification or approval by the State Legislature. These are Delaware, Maine, Minnesota, Pennsylvania, and Iowa.

12. In 4 of the remaining 13 States which have entered into agreements, the agreements will result in the removal of a grand total of 155 signs.

A table based upon information supplied by the Bureau of Public Roads, which I inserted at page 910 of the hearings of this Subcommittee in hearings on "Review of Highway Beautification—1967" shows the following with respect to off-premise advetrising signs existing on October 22, 1965, which would have to be removed under the Administration's standards:

State	Interstate System	Other Federal-aid primary highways
		8
Alaska	0	96
Hawaii	1	20
Puerto Rico	0	
District of Columbia	1	29
Total	2	153
Grand total	155	

It seems to me that the Highway Beautification Act of 1965 is not accomplishing much, at least in these States. Would you care to comment on this?

Answer: It is true that compliance with the Highway Beautification Act of 1965 will result in the removal of a relatively small number of signs in the States mentioned. This is because the States already had restrictive legislation and few if any signs were located in the areas prohibited by the Federal Act.

13. It appears that of the 17 agreements entered into so far under the 1965 Act only 9 offer definite possibilities for results under existing State laws. As I mentioned earlier, 25 States entered into agreements under the bonus provision of the 1958 Act. This indicates to me that the bonus approach is a much more workable, acceptable way of handling this than the penalty or "big stick" approach. Would you care to comment?

Answer: The 25 agreements entered into under the bonus provision of the 1958 Act were signed over a period of about 7 years when that Act was in effect. The 18 agreements signed to date under the 1965 Act have been negotiated and completed during a period of less than one year. The Department anticipates moreover that a number of additional agreements will be executed within the next few months. We feel strongly that the present Act is superior to the bonus approach.

14. When the Federal-aid highway laws were codified as title 23, United States Code, in 1958, it was intended to incorporate in title 23, only the substantive provisions of the law and not temporary provisions such as authorizations of appropriations. In the event the Congress should authorize appropriation for highway beautification, would it not be preferable to enact that as a separate provision and not as part of title 23, United States Code?

Answer: We think it would make no substantial difference whether the authorization for highway beautification is contained in a separate provision or included in title 23, United States Code.

Section 9—Advance acquisition of rights-of-way

1. Subsection (b) of section 9 of H.R. 17134 would authorize appropriation from the Highway Trust Fund for such money "not to exceed $100 million as may be necessary for the initial establishment of a fund and for its replenishment on an annual basis", to finance an advance right-of-way acquisition program.

The language used in this subsection is not clear. Is it your intention to limit total appropriations from the Highway Trust Fund to $100 million, or is this a limitation on the amount which is authorized annually?

Answer: It is the intent of this language to authorize the appropriation from the Highway Trust Fund not to exceed $100 million to establish the fund and not to exceed $100 million annually for its replenishment. This amendment follows the concept of 23 U.S.C. 125 on emergency relief (repair and reconstruction of highways) and 23 U.S.C. 320(d) on bridges over Federal dams.

2. The bill provides that "The provisions of subsections (d), (f), and (g) of section 209 of the Highway Revenue Act of 1956" shall be applicable to the advance right-of-way acquisition program. Section 209 of the Highway Revenue Act of 1956 has to do with the creation and other aspects of the Highway Trust Fund, and it would seem to me that section 209 would apply without expressly so providing.

(*a*) Will you please comment on this?

Answer: The provisions of section 209 of the Highway Revenue Act would apply to the advance right-of-way acquisition program. It may be unnecessary to expressly so provide, as you suggest.

(*b*) The bill refers to subsections (d), (f), and (g) of section 209, but does not refer to the other subsections. I have specifically in mind subsection (e) of section 209, which relates to management of the Trust Fund. It seems to me that failure to mention these subsections raises the implication that they do not apply. Would you comment on this?

Answer: If the conclusion is that section 209 applies in its entirety, nothing further is needed.

(c) As I read the bill, if 209(g) is applicable in its entirety, portions of the amount equal to 2% of the apportionments to be allocated to a State that is construed to be "authorized to be appropriated for the construction, reconstruction, or improvement of the Interstate System" could not be made available if the Highway Trust Fund is inadequate to permit the apportionment of all authorizations. In other words, this right-of-way fund would not take precedence in its entirety over Interstate System authorizations. Is that correct?

Answer: Yes.

3. Subsection (b) of section 9 contains the following sentence.

"Within six months subsequent to the allocation to a State of funds under this subsection, the State shall demonstrate to the satisfaction of the Secretary that it will obligate such funds for the purposes of this subsection."

I have read the bill several times with considerable care and have been unable to find any statement as to the "purposes of this subsection." Would you please tell me what a State would have to demonstrate to the Secretary that it did not have to demonstrate under subsection (a), for example, which is a modification of the advance acquisition section which has been in the law for several years and was included by an amendment which I offered?

Answer: The reference to "subsection" should be changed to read "section".

4. Subsection (c) of section 9 states that before any funds may be made available to a State pursuant to this *section*, the State Highway Department must enter into an agreement which shall provide for the reimbursement for the costs of such rights-of-way *and* for the actual construction of a road on such rights-of-way within a period of 7 years. As I read it, this subsection would require the State to reimburse the Federal Government for 100% of the funds advanced even though a road is actually constructed thereon within 7 years, and even though the project is one in which the Federal-aid funds would normally participate in the cost of right-of-way acquisition at the applicable pro rata share. Can you explain this to me? Should the reference be to "subsection (b)" rather than "this section"?

Answer: First Part—Subsection (c) of section 108 [9] is intended to require an agreement by the State to reimburse the Federal share of costs of the right-of-way and to commence actual construction within seven years whether the financing is under section 108(a) with 100 percent financing from the State's funds or under section 108(b) with 100 percent financing from Federal-aid funds provided by the proposed additional 2 percent allocation from the trust fund. Under section 108(d) Federal participation in projects financed under section 108(a) cannot exceed the Federal pro rata share applicable to the class of Federal funds involved, thus the State is reimbursed for applicable Federal share which the State originally supplied. For projects financed under section 108(b) the applicable provision as to Federal participation is in section 124(c) which requires, before actual construction commences on rights-of-way acquired, repayment by the State of its pro rata share of the project costs for credit to the trust fund.

Second Part—No, for the reasons given in the first part.

5. As I read this bill, the money paid back by a State would not go into any advance right-of-way acquisition fund and, in fact, it is not a revolving fund such as you recommended be established in your report entitled "Advance Acquisition of Highway Rights-of-Way Study". Is that correct?

Answer: Yes. The funding procedure for advance acquisition of right-of-way is patterned after that for emergency relief in section 125. Section 124(b) provides for appropriation of not to exceed $100 million from the trust fund to establish the fund and for replenishment on an annual basis. Under section 108 (b) the repayment by the State of its pro rata share goes to the trust fund not to a so-called advance acquisition fund. When projects are under section 108(a), the Federal pro rata share would be provided as at present.

6. Do you agree that the language of this section is garbled, and that it should be rewritten?

Answer: No, see the answer to Question 5, above.

7. Are you familiar with H.R. 16622, introduced for myself and the other Minority Members of the Committee on Public Works, relating to an advance

right-of-way acquisition program? Briefly speaking, H.R. 16622 would establish a right-of-way revolving fund for advance acquisition purposes and has as its objective what I assume to be the same purpose as section 9 of H.R. 17134.

Would you please comment on the dfferences between section 9 of this bill, and H.R. 16622, and may I also have your comments as to whether H.R. 16622 might not be an acceptable substitute for section 9 of H.R. 17134?

Answer: It is our view that H.R. 16622 would not establish an effective revolving fund. Appropriations under that proposal would be authorized only for fiscal years 1970, 1971, and 1972. For the fund to become truly revolving, advances made from those appropriations would have to be repaid in order for additional advances to be made. However, under H.R. 16622 repayments could be delayed for seven years. Hence, it is not unlikely that the fund would be exhausted in three years and conceivably little or no funds would be available for advance acquisition for the next four years until the first advances would have to be repaid. At the very least, the proposal of H.R. 16622 would make it difficult to know ahead of time just how much would be available for advance acquisition and, accordingly, would make planning difficult.

Section 12—Urban Area Traffic Operations Improvement Programs

1. As I understand it, under the Administration's proposal, projects financed under the so-called "TOPICS" program would not have to be located on any Federal-aid highway system. In other words, Federal monies made available for this section could be expended upon any street or highway within an urban area. Is that right?

Answer: No. Federal monies made available under Section 12 would not be expended on *any* street or highway within an urban area, but would be restricted to the Federal-aid highway systems. The limited right-of-way available for major highway improvements and the increasing influence of the high volume intra-urban traffic has demanded a change in the traditional administrative procedures for selecting streets for the Federal-aid primary system. Thus since February 1967 the States have been encouraged formally to select urban areas and study their needs on an area and network basis, and to recommend additions to the existing Federal-aid primary system. These additions to the Federal-aid primary system would not include all streets but would be limited to: arterial highways and major streets not already on a Federal-aid system; most or all of the street grid in the downtown area; and, a limited street grid in other areas having particularly heavy concentrations of traffic. Similar restriction is contemplated in the administration of the subject proposed legislation.

2. The Administration has proposed that funds to carry out this section would be authorized to be appropriated out of the Highway Trust Fund. Isn't it true that under existing law projects not located on a Federal-aid highway system could not be financed out of the Highway Trust Fund since the Trust Fund is available only for expenditures "which are attributable to Federal-aid highways"?

Answer: Existing law does not authorize the financing of projects from the Highway Trust Fund which are not on a Federal-aid highway system.

(*a*) Wouldn't an amendment of section 209(f) of the Highway Revenue Act of 1956 be necessary to permit financing of the "TOPICS" program out of the Trust Fund?

Answer: No. It is not intended to finance projects not on a Federal-aid system from the trust fund. H.R. 17134, section 5(2) specifically provides that traffic operation projects in urban areas authorized by section 135 are to be on extensions of the Federal-aid primary and secondary highway systems in urban areas.

3. Isn't authorizing the expenditure of Federal-aid highway funds on projects not on a Federal-aid highway system entirely inconsistent with the concept of expending limited Federal funds on a limited interconnected system of highways having national and regional significance?

Answer: TOPICS funds would be available for expenditure only on Federal-aid system streets with heavy concentrations of traffic, such as arterials and major streets and streets in the downtown grid network.

4. It seems to me that permitting the expenditure of Federal-aid highway funds on projects not on a Federal-aid system would be a step away from developing a more rational and meaningful highway system classification.

In the "1968 National Highway Needs Report," on page 31 of the Senate Committee Print, it is stated that, "Fundamental to a larger Federal role in helping solve urban transportation problems, then, would be an expansion of size and a change of definition of the urban network on which Federal highway funds may be applied."

Section 12 of the bill contains no definition at all of the "urban network" on which funds authorized for that section may be expended. Can you tell me why it does not?

Answer: Federal-aid highway funds would not be expended off of the Federal-aid system. The Type I Federal-aid primary system comprises priority primary routes approved under traditional procedures. The Type II Federal-aid primary system is made up of those streets of lesser priority, but of significance primarily because of their area and network influence. Federal-aid primary, Type I, and Federal-aid secondary systems will be revised, and Federal-aid primary, Type II, systems will be added on a rational and meaningful basis.

The Bureau of Public Roads in cooperation with the States is preparing for a complete rural and urban highway reclassification, but the effort has not advanced sufficiently to propose legislation for an "urban system." The TOPICS legislation should not be deferred until a reclassification is completed. The system approval procedures and network study requirements for the TOPICS program should expedite the reclassification efforts.

5. Subsection (e) of section 12 of the bill states that, "The provisions of chapter 1 of this title (title 23) relating to the obligation, period of availability, and expenditure of Federal-aid primary highway funds shall apply to the sums available for expenditure for the purpose of this section."

What about the applicability of the other provisions of chapter 1, title 23? I have particularly in mind the provision of section 116 which requires that projects be properly maintained. There are other sections, including section 106 relating to approval of plans, specifications and estimates, section 109 relating to standards, section 112 concerning letting of contracts, and section 114 having to do with construction.

Would all or any of these sections apply under the language of the bill?

Answer: Subsection (c) of Section 12 was included in the bill in order to indicate specifically the intent of Congress that the contract authority provisions of the Federal-aid highway legislation should apply to the TOPICS program. All other provisions of Chapter 1 would likewise apply to the TOPICS program, including Section 106 relating to approval of PS&E, Section 109 relating to standards, Section 112 concerning letting of contracts, Section 114 having to do with construction, and Section 116 relative to maintenance.

6. The bill states that funds available for expenditure for the purposes of the program, "shall be used for projects which include but are not limited to those which directly facilitate and control traffic flow." I would appreciate your giving to me examples of the kind of projects the funds can and cannot be expended upon.

Answer: Examples of improvements to be included in projects on which funds would be expended to facilitate and control traffic flow include:

a. Channelization of intersections to reduce accidents and create a more orderly flow of traffic.

b. Striping to provide definite traffic lanes, stop lines, turning lanes, parking spaces.

c. Restriction of parking to increase safety and capacity. This can be done all day or only during specific times of day when traffic is heaviest.

d. New and more modern signs and signals.

e. Progressive signal systems which would decrease the delay caused by a non-progressive system and would aid in increasing the travel speed.

f. Construction of bus bays which would remove the buses from the flow of traffic during loading and unloading periods, also the designation of specific bus lanes.

g. Setting up one-way street pairs which increases the capacity and allows more orderly flow.

h. Designating reversible lanes which increase capacity.

i. Construction of pedestrian and highway grade separations at other highway or railroad crossings to eliminate major bottlenecks in traffic.

j. Providing additional lanes approaching major intersections which removes the heavy amount of left and right turning traffic from the through lanes and thus increases the capacity and safety of the intersection.

k. More modern highway lighting to those sections of streets which indicate large amounts of nighttime accidents.

l. Establishing traffic surveillance systems where traffic flow measurements and accident data at and between key intersections are evaluated to identify locations where corrective action is needed.

m. Developing truck loading and unloading facilities to remove trucks now interfering with heavy traffic.

Some projects which would *not* be eligible for expenditures include:

a. Total reconstruction of a street which is in need of repair.

b. Resurfacing a rough pavement to provide a smoother riding surface.

c. Major widening of minor streets.

7. In the letter transmitting the proposed legislation to the Speaker of the House, it is stated that such funds may be used for "traffic control systems," "traffic surveillance systems," and "special facilities for the handling of commercial traffic."

Under these items, could Federal funds be expended for the salaries of policemen?

For the maintenance and operation of traffic control systems?

Would you please give me some examples of "special facilities for the handling of commercial trafiic"?

Answer: Federal funds would not be expended on such items as salaries of policemen or traffic engineers nor would they be allowed for maintenance and operation of traffic control devices. All operation and maintenance costs would be the responsibility of the State or local jurisdiction.

Specific examples of special facilities for the handling of commercial vehicles include: bus and truck bays for loading and unloading, establishing and marking definite loading and unloading zones, flattening curb returns to facilitate turning movements and designating truck and bus routes.

8. How would this program be administered? That is, would the State highway department be the applicant and the approving authority, as in the case of the Federal-aid highway program, or would the governing officials of urban areas deal directy with the Federal authorities?

Answer: The State-Federal relationships for this program would be the same as on all other Federal-aid projects. The State will initiate all action relative to the program and they will be responsible for selection of the cities, the route system, the design, construction and maintenance. The State may enter into agreements with their political subdivisions for certain aspects (studies and maintenance) of the program, however, the Federal authorities will deal directly with the States in all matters.

9. In the letter of Secretary Boyd transmitting the bill to the Speaker of the House, it is stated that projects under the urban area traffic operations improvement program could include, "pedestrian overpasses and other measures to separte pedestrians from vehicular traffic."

Give me some examples of these "other measures"? Could they include fences or guardrails between playgrounds or schools and city streets not on a Federal-aid system?

How about the construction of elevated structures perhaps several blocks long, to keep vehicular traffic at one level and pedestrians at another?

Answer: Examples of other measures to separate pedestrians from vehicular traffic would include curbs and sidewalks and pedestrian underpasses or overpasses. Fences or guardrails between playgrounds or schools and city streets could be provided.

Under the present program we do not contemplate constructing elevated structures several blocks long to keep vehicular traffic at one level and pedestrians at another level.

Section 14—Fringe parking facilities

1. Section 14 of the bill would authorize the use of Federal-aid highway funds for the construction of publicly owned parking facilities. It is my understanding that the Federal share of such facilities would be 75% and that any apportioned Federal-aid funds, including Interstate funds, could be used for these facilities. Is that right?

Answer: Yes.

2. How do you arrive at the matching ratio of 75–25?

Answer: The logic was that in order to place the fringe parking program on the same basis, whether the project was funded from ABC or Interstate authorizations, the Federal share should be greater than 50 percent and less than 90 percent.

3. Do you have an estimate as to the number or cost of parking facilities which would be financed under this section?

Answer: While we have made estimates of fringe parking needs we have not estimated the number or cost of facilities to be financed under this section. The use of funds for this program depends largely on its acceptance by individual States and cities. We have made no inquiries relative to such acceptance to date.

4. Since each State receives a specific amount of ABC funds, and since Interstate funds are apportioned on the basis of need, it is a certainty that the States would seek to use Interstate funds to the maximum possible degree for these parking facilities. Do you have any estimate as to how much this would increase the cost of the Interstate System?

Answer: In keeping with question 3 we have no estimate of total program cost and also no cost of the program as it relates to the Interstate System. The degree to which Interstate costs would be increased would again be primarily based on acceptance of the program by individual States and cities.

5. In approving projects for parking facilities adjacent to highways on a Federal-aid system, how would the source of Federal-aid funds be determined? Would it be on the basis of classification of the highway adjacent to which the facility is to be constructed?

Answer: Yes.

6. There seems to be no limitation in this section on dollars, percentage, or otherwise, upon the amount of Federal-aid funds which could be used for parking facilities. The Capital Beltway, which encircles Washington, D.C., has some 38 interchanges constructed or planned. Suppose the States of Maryland and Virginia decide it would be desirable to construct parking facilities at each of those interchanges, and since they would be adjacent to an Interstate highway, to use Interstate funds for that purpose. Would this be permitted under the Administration proposal?

Answer: Individual project submissions of the type suggested would be evaluated individually based on several criteria. One item bearing heavily on such a proposal and stated in the proposed legislation would be the probability of the usage of such facilities in conjunction with existing or planned mass transportation facilities. If all applicable criteria are clearly shown to be met a project of this type could be approved.

It would not seem reasonable to build facilities at all 38 beltway interchanges as suggested in the question without determining the effectiveness of the proposal at a smaller number of sites, and this would undoubtedly be suggested to the States involved.

7. Projects for parking facilities would be approved "as a project under this title"—meaning title 23, United States Code, "Highways." Title 23 defines the terms "highway," "Federal-aid system" and "project"—and by no stretch of the imagination are these definitions broad enough to include parking facilities.

(*a*) Would you recommend amending these definitions?

(*b*) Since section 209 of the Highway Revenue Act of 1956 limits the Highway Trust Fund to meeting expenditures "attributable to Federal-aid highways," would it be necessary to amend that Act to permit the use of Highway Trust Fund receipts to finance parking facilities?

Answer: The language of proposed section 139(b) authorizes the Secretary to approve, "as a project under this title," the acquisition of land adjacent to the Federal-aid system right-of-way and construction thereon of parking facilities. We believe this language in itself is sufficient to authorize the fringe parking facilities without further amendment.

8. Section 14 would permit the use of Federal funds for the acquisition of land "adjacent to the right-of-way on any Federal-aid highway system." What do you mean by the word "adjacent"? Does the land have to abut the right-of-way, or may it simply be in the general vicinity of a Federal-aid highway?

Answer: It is intended that the fringe facility have a definite orientation to a Federal-aid highway. If access is not controlled an abutting relationship would be required. If access is controlled we would use existing interchanges by location of the facility on a frontage road or by connection to a crossroad in close proximity to an interchange consistent with safety and good traffic operations.

9. As I understand it, Federal funds can participate in parking facilities only if they are located outside a "central business district." Don't we have an equal or greater need for parking facilities in downtown areas?

Answer: There is a definite need for additional downtown parking facilities serving the core areas of major cities. It is assumed that these facilities can be operated as a profitable venture, and can be adequately handled through local programs involving a mix of private and municipal facilities.

While the fringe facility does help meet basic parking demands its primary functions relate more to keeping automobiles off major radial routes, and out of the CBD with a resultant decrease in traffic congestion. Since such facilities seldom generate revenues it is unlikely that the need can be met by the local community.

10. If Federal-aid highway funds are to participate in fringe parking facilities, it seems to me that this Federal expenditure should be reflected in increased usable traffic lanes on Federal-aid highways. Would you object to a further condition in this section which would make approval of fringe parking projects conditional upon an agreement by the State to prohibit parking on space on a specific Federal-aid highway equivalent to that provided by the fringe parking facility?

Answer: While we readily agree with the desirability of removing street parking to increase the capacity of major arterials during periods of high demand such a proposal is rather inflexible. Appropriate parking restrictions may already be imposed on the Federal-aid highway directly connected to the fringe facility. The condition would appear to restrict application of the program in many needed areas.

11. In this section we are discussing, it is stated that "In the event fees are charged for the use of any such facility, the rate thereof shall not be in excess of that required for maintenance and operation."

Under this limitation, would the State be permitted to set fees at a rate sufficient to amortize the State's investment in the acquisition and construction of the facility as well as the cost of maintenance and operation?

Answer: Under certain conditions a fringe facility might be able to produce revenue above that required for maintenance and operation and possibly sufficient to amortize the State's investment, but this will not be common. The primary criterion we are seeking is maximum usage of these facilities, and the rate charged is basic to such usage. It would be highly undesirable if a State would require the recoupment of its investment to the detriment of the usage of any or all fringe facilities provided.

12. I note that the term "parking facility" as defined in the bill includes, among other things, "equipment." Would this authorize Federal participation in the cost of:

(*a*) Cash registers, ticket issuing machines, and time stamp machines?

Answer: This bill permits the collection of revenue to cover annual maintenance and operation. As this equipment will be necessary in the collection of such revenue, they would be eligible items.

(*b*) Elevators and other mechanized equipment for moving motor vehicles and personnel?

Answer: Standard mechanical equipment necessary for the normal operation of the individual facility would be an eligible item.

(*c*) Equipment commonly found in some parking facilities for the servicing of automobiles, such as car wash facilities, battery rechargers, mechanics tools, automobile jacks and other tire repair equipment, etc.?

Answer: While these services might represent an added convenience to the user, they are not essential to the operation of the facility and would not be eligible for Federal participation.

(*d*) Waiting rooms, rest rooms, and other facilities for the convenience of patrons?

Answer: Convenience facilities would be eligible items; however, the extent of such facilities necessary to successful operation of the individual fringe facility would have to be determined. In some cases simple shelters would be adequate, while others might require modest structures with rest rooms. Criteria such as length of trip, size of facility, transit headways, etc. would determine these requirements.

GENERAL QUESTIONS

1. In June 1966, the Special Subcommittee on the Federal-aid Highway Program, held exhaustive hearings on the Relationship of Toll Facilities to the Federal-aid Highway Program. During his appearance before the Committee on June 23, 1966, then Under-Secretary of Commerce Alan S. Boyd, was asked whether he would consider submitting legislation which would grant additional authority to the Federal Government with respect to toll facilities. Mr. Boyd's response was as follows:

"Yes sir. We are in the process of studying that at the moment, and I assure you we are not saying this as a delaying tactic. We are very diligently working on this, but as I tried to outline in my testimony, this tends to become more complicated the more we know about it. I am confident that at the next session of the Congress we will be presenting proposed legislation for consideration by these committees to deal with these policy problems."

As I mentioned, that was in June of 1966, nearly two years ago. Can you tell me the outlook for recommendations concerning legislation on toll facilities?

Answer: The effort to develop policy recommendations with respect to the very complex question of toll facilities in the U.S. is still in process.

As you know, various ways of approaching the question of tolls have been suggested. Among them is the idea that the Federal Government should reimburse States for toll facilities on the Interstate System so that they can be made toll free. This notion is embodied in S. 2888 and H.R. 14962. Under those bills, the Secretary of Transportation would determine the amount of reimbursement to each State which in no case would exceed the original cost and which would be used to liquidate the cost of toll facilities including outstanding bonded indebtedness. One problem with this approach is the total reimbursement to the States is estimated to be nearly $3 billion. In addition to the financial enormity of the problem, there are such problems as the fact that in some States the toll facilities that would be involved are covered by the same bond financing as other transportation facilities not on the Interstate System. Thus, major legal and administrative problems would be presented in implementing such legislation or others of a similar purpose and intent.

As you can appreciate the question of how to deal appropriately with this issue has many ramifications and implications for the Nation's transportation system. In any event, we hope and anticipate that by the next session we will have been able to analyze thoroughly all aspects of the toll facilities question. At that time, we will have determined whether and in what form legislative recommendations should be made to the Congress.

2. Under the provisions of section 209(f) of the Highway Revenue Act of 1956, amounts in the Trust Fund are available only for meeting those obligations "which are attributable to Federal-aid highways (including those portions of general administrative expenses of the Bureau of Public Roads payable from such appropriations)." Let me emphasize the phrase "general administrative expenses of the Bureau of Public Roads" which exists as a separate bureau within the Federal Highway Administration.

The budget request for fiscal year 1969 shows an item of $11,468,000 to be appropriated from the Highway Trust Fund for "support of Federal Highway Administration."

(*a*) The Federal Highway Administration includes two bureaus in addition to the Bureau of Public Roads: The National Highway Safety Bureau and, the Bureau of Motor Carrier Safety. If Highway Trust Fund revenues are used for the "support of the Federal Highway Administration," Highway Trust Fund revenues are being used to pay at least part of the cost of administration of these two bureaus.

Is that correct?

Answer: That assumption is not correct. The Federal Highway Administration is supported by funds appropriated for Traffic and Highway Safety and Motor Carrier Safety as well as by the Highway Trust Fund. In fiscal years 1968 and 1969 each of the three appropriation accounts supports precisely the same number of positions that were budgeted separately for the same functions before the activities were consolidated into the Federal Highway Administration. Should the staff requirements of the Federal Highway Administration change in the future, the increase or decrease will be reflected in a pro-rata adjustment among the three Bureaus and among the three appropriation accounts.

(*b*) How can monies from the Highway Trust Fund be legally used for "support of the Federal Highway Administration" when, by law, the Fund is available only for expenditures attributable to Federal-aid highways and for the administrative expenses of the *Bureau of Public Roads?*

Answer: That portion of the Highway Trust Fund being used to support the Federal Highway Administration is providing services required by the Bureau of Public Roads. As indicated above, each Bureau of the Federal Highway Administration's proposed legislation to extend the life of the Highway Trust Fund, charged to the Highway Trust Fund is solely for administrative expenses of the Bureau of Public Roads even though the services are provided through a centralized organization.

(*c*) The Administration recognizes this legal problem, does it not? In the Administration's proopsed legislation to extend the life of the Highway Trust Fund, it suggested a change in the language of section 209 to specifically authorize use of Trust Fund monies to pay part of the administrative cost of the Federal Highway Administration.

Answer: The Administration does not consider that a legal problem exists with respect to this use of the Highway Trust Fund in financing the administrative expenses of the Bureau of Public Roads through the Federal Highway Administration. The proposed change in the language of section 209 was submitted in order to clarify the organizational relationships with respect to financing the administrative expenses of the Bureau of Public Roads.

Mr. CRAMER. Let me ask you this question relating to this. It is a policy question. Can money under section 108(b) be used for relocation costs for displaced persons as part of the right-of-way costs?

Secretary BOYD. That certainly was not contemplated.

Mr. CRAMER. Well, the recommendations you sent to Congress did recommend that that be included in the cost, but the bill as drafted does not?

Secretary BOYD. That is correct, sir.

Mr. CRAMER. Was there a policy decision to eliminate that?

Secretary BOYD. That may have been an oversight.

Mr. CRAMER. That is what I was trying to get at.

Secretary BOYD. But we will have to review that. However, I should say that our original thinking on this was that we would seek a substantially larger amount of authorization, and it may be as a result of seeking $100 million instead of some other figure, we concluded that we could not afford to try to deal with relocation assistance in the same process.

Mr. CRAMER. Well, assuming it is an oversight and not a policy decision, I wish you would give consideration to the bill I introduced, and a number of other members of the committee, H.R. 16622, which I think pretty definitely carries out the recommendations that your report contained—in my language; the language you submitted does not.

Secretary BOYD. We will review that.

Mr. CRAMER. Now, you are suggesting on highway beautification, $85 million for 1969, in each year for 3 years. And I think it is rather interesting that for safety you are only proposing up to $40 million. Is it your position that safety is not of as much significance as beauty is?

Secretary BOYD. No; but as I pointed out in my testimony, we have a substantial carryover in safety.

Mr. CRAMER. Largely because they have not appropriated money authorized, is that correct?

Secretary BOYD. That is right, sir.

Mr. CRAMER. And I doubt if we can contemplate there is going to be very substantial increase in safety recommended funds next year unless we get some new budget breaks?

Secretary BOYD. I certainly would not want to predict the action of the Appropriations Committee.

Mr. CRAMER. Well, I was referring to the recommendations of the administration. I think the administration recommended approximately what was appropriated.

Now, I am concerned about this problem that is obviously developing—that is the 10-percent penalty—in that a number of States have not conformed, by agreement or otherwise, to the basic beautification acts, particularly title I. Is that not correct?

Secretary BOYD. Yes, sir.

Mr. CRAMER. No, I have before me a copy of the letter dated March 29, 1968, from Secretary of Transportation—yourself—to Mr. F. J. MacDonald, chairman of the Governor's Commission on Arizona Beauty. The letter addressed itself to the question of imposition of a 10-percent penalty for failure to comply with the Beautification Act.

In that letter you state:

> For these reasons we feel that the Arizona Legislature will have, during its current session, ample opportunity to consider appropriate action. In the absence of some unforeseen development, I can see no reason to delay further the imposition of the penalty beyond January 1, 1969, should the Legislature fail to act to provide effective control during 1968.

Now, we had an understanding, I thought, up until money was made available and an authorization provided, this penalty was not going to be imposed. Is it your intention to impose it as of January 1, 1969, in all instances where States have not acted?

Secretary BOYD. No, sir. In fact, I think I stated in my testimony that there would be cases in 1969 where the legislatures had not had an opportunity to act. I do not recall any understanding on our part other than a statement I made that we would not impose the penalties or attempt to impose the penalties during 1968.

Mr. CRAMER. It is your intention of imposing it in 1969?

Secretary BOYD. Yes, sir.

Mr. CRAMER. Even though Congress does not authorize money for the program? It has not done so this year or last year.

Secretary BOYD. Obviously, as I tried to state before, we are trying to use some commonsense in how we approach this matter, and I am not making any commitment to impose any particular penalty on January 1, 1969. I think at that stage the burden will be upon the States, however.

Mr. CRAMER. Well, then if you feel that the States, such as Arizona, have had an opportunity to carry this burden and act of legislation has not done so, as you advised Arizona, it would be your intention to impose a penalty as of January 1, 1969; is that correct?

Secretary BOYD. As long as I am in this office, I intend to carry out the provisions of the laws.

Mr. CRAMER. Well, as I recall, the provision of the law was that it was supposed to be imposed this year.

Secretary BOYD. That was on the assumption that the legislature had a chance to operate, to act on it.

Mr. CRAMER. Well, if Congress does not authorize money for 1969, you would still impose the penalty?

Secretary BOYD. I will look at that situation on the 1st of January.

Mr. CRAMER. Well, I would just suggest that that would seem to be a pretty clear implication of your letter, which did not relate to whether Congress authorized and appropriated money or not. It was strictly on the basis of whether Arizona enacted control legislation. Now am I misreading it?

Secretary BOYD. I think the letter says, if I remember, there would appear to be no reason for not imposing the penalty. It may be that a reason develops. I am not prepared to meet that issue today, because it is not a current issue.

Mr. CRAMER. Well, I would suggest that with the serious money problem that we have and with the suggestion that this money come out of the general fund, at least I am of the opinion, I do not know how in the world this beauty could have a high enough priority to justify appropriations in a money-pinched year like this and I frankly do not see the prospects of money for some time.

Now, the other problem involved is the bonus payment.

Secretary BOYD. Yes, sir.

Mr. CRAMER. I have heard some suggestion that the bonus payments are also going to be affected by noncompliance.

Suppose a State has entered into the bonus agreement provided for in section 12 of the present act. The act of 1958 does not come into compliance with the 1965 act until 1970 or 1971, for instance. Would that State remain eligible for bonus payments on those projects completed before the 1965 act?

Secretary BOYD. I have had no discussion with anyone on this, Mr. Cramer, and have given it absolutely no thought. I would be happy to submit an answer for the record.

(The information is as follows:)

Section 131(j) provides that a State shall be entitled to receive bonus payments as set forth in its bonus agreement, but no such State shall be entitled to such payments unless the State maintains the control required under such agreement or the control required by Section 131, whichever control is stricter.

Section 131(b) of the Highway Beautification Act of 1965 authorizes the Secretary to suspend for such periods as he deems necessary the application of this subsection to a State whenever he determines it to be in the public interest.

The Secretary is fully authorized to suspend any sanctions against a State for failure to provide for "effective control" of outdoor advertising under Section 131(b) of the Act until such time as the State legislature has had a reasonable opportunity to act on the basis of explicit information.

This also applies with regard to the suspension of bonus payments under Section 131(j). Bonus States which continue to carry out their obligations to control outdoor advertising along the Interstate System in conformity with their existing bonus agreements may thus be entitled to receive bonus payments when the State has enacted appropriate legislation and entered into a suitable agreement to fully implement the 1965 Act.

Section 131(j) further expressly provides that "The provisions of this subsection shall not be construed to exempt any State from controlling outdoor advertising as otherwise provided in this section."

Bonus States as well as nonbonus States are therefore required to implement and fully comply with the provisions of the Highway Beautification Act of 1965, regardless of whether or not the bonus State elects to remain eligible to rereceive bonus payments as provided by Section 131(j).

A bonus State which fulfills its obligations under its bonus agreement in connection with a project completed prior to enactment of the 1965 Act and is continuing to carry out its obligations with reference to all other highways on the Interstate System in accordance with the agreement would remain eligible to receive bonus payments for those projects.

Additionally, if the legislature of a bonus State has not had a reasonable opportunity to act, prior to January 1, 1968, and the State acts administratively by entering an agreement under the 1965 Act contingent on later ratification or approval by the State legislature the State's eligibility to receive bonus payments would be preserved without question. Bonus payments, however, would be deferred in such circumstances until the State legislature actually ratifies or adopts a mutually satisfactory agreement.

Mr. CRAMER. I would hate to see the States lose their eligibility for bonus on these projects, because of problems relating to the Beautification Act, because that seems to me to be going in the wrong direction.

You get beautification under bonus provisions, but you are not getting it under the Beautification Act because of a lack appropriations and so forth.

Secretary BOYD. We have taken no position on this. As a result of your question, we will study it and provide you with an answer on what the provision is.

Mr. CRAMER. I would appreciate that very much.

I have some other questions, but I will yield to the other members at this time. Thank you very much.

Mr. KLUCZYNSKI. The gentleman from Oklahoma, Mr. Edmondson.

Mr. EDMONDSON. Thank you, Mr. Chairman. Mr. Secretary, I would like to ask you initially with regard to your highway safety program whether you regard your authorization request on highway safety as minimum figures for an effective highway safety program in the future, or whether they represent in your view an ideal figure for activity in the future?

Secretary BOYD. Clearly a minimum figure, Mr. Edmondson. I think this is an area, without any regard to the human side of this thing, as an economic investment, that is one of the best payoff programs that the Federal Government is sponsoring. That is, in terms of return on investment.

Mr. EDMONDSON. At what level do you think we would be providing authorizations for highway safety if you were operating on ideal programs? If we were to realize the maximum economic and human life return on our program how much greater an annual authorization figure would you have in this bill, do you think?

Secretary BOYD. I would say 33 percent.

Mr. EDMONDSON. In other words, this in your view is just about a third below what an ideal program would be?

Secretary BOYD. Given the present ability of our bureau to deal with the program and the allocation of the money, I would say "Yes." Ultimately I would think that figure would be low. But for this immediate period, I would say that it is about right.

Mr. EDMONDSON. I would like to say, as one member of the committee, I think this is an area where some very important and significant things are being done in the States in cooperation with the Federal Government, even though you have been operating on a bobtailed budget. I certainly hope we will be successful in securing the authorization figure that you recommended.

Secretary BOYD. I think with each year of experience, Mr. Edmondson, we will develop more and more information which will more clearly justify the value of this program.

Mr. EDMONDSON. I would like to turn secondly to the beautification authorization figures that you have supported in your testimony and ask you if you regard them as an ideal level or as a minimum level for an effective beautification program?

Secretary BOYD. Minimum level. This is just enough to keep life in the body.

Mr. EDMONDSON. What higher figure do you think we should have for the beautification program if we had an effective or an ideal beautification program operating?

Secretary BOYD. I think the cost of removing signs under the program, plus the full 3 percent for scenic enhancement, would be ideal. I would have to run these figures out for you and put them in the record. I do not have them in dollars.

Mr. EDMONDSON. Would you submit those for the record?

Secretary BOYD. Yes, please.

Mr. EDMONDSON. Mr. Secretary, I would like to ask you to comment in a little more detail on the paragraph that appears at the top of page 5 in your summary statement in which you state:

> In the past year some 17 outdoor advertising control agreements have been signed, and we are close to agreement with a number of other States.

Would you submit for the record the States with which you have concluded those agreements?

Secretary BOYD. Yes, sir.

Mr. EDMONDSON. Would it be possible to submit also for the committee files a copy of the control agreement that has been approved in each of those 17 States?

Secretary BOYD. Yes, sir.

Mr. EDMONDSON. Mr. Chairman, I ask unanimous consent that that list of States be made a part of the record at this point and that the control agreements may be part of the files of the committee.

Mr. KLUCZYNSKI. Without objection, so ordered.

(Information follows:)

STATES WITH OUTDOOR ADVERTISING AGREEMENTS

During the hearing on May 23, 1968, Congressman Edmondson asked the Secretary to submit for the record the States with which the Department has concluded agreements, and for the committee files a copy of each agreement.

The following States have signed agreements with the Department providing for outdoor advertising control under the Highway Beautification Act of 1965:

Rhode Island	Maine
Vermont	Utah
Virginia	Puerto Rico
Hawaii	California
District of Columbia	Maryland
Connecticut	Alaska
New York	Pennsylvania
Kentucky	Delaware
Minnesota	Iowa

A copy of each agreement is attached.

Mr. EDMONDSON. Now, the next sentence in that same paragraph states:

> 31 State legislatures have enacted laws providing for control of outdoor advertising.

Would you tell me whether these 31 State laws comply with the requirements of the Department with regard to beautification, or what percentage of the 31 State acts have been held satisfactory and adequate to comply with the law by your requirement?

Secretary BOYD. May I provide that for the record? I do not have that information with me today.

Mr. EDMONDSON. I would like to have these specifics on it.

Secretary BOYD. Yes, sir.

Mr. EDMONDSON. Tell me, roughly, whether half of them are in compliance or not.

Secretary BOYD. I would like to ask Mr. Bridwell to answer that.

Mr. BRIDWELL. Mr. Edmondson, most of the implementing legislation enacted by the State legislatures is in a form which makes possible agreements satisfactory to both the States and to the Federal Government, and several of our agreements have been concluded under that statutory authority.

There are several States—I am frankly unable to name them at this point—in which the legislation or the statute enacted by the legislature creates problems in terms of working out an agreement which we believe to be consistent with the Federal legislation, plus all of the additional clarifying statements that the Secretary has made as a part of the hearings, both before this committee and before the Senate Public Works Committee.

At this point in time, there is no case in which we have said we will refuse to conclude an agreement, and that a State will have to change its law before we will conclude an agreement. In other words, there has been no final confrontation between the Federal Government and any State.

Mr. EDMONDSON. When you refer to these 31 State legislatures that have acted, you feel that you are either in a position where you have approved their laws or where you are in a negotiating position with those 31 States?

Mr. BRIDWELL. No, sir; not quite, Mr. Edmondson. I believe there are going to be a few of those States in which we are going to have great difficulty with the State operating under the constraints of its State statute and we operating under the constraints of the Federal law plus the interpretation that has been made in the course of hearings.

Mr. EDMONDSON. Well, I know that our State has enacted——

Mr. BRIDWELL. Let me—without specifying the State, let me give you an example in which one State zoned all land adjacent to the Federal-aid system for a distance of 660 feet from the edge of the right-of-way as commercial and industrial property for the purposes of erecting billboards, which is clearly inconsistent with the Federal law. It is inconsistent with what the Secretary has stated and it is also inconsistent with what the committee has informally said is its interpretation of the Federal statutes. So that is the kind of problem. That is just one example.

Mr. EDMONDSON. I know our State legislature passed a bill which the newspapers, at least those circulated in the larger cities, describe as a tough billboard bill. The State has not been informed whether it is in compliance, or the act is satisfactory to the Department.

Mr. BRIDWELL. Mr. Edmondson, the agreement which will presumably result from the enactment of the Oklahoma Legislature has not come to me, so as of now I simply cannot say that we are or that we are not in agreement, because it simply has not gotten to me.

Mr. EDMONDSON. Well, I think it would be a helpful thing if we could have supplied for the record, Mr. Chairman, the 31 States that have enacted laws and the enumeration of the States among the 31 whose laws have been found satisfactory, and the basis for agreement. Could we have that supplied for the record at this point?

Mr. BRIDWELL. Yes, you may. We will be glad to supply it.

Mr. KLUCZYNSKI. Without objection, so ordered.