

such elements are present. Consistent with its strong endorsement of this proposal, the subcommittee gives its full support to agency efforts to develop more accurate measurement procedures for estimating the real impacts of proposed investments.⁴⁶

5. The Bureau of the Budget and the program evaluation staffs in all Federal Government agencies should intensify their efforts to quantify in monetary terms the real economic impacts of Government programs and to formulate improved estimation procedures for the ongoing evaluation of public expenditures.⁴⁷

6. The Congress should without delay review existing institutional and legal constraints which impede or prohibit the agencies from developing and applying sound procedures of economic evaluation. Such study is especially needed in the transportation area where the vast bulk of the Federal Government's highway construction budget is exempt from such analysis. As specified by the representative of the Department of Transportation, effective economic analysis in this area requires a reconsideration of—

(a) Those components of sections 4 and 7 of the Department of Transportation Act which restrict the implementation of effective discounting procedures;

(b) The process of determining the size of the highway grant budget and its allocation to States with a view toward instituting the application of appropriate discounting procedures; and

(c) Current policy which permits Federal highway funds to be allocated by State agencies without reference to the economic evaluation of the expenditures.⁴⁸

⁴⁶ Ibid., pp. 12-16, 28-32, and 46-47.

⁴⁷ Ibid., pp. 30, 39-40, and 145-146.

⁴⁸ Ibid., pp. 150-160, 169-172, and 181.