

**Statement of**  
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**United States Department of Transportation**  
**Before the Budget Committee**  
**United States Senate**  
**Hearing on the Effects of the President's Fiscal Year 2003 Budget Proposal**  
**on the Federal Highway Administration**  
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Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on the effects of the President's Fiscal Year (FY) 2003 Budget proposal on the Federal Highway Administration. We are looking forward to working with the Committee and with Congress to achieve the goals outlined in the FY 2003 budget request and to shape reauthorization proposals. Working together, we can meet the transportation challenges facing our Nation and provide the American people with a transportation system that is safe, efficient, and accessible, while remaining respectful stewards of the environment.

Overview

As a whole, the strong but flexible multi-modal system developed under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) is working well in supporting our Nation's economic growth and improving the quality of life for all our citizens. Our Nation's highways and intermodal connectors are the critical link in the national intermodal transportation system. The challenge is to maintain our high-quality network while achieving our goals to increase safety, ensure national security, improve mobility and enhance productivity, and promote environmentally responsible and efficient project delivery. The \$24.1 billion funding level proposed by the President for FHWA in FY 2003 provides funding that is essential to meet this challenge. This funding includes a Federal-aid Highway obligation limitation of \$23.2 billion. The FY 2003 request reflects the funding levels enacted in TEA-21, as adjusted to reflect the latest Highway Trust Fund (HTF) revenue figures, and honors the highway category guarantees in that Act.

The key to ensuring that highway-related receipts are spent is that the highway funding level is adjusted each year to reflect the latest information on HTF receipts. At the time of the enactment of TEA-21, highway program funding levels were set based on estimates of HTF receipts. Each year, the level is adjusted using a formula specified in TEA-21. This adjustment ensures that highway spending remains aligned with HTF receipts.

In fiscal years 2000, 2001, and 2002, our Nation reaped the benefits of record-level funding for surface transportation as authorized in TEA-21. The guaranteed funding level, tied to HTF receipts, has provided the States with much needed resources to support the Nation's highway infrastructure, as Congress intended. In FY 2003, however, declining HTF receipts will, for the first time, trigger a downward adjustment,

in the amount of \$4.369 billion, in the highway program level, in order to keep highway spending aligned with the status of the HTF. Even with this negative calculation, over the life of TEA-21, these adjustments will provide a net gain of almost \$4.7 billion in highway spending.

The calculation of the adjustment is not a policy call--it is a calculation based in law and reflected in the budget. As we discuss the reauthorization of the surface transportation program, we need to look for ways to smooth out current positive and negative swings that result from this adjustment. However, we should not abandon the adjustment concept. Linking highway spending to receipts is a fundamental principle of TEA-21.

Our FY 2003 budget proposes to fund most Federal-aid highway programs from within the obligation limitation, including our major programs: the Surface Transportation Program, the National Highway System, Interstate Maintenance, the Highway Bridge Replacement and Rehabilitation Program, and the Congestion Mitigation and Air Quality Improvement Program. Other TEA-21 programs include the National Corridor Planning and Border Infrastructure Improvement programs and the Transportation and Community and System Preservation Pilot Program. The Emergency Relief program and a portion of the Minimum Guarantee program will continue to be exempt from the limitation. The estimated obligation level for exempt programs in FY 2003 is \$893 million.

In the face of declining revenues into the HTF, we continue to strongly support creative financing solutions. Consequently, the 2003 budget includes \$99 million to leverage our Federal investment in transportation infrastructure under the Transportation Infrastructure Finance and Innovation Act Program (TIFIA). This investment will translate into over \$6 billion in nationally significant surface transportation projects.

As the events of September 11 so graphically demonstrated, a safe and secure surface transportation system is vital to all Americans. We must keep our infrastructure secure and we must strengthen our commitment to reducing highway injuries and fatalities, even as we squeeze additional capacity from the system. To meet this challenge, the FY 2003 Budget for FHWA emphasizes four priority areas: safety, mobility, environmental stewardship and streamlining, and oversight.

### Safety

Safety continues to be the Department of Transportation's most important priority. While the number of highway fatalities in recent years has been held relatively flat, despite significantly rising numbers of vehicles on our roads, more than a quarter of a million people have been killed on America's roadways in the past six years, and 41,821 were killed in 2000. There are also more than 3 million police-reported injuries annually. Highway safety improvements are critical to improving these numbers. Success will depend on a balanced approach that addresses driver behavior, vehicle design, and roadway infrastructure and operations challenges. We can, we must, and we will strive to do better.

FHWA works closely with the other Departmental modes, the States, and other partners to improve our ability to analyze roadway safety challenges and to direct investments to specific projects and programs, which will deliver the most value in terms of lives saved and injuries minimized. For example, construction programs continue to contribute to safety by correcting unsafe roadway design and removing roadway hazards. States may--and do--use their Surface Transportation (STP), Interstate Maintenance, and National Highway System (NHS) funds for safety improvements. Safety can be built into every interchange upgrade, intersection redesign, and new facility through safety conscious planning and design. Signing and pavement improvements can enhance the safety of existing and new facilities for all users of the highway system.

Within the STP, 10 percent of funds are reserved under TEA-21 for highway-rail crossing improvements and hazard elimination. The Hazard Elimination program supports efforts to resolve safety problems at hazardous highway locations. Since the enactment of TEA-21, States have obligated \$489.3 million in Hazard Elimination funds, and another \$707.4 million in optional safety funds have been obligated primarily for Hazard Elimination purposes. These Hazard Elimination expenditures are estimated to have saved 7,200 lives since 1998. The Highway-Rail Grade Crossing Safety program is designed to reduce crashes at public grade crossings, and \$499 million in Highway-Rail Grade Crossing funds have been obligated. The grade crossing safety program is estimated to have saved 2,000 lives since 1998.

To meet its highway safety goal, FHWA will focus its safety programs on reducing the most frequent types of fatal crashes through technical assistance, research, training, data analysis, and public information.

From the \$359.8 million requested for research and technology programs for FY 2003, significant resources will be invested in improving safety. Part of the research funding will support innovations to improve safety at or near intersections, where 50 percent of all crashes occur, such as brighter traffic signal lights that are more visible to drivers. Research funding also supports speed management techniques, which are designed to reduce the 30 percent of fatal crashes in which speed is a factor. Rumble strips help prevent run-off-the-road crashes, which account for 38 percent of all fatal crashes. FHWA provides technical assistance to States like Maryland, whose 1999 data show a \$182 safety benefit for every dollar spent on rumble strip installation.

National deployment of wireless enhanced 9-1-1 (E-9-1-1) will be accelerated this year. E-9-1-1 is an emergency cellular telephone service that automatically routes calls to the closest public safety answering point and informs the dispatcher of the caller's location. It will save lives. About 25 percent of 9-1-1 calls come from wireless phones. Without automatic location, when callers are unable to describe their location, response times dramatically increase. Response time is a critical factor in determining the survivability of a crash. Also, more timely and accurate information will aid police, fire, and other emergency responders in protecting victims and property and in reducing traffic congestion surrounding the scene.

Recent events have focused attention on the need to ensure the security of our Nation's transportation system and ITS technologies offer many opportunities to

significantly improve transportation security. The ITS program is developing and deploying technologies to help States and localities improve traffic flow and safety on streets and highways and address the need for emergency notification and response. This budget proposes to focus the FY 2003 ITS Deployment Program resources of \$93 million on ITS technologies that enhance the security of our surface transportation systems.

A major emphasis in ITS will continue to be in the area of intermodal freight. The Department is conducting several ITS operational tests that are designed to improve the efficiency and security of the intermodal movement of freight. The Chicago O'Hare cargo project, which is an operational test, uses a "smart card" and biometric identifiers to identify the shipment, vehicle, and driver during transportation from the shipper to and through the air cargo terminal. Another project, Cargo-Mate, has particular applicability to port and container security, in addition to enhancing efficiency of freight movement. The system is designed to perform real-time processing of asset and cargo transactions, provide for the surveillance of cargo movement to and from ports, and provide an integrated incident and emergency response capability.

To improve safety of motor carriers operating on our highways, as well as national security, a total of \$47 million is requested for construction of motor carrier safety inspection facilities on the Southern Border within the Coordinated Border Infrastructure Program. This builds on funding provided in FY 2002 and supports infrastructure improvements necessary to accommodate permanent facilities.

### Mobility

Congestion is one of the most obvious results of the mismatch between the growing demands for transportation and the capacity of our systems, particularly in metropolitan areas. Congestion is a complex problem involving many factors. This budget works to address the causes of frustrating delays that face travelers and shippers and impact the Nation's economic efficiency. Funding will support the identification and implementation of a mix of locally preferred investments, including selective additions of new capacity, to improve traffic flow and system reliability. Our progress toward our goal of supporting mobility is tracked by measures such as improvement in pavement and bridge condition and by reduction in the growth of traffic congestion.

States may direct 2003 Federal-aid highway funds, according to their priority needs and goals, to a variety of system improvement and congestion relief purposes. In recent years, approximately 50 percent of Federal funds were obligated for system upgrading purposes, including reconstruction, widening, restoration and rehabilitation, and resurfacing. Consequently, overall highway system conditions, as measured by pavement condition, ride quality, alignment adequacy, and bridge ratings, have steadily improved. In 2000, 90.9 percent of travel on the NHS occurred on pavements rated acceptable or better. In FY 2003, the Department's goal is to increase this to 92.5 percent.

For FY 2002 and beyond, the FHWA has modified its bridge performance measures in order to take into account the actual area and average daily traffic on the bridge. This measure more accurately reflects progress toward meeting our mobility

goal. The previous measure of reducing the number of deficient bridges considered all bridges as equal, therefore large bridges with higher average daily traffic were considered the same as smaller bridges with lower average daily traffic. Since the enactment of TEA-21, the condition of NHS and non-NHS bridges has improved significantly. In 1998, the percentage of the Nation's total bridge deck area that was on deficient NHS bridges was 32.6 percent and 32.5 percent on non-NHS bridges. In 2001, the percentage of deck area on deficient NHS bridges was 30.6 percent and 32.3 percent on non-NHS bridges. Our goal for FY 2003 is to improve the condition of bridges so that the percentage of deck area on deficient bridges is reduced to 27.5 percent for the NHS and 29.8 percent for the non-NHS.

The development and deployment of longer lasting materials will mean that facilities will need repair or improvement less often, thereby reducing congestion and safety problems associated with work zones. Research and Technology program funds support multi-year initiatives in pavements, structures, and asset management.

Along with improved condition and strategic expansion of infrastructure, we must address congestion through improved operation of the highway system. Over the last year we developed and tested a system reliability index in 10 cities that we call the "buffer index," the amount of time you have to add to your trip because of system unreliability. It will help cities gauge how well they are doing in responding to incidents, managing their work zones, and responding to weather. The measure will be applied in 22 cities this year.

In the area of congestion mitigation, we have a number of other initiatives underway that will continue in 2003, including three that have great potential for long term impact:

- We will be piloting a national campaign to rethink the way we look at work zones. The focus will be on managing the work zone from the perspective of the highway user, emphasizing the concept of getting in, getting out, and staying out.
- We are sponsoring a national conference on incident and emergency management that brings together transportation and public safety communities to focus on ways to improve traffic incident response time and traffic incident management methods.
- We are working with our State partners to help each make use of the roadway operations self assessment diagnostic tool at least once during the year. The purpose of this tool is to help the operating agencies to identify ways that they can improve the operation and management of their roadway networks.

Other strategies to improve operations include the deployment of ITS to provide more information to drivers faster, enabling them to take the most efficient travel route. Significant progress has been made in ITS deployment since the enactment of TEA-21. We have seen a 37 percent increase in the number of freeway miles with real-time traffic data collection technologies, a 55 percent increase in the coverage of freeways by closed circuit television, a 35 percent increase in the number of buses equipped with automatic vehicle location systems, and an 83 percent increase in traveler information

dissemination on our freeways. However, only 22 percent of the freeways in major metropolitan areas are instrumented for real time monitoring. Therefore, ITS deployment must continue to be a high priority for the Department. The search for new technological and innovative solutions to our mobility challenges will be supported by the 2003 budget request for \$359.8 million for research and technology.

We are committed, along with our partners at the State and local levels, to maintain, operate, and improve transportation systems to reduce congestion and improve mobility, thus allowing our Nation to compete globally and Americans to enjoy a higher standard of living.

### Environmental Stewardship and Streamlining

Implementation of environmentally responsible transportation improvements, delivered on time and within budget, is an important component of the Department's vision for all its programs. TEA-21 gave States and communities additional tools and opportunities to enhance the environment and quality of life for their residents, while directing us to streamline the environmental review process. Within the Federal-aid highway program, NHS and STP funds support programs that also protect the environment. There is also a mandatory 10 percent set-aside from each State's STP apportionment for Transportation Enhancement projects that support historic preservation, bicycle/pedestrian travel, scenic easements, and other enhancements. The CMAQ program supports projects to reduce emissions that often reduce traffic congestion. To minimize the impact of transportation on air quality, FHWA will continue to work with the Environmental Protection Agency and other partners to continue to reduce on-road mobile source emissions.

Continued progress in streamlining the delivery of transportation improvements will also improve safety and ease congestion, but must be balanced against the need to protect communities and the environment. Successful environmental streamlining requires fostering good working relationships across a number of organizational lines. These relationships allow for the development and establishment of reasonable and realistic schedules for advancing major projects. It is important for the Department to facilitate agreement by Federal agencies on time frames for conducting reviews and granting approvals. Working together in partnerships, combining a full range of Federal, State, and local officials and interest groups, will lead to reasonable ways to meet the Nation's transportation needs, while being good stewards of the environment.

The Department's streamlining approach has resulted in:

- Reinvention of the environmental review process, through interagency training, development of national programmatic agreements, and guidance that encourages flexible mitigation practices.
- Development of a system for dispute resolution that includes draft national procedures, guidance for managing conflict during the project development process, and assistance by qualified dispute resolution specialists to States and project sponsors.

- Research conducted to evaluate project time frames, identify reasons for project delays, and assess the effectiveness of implementation efforts.
- Assistance, support, and encouragement to develop numerous best practices and pilot projects to catalyze change and lead to even better streamlining outcomes.

Since the enactment of TEA-21 in 1998, progress has been made in streamlining the planning and approval process for projects throughout the country: 34 States have interagency agreements for funding additional personnel necessary for faster, concurrent reviews; 29 States have adopted a merged process for wetland permits with the Army Corps of Engineers; 26 States have adopted context sensitive design approaches; and 41 States have some level of delegated authority for historic resources. As a result of these actions, between 1999 and 2001, the mean time to process environmental documents for major highway projects has been cut by almost eight months, and the median time has been cut by one year. The Department is well positioned for significant future progress.

We have begun the job, but more can be done. FHWA continues to work with other agencies to advance the Environmental Streamlining National Memorandum of Understanding (MOU). Efforts to cooperatively establish realistic project development time frames among the full range of transportation and environmental agencies will be advanced by this budget. For example, in 2003 we propose to fund \$6 million from the FHWA administrative takedown for FHWA support of Federal and State initiatives to identify new, more efficient business processes that will result in more timely project delivery. Working cooperatively to adhere to those time frames is resource intensive, but it is critical to our success. With the additional proposed funding, we will be able to intensify efforts currently underway within DOT that focus on solidifying the interagency partnerships, such as pilot efforts and process reinvention.

### Oversight

We must continue to improve Federal oversight and accountability for the expenditure of public funds. Increased emphasis on FHWA's oversight responsibilities must accompany the significant increases that have occurred in the Federal-aid Highway program in recent years if our Nation is to make the "best buys" in safety and congestion relief. FHWA oversight policies were updated and clarified in FY 2001 and their implementation will continue into the requested budget year. Even as legislation has directed FHWA to delegate many project-level authorities to the States, the responsibility for program oversight to ensure the effective delivery of all programs remains with FHWA. Additional resources deployed in this area will enable FHWA to work with the States to improve its management of the Federal-aid highway program, including cost containment, while allowing States maximum delegated authority and flexibility, as appropriate. FHWA will continue to advance asset management and system preservation initiatives to foster more systematic and strategic thinking and investment choices by the State and local governments. Timely investments in the size and makeup of the Federal workforce itself are also crucial with the aging of both the Interstate Highway System and the workforces of our partner agencies in States and localities. We are focusing new

attention on workforce development issues and will keep the subcommittee advised of our efforts. As larger and more complex projects are contemplated, a balance must be achieved between addressing the needs of major projects and the vast majority of the program vested in smaller projects.

In 1998-1999, FHWA undertook a major restructuring in order to move program decision authorities closer to our primary customers, the States, and to focus high-level technical expertise in our Resource Centers. Through this redeployment of existing resources we have also been able to fulfill FHWA's commitment to add an additional position in respective Division Offices for the oversight of each major project.

The FY 2003 budget requests a funding level of \$318 million for the necessary salaries and benefits for our employees and for ongoing administrative expenses in support of our Federal-aid program. The budget request reflects modest adjustments for mandatory salary and benefit increases and other adjustments for current service levels.

#### Status of the Highway Trust Fund

The cash balance in the HTF at the end of fiscal year 2001 was \$27.740 billion, of which \$20.372 billion was located in the Highway Account and \$7.369 billion in the Mass Transit Account. Based on the latest projections of income to the HTF reported by the Department of the Treasury, the Department of Transportation estimates that the Highway Account of the HTF has sufficient revenues to support the levels of funding proposed in the President's budget.

Balances in the Highway Account of the HTF should not be considered as surplus funds. Current commitments of HTF revenues for prior year obligations, as well as unobligated balances of prior year apportionments, exceed \$67 billion. However, as reimbursing cash is made available from the HTF, revenues from excise taxes are coming into the HTF. Any consideration of HTF balances must take into account not only current levels of revenue, but also commitments made against that revenue, and projected levels of future income.

#### Conclusion

The funding requested in 2003 will help improve transportation safety; enhance national security; maintain and expand our transportation infrastructure, as well as increase its capacity; reduce environmental degradation; and improve the quality of life for all our citizens. On behalf of FHWA, we look forward to working with Congress to enact the President's FY 2003 budget in order to provide a viable transportation system to support a strong America.

Once again, thank you for this opportunity to testify today. We will be pleased to address any questions that you may have.