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NEW JERSEY I-287

Question

Mr. President, what is your position on the completion of I-287 in New Jersey?

Answer

Once interstate highway segments satisfy certain minimal Federal requirements, decisions concerning construction are left up to the individual states and their local governments. I-287 was originally planned to funnel traffic around more congested areas of Northern New Jersey and New York City. I have learned, however, that since these plans were formulated, state and local priorities may have changed. Final decision on the construction of this highway rests with the State of New Jersey, which must allocate the actual construction funds out of their apportioned share of Federal Highway dollars.

BACKGROUND

Governor Byrne's position on the completion of this highway segment is not clear. The purpose of I-287, a 20 mile segment which would link the Garden State Parkway, I-80 and I-78 (coming west from the New York State Thruway), was to by-pass heavily populated areas.

In November, 1975 there was a public hearing on selecting a corridor for the road. This was followed by a 90-day public review and comment period. There has been some consideration of withdrawing the route -- but New Jersey has decided to proceed and to finalize the Environmental Impact Statement, in order to take another look at the environmental impact of this highway. The cost of completing I-287 is estimated at \$256 million.

JRH
6/2/76

April 25, 1975

SUBJECT: SENATE DIRECTS PRESIDENT TO
SPEND \$9.1 BILLION FOR HIGHWAYS

What's your reaction to the Senate vote ordering the President to release \$9.1 billion in impounded highway funds?

GUIDANCE: As a result of the President's action in February releasing up to \$2 billion for highways, the States appear to have more money than they can now spend.

Therefore, we do not understand the action taken by the Senate, and feel that the States probably will not be able to adequately, if at all, use these funds voted by the Senate.

FYI: For interstate construction, the matching requirements for the states is 10% (90% Federal, 10% States). For non-interstate construction, the matching requirement is 75%-25% (25% for the States).

JGC

March 14, 1975

SUBJECT:

HIGHWAY FUNDS

The Administration recently released \$2 billion in highway funds to assist the unemployment problem. There is still \$9 billion deferred.

Why doesn't the President release all or part of this in order to create even more jobs?

GUIDANCE: The President has released the maximum obligational authority that the states can use through the end of this fiscal year. The recent release of \$2 billion will fully fund all projects currently capable of moving forward and utilize available capacity in the highway construction industry. Further release at this time would not substantially increase the number of projects actually put under contract, but could result in over stimulating this sector with a concomitant inflationary impact.

On July 1, 1975, the Administration will release for obligation an additional \$5.2 billion of the current \$9.1 billion in deferred authorizations, leaving a total deferral of approximately \$4 billion.

Given the fact that the states have all the funds they can use for the next three to four months, it would seem appropriate to delay any congressional decision to overturn the deferral. This would provide both the Congress and the President the opportunity to assess the total FY 1975 budget/economic/employment situation. In addition to affording the opportunity for the newly established congressional budget control process to work fully for FY 1976, this additional time would permit further analysis of the option of interjecting more of these deferred highway funds into the economy as well as other job stimulating public works alternatives. As evident of the Administration's willingness to consider such action, the new Administration highway legislation will not include the previously planned rescissions of unobligated highway funds.

As a practical matter, if the states cannot use additional funds any way, the Congress will have to reconsider the almost identical situation again in three to four months.

(More)

How much is presently available for highway construction?

GUIDANCE: There is presently \$3.5 billion available for highway construction for the rest of FY 1975, and on July 1, 1975, another \$5.2 billion will be made available for 1976.

What is the Administration's position on the Senate Public Works Committee reporting out a resolution releasing \$9.1 billion in impounded highway funds?

GUIDANCE: The President (on February 11) has already released all the highway funds that the states can use in FY 1975 for highway construction. The Senate Public Works Committee action will not create any more jobs or result in any more projects approved in 1975. Therefore, the Administration is opposed to releasing any more highway funds this fiscal year. For 1976, the Administration will reconsider at that time, the overall economic situation and will then decide what is the appropriate level of federal funds for highway construction.



March 10, 1975

SUBJECT: PRESIDENT TO PROPOSE
NEW HIGHWAY BILL

At the swearing-in ceremony of Secretary Coleman on Friday, the President said that he would propose a new highway bill which would set forth a revised highway program through the year 1980.

When will the new highway bill be proposed, and what are some of the highlights of the proposal?

GUIDANCE: It is expected that the highway legislation will go forward some time in the next two to three weeks; therefore, it would be premature for me to get into the details of the plan.

However, I might just point out that it is expected that this legislation will increase the focus of the Federal efforts on completing the Inter-State Highway System, and will also allow the states greater flexibility on how they spend the funds they are allocated. As an example, we presently have a 4¢ per gallon Federal gas tax. It is expected that 1¢ of the 4¢ will be returned to the states for their use as they see best. In addition, as already planned in the budget, the Federal Highway program has been expanded from \$4.6 billion in 1975 to \$5.2 billion in fiscal year '76. Also, the President announced in Topeka that he would be allocating an additional \$2 billion between now and the end of this fiscal year.

The President also said that he would be proposing major revisions in the airport and aviation program which expires on June 30. Can you give us any details on this?

GUIDANCE: It is my understanding that this legislation will provide the states a greater role in the development of the aviation system by giving them planning dollars and also funneling through the states, constructions dollars. Also, there will probably be an emphasis on establishing a better balance between the users of the airport and the charges paid. In other words, there is a likelihood of an increase in airport user charges.

JGC

February 11, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: RON NESSEN
SUBJECT: Highway Funds (release)

Total impounded (deferred) 11.1

Release, up to 2 billion

Federal-State Matching Requirements

Interstate 90-10
Non-interstate 70-30

Potential Jobs Created by release of funds:

Direct 56,000
Indirect 70,000

Total: 126,000 approximately

Effect on Budget Deficit (approximately)

1975 \$50 million
1976 \$1 billion
1977 Balance

Highway funds first impounded by LBJ in 1966

2/11/75

QUESTIONS AND ANSWERS
RELEASE OF HIGHWAY FUNDS

Q: How will the additional highway funds be apportioned to the States?

A: Funds will be apportioned on the basis of each State's ability to get construction immediately underway.

Q: How much of these funds will be used for mass transit substitution?

A: Decisions on substitution of highway funds for mass transit projects are left to the discretion of the States. Therefore, we are unable to estimate the number of mass transit projects that would use these funds. Funding for mass transit would be available, however, both through interstate substitution and use of urban systems funds.

Q: Is the acceleration of the Federal aid highway program consistent with your recently announced energy program?

A: Yes, highway aid funds are used to increase the efficiency and safety of the highway system as well as provide for an opportunity for mass transit alternatives when appropriate. This is consistent with my program to use our scarce energy resources more efficiently.

Q: What factors were considered in deciding to release highway funds instead of other budgetary stimulation?

A: First, ~~we wanted to use the funds in a program that would provide fact employment stimulation.~~ The highway program has a proven Federal-State delivery system that we know has the capability of quickly moving funds to the States. Second, many governors have assured me that funds are needed and construction can be gotten underway quickly. Third, this will provide employment

in the construction industry, one of the hardest hit segments of the economy. In addition, these are trust funds immediately available for obligation.

NOTE: \$4 billion of additional water and sewer funds were released on January 24, 1975 making a total of \$9 billion of unobligated water and sewer funds immediately available.

January 31, 1975

SUBJECT:

REDUCTION OF HIGHWAY TRUST FUND

According to an AP story, the Ford Administration will ask Congress to reduce sharply the size of the Highway Trust Fund and to designate its revenues exclusively for construction and maintenance of interstate highways.

Is the AP story correct? Will the Administration sharply reduce the size of the Highway Trust Fund?

GUIDANCE: Legislation with regard to the extension of the Highway Trust Fund will be submitted to Congress within the next two weeks.

If you have any specific questions on this, you may want to bring them up at the Budget briefing tomorrow, where I'm sure you'll get a full and complete answer.

JGC