DEPARTMENT OF TRANSPORTATION

1978 BUDGET

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The Department of Transportation request of $18.3 billion in program level and $15.3 billion in outlays exceeds the planning ceiling by $3.6 billion in program level and by $1.1 billion in outlays. <u>Key points of Secretary Coleman's 1978 budget transmittal letter of October 29</u>, are:

"...I have conducted an intensive review of the budget proposals from the various administrations...and have made substantial reductions in the estimates..."

"...I have personally taken a careful look at staffing proposals and have restricted my request for new positions to the few high priority areas which I felt are justified by special circumstances, namely:

(a) Operating programs involving workload increases for safety of life and protection of property;

(b) new facilities coming on line for which the original President's budget decision assumed subsequent staffing;

(c) newly enacted legislation; and

(d) significantly improved efficiencies."

"Applying these criteria, I reduced the requests submitted to me by over 40%."

"With these actions I have been able to limit my request to 3,000 new positions, a sum which is only 3% of current staffing and about 20% less than my request last year."

"The 1978 limitation on highway obligations will probably be the most sensitive DOT budget issue with the Congress...as it has been for the past two years. I have recommended the same Federal-aid highway general provision as was included in the 1977 DOT

Appropriation Act...is probably the lowest amount that has any reasonable chance of being enacted. Proposing a lesser amount could well stimulate the Congress to eliminate the limitation completely, thus exposing the 1978 budget to potential Federal-aid obligations of over $14 billion."

The DOT 1977 budget has been substantially increased from the EG recommendation at last year's Director's Review - $5.6 billion - from $11.4 billion to $17.0 billion (President's budget was $15.4 billion). This is due to Secretary Coleman's success in obtaining budget appeals and due to enactment of new programs, some of which were included in contingencies. The substantial increase of $6.3 billion in 1977 program level over 1976 is primarily due to recent enactment of substantive legislation in the rail, airport and highway areas and because many of the modes were unable to obligate funds to allowable 1976 levels (primarily highways). Although EGD is recommending a $1.7B reduction in 1978, this is still a $4.5 billion increase over the actual level in 1976. Changes from a 1976 "base" are:

	Increases in billions		
	1977 over 1976	1978 over 1976	
	OMB	DOT	OMB
FHWA........................	+3.5	+3.4	+2.2
UMTA........................	+1.1	+1.4	+ .8
FAA........................	+ .7	+1.0	+ .6
FRA........................	+ .3	+1.0	+ .2
CG........................	+ .3	+ .4	+ .2
AMTRAK........................	+ .4	+ .3	+ .2
Other			
Total change	+6.3	+7.5	+4.2

<u>Major program areas in which DOT's request exceeds program level planning target</u>

		$ in billions				
	1977	Planning			1979	
	OMB	Target	DOT	OMB	DOT	OMB
FHWA.............	8.1	6.6	8.1	6.7	8.1	6.9
UMTA.............	3.0	2.5	3.3	2.7	3.6	2.8

$ in billions

	1977 OMB	1978 Planning Target	1978 DOT	1978 OMB	1979 DOT	1979 OMB
FAA	2.6	2.6	2.9	2.7	2.9	2.9
FRA	1.6	1.6	2.2	1.3	1.8	1.6
CG	1.4	1.2	1.4	1.3	1.4	1.4
Other	.3	.3	.3	.2	.4	.3
Total Program Level	17.0	14.8	18.2	14.9	18.2	15.9
Total Outlays	12.8	14.3	15.3	14.3	15.8	14.4
Total FTP (in thousands)	72.8	-	75.8	73.6	-	74.4

OMB approach in reviewing the 1978 DOT budget request:

EGD has examined the DOT budget request in the traditional manner by:

- -- Examination of objectives and effectiveness.
- -- Review of the appropriate Federal role and the legislative intent.
- -- Program analysis.
- -- Workload analysis and examination of required employment.

EGD has also considered and is proposing:

- -- Program elimination (certain "place-named" highways).
- -- Base reductions (Federal-aid highways, AMTRAK, rail freight assistance, airports, and FAA R&D staff).
- -- Legislative reform and improved program management (aviation, motor carrier reform and grant streamlining).
- -- Increased user fees (aviation and Coast Guard).

Agency objectives in 1976 and 1977/78

DOT does not have a formal MBO system, but does have methods and techniques for setting priorities and goals - both short and long term. DOT's objectives are set forth in the Secretary's Statement of National Transportation Policy that was issued September 17, 1975.

Objectives have been specifically identified and a system developed to monitor quarterly their achievement by the Assistant Secretary for Policy, Plans and International Affairs. The detailed quarterly reports are reviewed by the Deputy Secretary and the Secretary.

In addition, DOT submitted to the Congress in September 1976 a "Progress Report on Implementation of the 1975 Statement of National Transportation Policy." Finally, the Secretary develops "checklists" of items deemed by him to be of top priority for management attention and for early resolution. These items range from aviation noise to the location for the new St. Louis Airport. Most of the 15 issues have been resolved and public hearings have or will be held on at least seven of the 15.

DOT has submitted a preliminary list of major objectives for 1977/78 which they indicate will be modified after receiving guidance from OMB on the 1978 budget. Examples of 1977/78 major DOT objectives are:

1. In Aviation:

   -- Implement airport noise policy.

   -- Obtain enactment of aviation regulatory reform.

   -- Resolve air traffic controller compensation issues.

   -- Assure that airport grant state demonstration program is effectively conducted.

2. In Maritime/Coast Guard Affairs:

   -- Develop and obtain enactment of waterway user charge legislation.

   -- Assure that offshore port licensing process moves forward expeditiously and on a sound basis.

   -- Assure that expanded Coast Guard enforcement activities covering the 200 mile fishery zone are adequate.

3. In Railroads:

-- Assure that Northeast Corridor improvement project moves forward expeditiously and on a sound basis.

-- Perfect Title V grant mechanisms to assure that objectives of reducing excess capacity are met while protecting government interests.

-- Develop plans and legislative proposals for restructuring AMTRAK.

4. In Urban Mass Transit

-- Implement grant simplification program.

-- Make the UMTA/FHWA organizational changes work, including decentralization and consolidation of certain grant management functions.

-- Continue to foster improved alternative analysis by local urban transportation planning units.

5. In Highways:

-- Complete study of Interstate financing alternatives and develop legislation or other recommendations.

-- Develop position on future Federal role regarding the Primary Highway System.

6. In Highway Safety:

-- Reach decision on auto passive restraint regulation (airbags).

-- Complete a thorough assessment of the State and community safety formula grant program as a basis for legislative recommendation.

7. Other issues:

-- Reassess Department-wide R&D objectives and strategy.

-- Continue and strengthen internal regulatory reform process and procedures.

This partial list of DOT objectives is, we believe, a good example of how DOT operates. Its primary focus is legislative oriented--to develop and obtain enactment of legislation--and its second priority is in managing and evaluating its program.

Impact Evaluation

The Department has given emphasis to program evaluation and is organized to give it the necessary focus and attention. The Deputy Under Secretary is held responsible for developing objectives, performing program analysis, program impact and efficiency evaluations, assuring prompt execution of management decisions and the coordination of these activities within the budget process. Although the lead is given to the Deputy Under Secretary, the functional Assistant Secretaries provide advice, conduct analysis and independent reviews. In some areas, (e.g. AMTRAK and rail safety), where impact evaluations have been requested, we have received no product or a poor product.

Examples of impact evaluations currently underway or planned for completion during 1977/78 are:

-- Evaluation of the boat safety grant program.

-- Evaluation of the marine environmental protection program.

-- Alaska Railroad rate study.*

-- Rail safety program plan (involves evaluation of safety program effectiveness).*

-- National Airspace System Automation stage A, Air traffic controller productivity impact study.*

-- Joint FHWA/UMTA assessment of Transportation System Management plans as a basis for further guidance.

* Requested by OMB Allowance Letters.

Presidential Management Initiatives

DOT, in some areas, is doing an outstanding job--regulatory reform, executive development program, and control of end-of-year employment--in other areas it is doing a good job--impact evaluation and MBO--and in other areas it is doing an average job--ADP--and in other areas the performance is poor--contracting out.

The modal administrators have not yet become involved in PMI, and if PMI is to be a long term success they must become involved. The day-to-day leadership of the PMI program has been delegated to the Deputy Under Secretary for PMI one and two and to the Assistant Secretary for Administration for PMI three, four and five.

Consumer Representation Plans - DOT's consumer plan was considered one of the best plans. As a whole, DOT's plan contains strong provisions to promote consumer input into the policy, programs and rule-making of the Department. The greatest shortcoming is the lack of both required procedures for consumer representation and timetables for implementation of described techniques.

Consolidation of contract compliance functions - The recommended funding for DOT does not reflect a transfer of certain contract compliance functions from the Department. We believe this action would be detrimental to the overall civil rights program within DOT. The Labor/Manpower Branch disagrees with this view and will propose consolidation in the Department of Commerce.

Automatic Data Processing - EGD and ISD have reached agreement on the ADP ceiling for DOT for 1977 and 1978.

Issues to be discussed:

1. Should Local Transportation Assistance be restructed? Recommend limited restructuring. Also what should be the level of assistance? Recommend level below 1977.

2. Should the Interstate highway transfer process be changed? Recommend legislation be submitted to ensure dollar-for-dollar Interstate highway funding reductions for each mass transit funding increase.

3. Should the Administration seek to retain the Federal-aid highway obligation ceiling at the 1977 level? Recommend requesting an obligation limitation, but at a significantly lower level.

4. At what level should the reairoad rehabilitation financing program be funded? Recommend holding the loan guarantee program to the 1977 level and no funds for redeemable preference shares until studies are completed.

5. Are the benefits of the Northeast Passenger Corridor worth a permanent Federal cost of $150-200 million per year? Recommend improvements only between Philadelphia and New Haven.

6. What should be the Federal criterion to determine AMTRAK's funding level? Recommend AMTRAK service on a route should be discontinued when the Federal subsidy per passenger for that route exceeds the cost of a commercial airline ticket.

7. What is the most appropriate funding level for FAA research and development? Recommend holding basically to the 1977 level.

8. Should the discretionary portion of the airport grant program be substantially reduced? Recommend almost the complete elimination of discretionary grants.

Following the issues are individual modal summaries which provide specific analysis of each key program request and recommendation.

SUMMARY DATA

Department of Transportation
1978 BUdget

Summary Data

	(In millions) Budget Authority	Outlays	Employment, end-of-year Full-time Permanent	Total
1976 actual	10,220	11,938	72,370	74,228
1977 Budget, January 76 estimate	11,735	12,867	72,598	74,798
enacted	9,305	13,010	xxx	xxx
supplementals recommended (see attached list)	157	144	xxx	xxx
agency request	9,462	13,154	72,843	75,043
OMB recommendation	9,133	12,754	72,833	75,033
OMB employment ceiling	xxx	xxx	72,598	74,798
1978 planning target	12,650 1/	14,200 1/	xxx	xxx
agency request	13,859	15,294	75,801	78,072
OMB recommendation	12,389	14,300	73,627	75,827
1979 OMB estimate	13,100	14,450	74,400	76,600

Summary of Issues

Issues:	1978 Agency req. PL	1978 Agency req. O	1978 OMB recom. PL	1978 OMB recom. O	1979 OMB est. PL	1979 OMB est. O
1) Surface Transportation Assistance	9,000	7,700	7,400	7,000	7,700	7,200
2) Interstate Highway Transfers	775	550	--	480	--	200
3) Federal-Aid Highway Funding	7,545	7,076	6,545	6,916	6,545	6,600
4) Railroad Rehabilitation Financing	875	250	400	75	300	--
5) Northeast Corridor Improvement Program	450	215	155	125	189	164
6) AMTRAK Funding	645	645	583	583	595	595
7) R&D Funding Requirements	109	103	79	74	90	86
8) Reduction of Airports Grant Program	555	517	400	462	575	458

1/ Excludes $117M October 1976 pay act.

Department of Transportation
1978 Budget
Program Level

($ in millions)

	1976 Act.	1976 TQ	1977 Jan. Budget	1977 Agency Req.	1977 OMB Rec.	1978 Allowance Ceiling	1978 Agency Req.	1978 OMB Rec.	1979 Est.
Office of the Secretary	51	22	70	69	69	67	82	70	70
CG	1,041	307	1,208	1,356	1,355	1,234	1,416	1,350	1,383
FAA	1,911	1,050	2,401	2,621	2,621	2,511	2,888	2,542	2,925
FHWA	4,729	1,706	6,914	8,304	8,156	6,600	8,107	6,706	6,860
NHTSA	159	49	177	219	219	177	233	211	214
FRA	471	129	291	991	806	1,050	1,523	707	1,129
AMTRAK	360	114	484	750	750	567	645	583	545
UMTA	1,946	562	2,484	3,099*	2,999*	2,465	3,316	2,772	2,767
St. Lawrence	5	2	7	7	7	29**	7	7	7
Total	10,673	3,941	14,036	17,416	16,982	14,700***	18,217	14,948	15,900

* Includes $346M carry over excluded from limitation.
** Adjustments to reach $14,700.
*** Does not include adjustment for October 1976 pay increase.

Department of Transportation
1978 Budget
Outlays

($ in millions)

			1977			1978			
	1976 Act.	1976 TQ	Jan. Budget	Agency Req.	OMB Rec.	Allowance Ceiling	Agency Req.	OMB Rec.	1979 Est.
Office of the Secretary	54	21	59	68	68	66	75	64	64
CG	1,014	288	1,164	1,261	1,260	1,303	1,449	1,350	1,410
FAA	2,133	556	2,347	2,439	2,439	2,525	2,751	2,607	2,760
FHWA	6,498	1,722	7,030	6,147	6,117	7,188	7,472	7,150	6,760
NHTSA	151	38	170	182	182	175	232	213	217
FRA	449	72	151	345	251	463	551	339	475
AMTRAK	355	123	462	693	693	562	645	583	545
UMTA	1,322	286	1,585	2,075	1,800	1,900	2,200	2,075	2,300
St. Lawrence	-2	-1	-1	-1	-1	-1	-1	-1	-1
Receipts	-36	-11	-100	-55	-55	+19*	-80	-80	-80
Total	11,938	3,094	12,867	13,154	12,754	14,200**	15,294	14,300	14,450

* Adjustment factor to hit $14,200 - Receipts assumed to be (-$100).

** Does not include adjustment for October 1976 pay increase.

Department of Transportation
1978 Budget
Budget Authority

($ in millions)

	1976 Act.	1976 TQ	1977 Jan. Budget	1977 Agency Req.	1977 OMB Rec.	1978 Allowance Ceiling	1978 Agency Req.	1978 OMB Rec.	1979 Est.
Office of the Secretary	63	16	68	67	66	66	84	72	72
CG	1,106	281	1,212	1,315	1,314	1,228	1,412	1,344	1,379
FAA	1,925	951	2,372	2,570	2,570	2,704	2,839	2,543	2,928
FHWA	5,058	3,381	6,583	3,799	3,651	6,981	7,325	6,956	7,065
NHTSA	124	142	177	91	91	232	256	234	237
FRA	562	80	284	572	418	650	923	307	529
AMTRAK	471	130	484	623	623	567	645	583	545
UMTA	947	--	655	480	455	330	455	430	425
St. Lawrence	--	--	--	--	--	--	--	--	--
Receipts	-36	-11	-100	-55	-55	-108*	-80	-80	-80
Total	10,220	4,970	11,735	9,462	9,133	12,650**	13,859	12,389	13,10(

* Adjustment factor to reach $12,650, receipts assumed to be ($100).

** Does not include adjustment for October 1976 pay increase.

Department of Transportation
1978 Budget
End-of-year Employment
Permanent

	1976 Actual	1977 DOT	1977 OMB	1978 DOT	1978 OMB
OST	2,077	2,027	2,027	2,069	2,035
CG	6,317	6,444	6,444	6,655	6,564
FAA	56,111	56,463	56,463	58,899	57,063
FHWA	4,868	4,702	4,692	4,774	4,734
NHTSA	846	867	867	966	877
FRA*	752	762	762	819	770
UMTA	436	593 1/	593 1/	628	593
SLSDC	186	186	186	188	188
Total FTP*	71,593	72,044	72,034	74,998	72,824
Temporary	1,858	2,200	2,200	2,271	2,200
Total EOY	73,451	74,244	74,234	77,269	75,024
Military	37,812	38,483	38,483	39,553	38,636
*Excludes Alaska Railroad	777	799	799	803	803

1/ Reflects shift of 95 from FHWA.

Department of Transportation
1978 Budget
Supplementals and Legislative Program Items

	($ in millions) Budget authority	Outlays	Employment, end of period Full-time Permanent	Total
Program Supplementals:				
Coast Guard				
1977 supplemental requested:				
Pollution Fund				
agency request	10	-	-	-
OMB recommendation	10	-	-	-

DOT estimates that the approximately $5M currently available to meet expenses for clean up of oil and hazardous substances will be expended by the end of 1977. Both DOT and OMB believe a minimum reserve of at least $10M should be available to cover the costs of cleaning up unanticipated major oil spills. An additional $5M is requested and recommended in 1978 to meet the estimated expenses for 1978 and maintain the reserve at $10M. OMB recommends approval of supplemental.

Federal Aviation Administration				
Grants-in-aid for airports				
agency request	language change	-	-	-
OMB recommendation	deny request	-	-	-

DOT requests changing the airport grant obligation limitations to exempt airport entitlement funds from the obligation ceiling ($80M of entitlement funds were carried over from TQ).

OMB strongly recommends that the request be denied, because the current obligation limitation of $510M allows high priority program needs to be met.

Federal Highway Administration				
Darien Gap Highway				
agency request	24	5	-	-
OMB recommendation	-	-	-	-

Program Supplementals:

DOT assumes that a Federal court's ban on additional highway construction because of environmental problems will be overcome and construction can again be initiated.

OMB recommends no funds until environmental impact analysis has been completed to the satisfaction of the court.

	($ in millions) Budget authority	Outlays	Employment, end of period Full-time Permanent	Total
Safer Off-System Roads				
agency request	100	20	-	-
OMB recommendation	-	-	-	-

This is a newly-authorized grant program (70% Federal share) which is intended to assist States in constructing/reconstructing highways not on the Federal-aid highway system, based on the presumption that States need some "flexible" funds. DOT believes this is a high priority program and requests start-up funding of $100M in 1977 (and $200M in 1978, the full annual authorization).

OMB recommends no funding on the basis that:

- -- States should be responsible for all roads off the Federal-aid system. If their revenues are insufficient to fund a satisfactory program, States have the option of raising gas taxes.
- -- About $187M in unobligated balances remains available in 1977 from other similar off-system highway accounts.

	Budget authority	Outlays	Full-time Permanent	Total
Off-System Rail Crossings				
agency request	25	5	-	-
OMB recommendation	-	-	-	-

This is a newly-authorized grant program (90% Federal share) which is intended to assist States in eliminating hazardous off-system railroad-highway grade crossings. DOT recommends start-up funding of $25M in 1977 (and $75M in 1978, the full annual authorization), based on the fact that there are about 600 deaths and 8,000 accidents annually at off-system crossings.

Program plementals:

OMB recommends no funding because:

-- As with off-system roads, States should be responsible for all off-system rail-highway crossings.

-- Total Federal financial liability from this program would be excessive. There are 170,000 such crossings, requiring $1.4B to bring them all up to Federal safety standards.

	($ in millions) Budget authority	Outlays	Employment, end of period Full-time Permanent	Total
National Highway Traffic Safety Administration				
Traffic and Highway Safety (energy)				
agency request	3	1	-	-
OMB recommendation	3	1	-	-

Congress cut $3M from Administration's supplemental request of $6M in 1977 without prejudice. DOT believes the contract funds are essential to develop and implement auto fuel economy standards.

OMB recommends approval of request.

Program Supplementals:

	($ in millions) Budget authority	Outlays	Employment, end of period Full-time Permanent	Total
Federal Railroad Administration				
Rail Service Assistance				
agency request..................	60	6	--	--
OMB recommendation.............	--	--	--	--

DOT requests amount needed to pay back Treasury to meet defaulted note paid earlier by Treasury.

OMB recommends deferring. Negotiations under way with the bankrupt estates may secure repayment during 1977.

Rail Rehabilitation Improvement fund				
agency request.................	125	--	--	--
OMB recommendation............	--	--	--	--

DOT requests redeemable preference shares for rehabilitation of track and to enable DOT to encourage rail mergers.

OMB recommends no additional funds until studies are completed during 1978.

Grants to AMTRAK				
agency request.................	47	47	--	--
OMB recommendation............	47	47	--	--

DOT requests partial payment for purchase of Northeast Corridor by AMTRAK. This request starts implementation of the agreement ratified by the Rail Transportation Improvement Act signed in October.

OMB recommends approval.

Prog. Supplementals:

	($ in millions) Budget authority	Outlays	Employment, end of period Full-time Permanent	Total
Urban Mass Transportation Administration				
Interstate Substitution				
agency request	25	3	-	-
OMB recommendation	-	-	-	-

DOT requests $25M to initiate construction of a project in New Jersey.

OMB recommends no 1977 funds. Project planning and design are barely underway and availability of funds in 1978 will allow orderly progress.

	Budget authority	Outlays	Full-time Permanent	Total
Interstate Substitution				
agency request	75	10	-	-
OMB recommendation	-	-	-	-

DOT has also requested that the Interstate substitution obligation limitation on prior year contract authority be increased by $75M to allow higher level of work in Boston.

OMB recommends denial. Interstate substitution grants should continue to be phased in gradually, particularly because 1977 projects add principally to 1979 outlays.

Deferrals:

	Budget authority	Outlays	Full-time Permanent	Total
Federal Highway Administration				
Great River Road, 1978				
agency request	94	33	-	-
OMB recommendation	45	25	-	-

Program provides 70% Federal grant funding for a two-lane scenic highway from Minnesota to Louisiana along the Mississippi River. Total cost, mostly for improving existing roads, is $1.1B. Total contract authority appropriated through 1978 is $146M -- $90M from the 1973 Highway Act and $56M from the 1976 Highway Act.

OMB recommends proposing an obligation ceiling and a deferral to limit total funding to the $90M provided in the 1973 Highway Act. Additional contract authority provided in the 1976 Highway Act ($56M) would not be released. Consistent with congressionally-expressed "emphasis areas", expenditure of the $90M would be limited to purchases of scenic easements, construction of roadside rest areas and bike trails, environmental studies, and planning and engineering. If total federal costs associated with these types of projects exceed $90M, additional funding might be released at a later date.

Leg\ .tive Items

	($ in millions) Budget authority	Outlays	Employment, end of period Full-time Permanent	Total
Legislative Items:				
Coast Guard regulatory reform				
agency request	-1	-1	-12	-12
OMB recommendation	-1	-1	-12	-12

Proposed legislation would modernize Coast Guard regulations and impose fees for certain administrative services. A reduction of 12 civilian and 8 military billets will also result.

Waterway user charges				
increase receipts	-	-100	-	-

DOT plans to propose $150-200M increase in waterway user charges in 1979 to partially offset the retrofit/replacement proposal.

Federal Highway Administration				
Interstate Highway Transfers, 1978				
agency request	775	550	-	-
OMB recommendation	-	480	-	-

Proposed legislation would require dollar-for-dollar decreases in Interstate Highway project funding for substitute mass transit project funding increases (see issue #2).

Contingency Items:

	($ in millions) Budget authority	Outlays	Employment, end of period: Full-time Permanent	Total
1977 Contingency Items:				
Federal Aviation Administration				
Reimbursement for foreign aviation security expenses agency request	7	7	-	-

Section 24 of the Airport and Airways Development Act Amendments of 1976 (PL 94-353) authorizes the Secretary to repay American flag carriers for security expenses incurred at foreign airports, retroactive from 1976. FAA estimates funding requirements to be: $3.75M (1976), $3M (1977), and $3M (1978).

	Budget authority	Outlays	Full-time Permanent	Total
Federal Railroad Administration agency request	60	6	-	-

If negotiations are not successful with bankrupt estates then a supplemental is required to cover Treasury's payment of a defaulted transfer certificates.

1978 Contingency Items

	Budget authority	Outlays	Full-time Permanent	Total
Coast Guard				
Trust territories of the Pacific Islands agency request	30	20	161*	161*

Request reflects possible expansion of search and rescue activity in the trust territories, workload does not justify dedicated resources.

	Budget authority	Outlays	Full-time Permanent	Total
Mid-Continent LORAN-C agency request	13	5	51*	51*

Request to initiate LORAN-C chain in mid-continent U.S. for land positioning.

	Budget authority	Outlays	Full-time Permanent	Total
Federal Aviation Administration				
Aircraft Retrofit/Replacement agency request .... (increase in deficit)	250 to 300		-	-

* People in 1979

DOT request would require either the replacement or modification with sound absorbing material of all aircraft not meeting the current noise standards for newly-manufactured aircraft. We assume DOT will propose a 2% tax reduction for replacement and reduction of trust fund balances for retrofit.

Dade County Airport Agreement

agency request	80	20	-	-

The Federal Government has agreed to provide the full costs of transferring the existing airport to an environmentally compatible location. Environmental impact statement (EIS) for new site has been approved by Interior. DOT must also approve EIS.

Adjustment to Air Traffic Job Classifications

agency request	4	4	-	-

DOT and the Professional Air Traffic Controllers Organization has challenged the results of a CSC study which concluded that certain air traffic controllers should not receive a grade increase and some controllers were overgraded.

Federal Highway Administration
Alaska Highway Darien Gap Highway and Baltimore Washington Parkway

agency request	50	7	-	-

Highway construction progress depends on certain legal requirements being met (environmental impact analysis and intergovernmental agreements).

Federal Railroad Administration
Freight rail assistance

agency request	100	20	-	-

Depending on the outcome of 4R Act studies now underway, OMB could change its position and support funds for freight rail assistance in addition to loan guarantee program.

Conti...ncy Items:

National Highway Traffic Safety Administration

Motor Vehicle Information and Cost Savings Act agency request	6	6	-	-

Title II of this Act would predict for consumers the relative crashworthiness of vehicles. A pilot study is in progress. The results of this study will provide the basis for further program action which could cost $3M. Title III of the Act would develop diagnostic equipment for inspection of automobiles to assure equipment is in safe operating condition. A study covering project concept and definition is now in progress and would determine whether design and system implementation should be initiated. Funding for the second phase is presently being deferred,pending outcome of the first phase; cost estimate is $3.5M for the second phase.

PROGRAM ISSUES

Issue #1

Recap of Issue #1

Surface Transportation Assistance

Issue #1 poses three questions:

A. How should local transportation assistance be restructured? (page 28)

B.1. What should be the level of 1978 and 1979 funding? (Page 33)

B.2. How should the funding be financed? (Page 36)

The issue is based on the following assumptions and definitions:

- At the present time only highway and transit aid should be candidates for block grants. Airport and rail branch line aid legislation was just enacted this year - it is too soon for change.

- The Interstate highway program has two components: those elements essential for intercity transportation and those elements which are basically local expressways. Only the latter elements are considered candidates for inclusion in block grant aid. Intercity segments require a categorical Federal role.

- Large allocated, unobligated highway authorization balances and several large transit project commitments create difficult problems in transitioning from current programs to block grants.

Issue Paper
Department of Transportation
1978 Budget
Issue #1: Surface Transportation Assistance

Background:

-- Restructuring of surface transportation assistance was discussed at Spring Preview and was identified in an OMB "Camp David" issue. Although practically every Director's Review since 1970 has reviewed these issues, resultant Administration initiatives have either failed outright, or yielded to congressional counter initiatives which have made the programs even more complex.

-- The issues have been framed in the past as follows:

a. How should the Federal government shift away from categorical transit and highway grants to transportation block grants?

b. How should we control or reduce the size of the ever-increasing discretionary mass transit grant program?

c. How can we decrease Federal involvement in basically local decisions?

d. Should the Federal government fund local transit operating deficits?

-- Past Administration proposals include: Transportation Revenue Sharing (1971), Single Urban Fund (1972), Unified Transportation Assistance Program (UTAP-1974), and tax turnback and program consolidation in the 1975 highway bill. The only major elements accepted by Congress were substitutions of mass transit projects for Interstate highway projects (in the 1973 Highway Act) and mass transit formula grants (in the 1974 National Mass Transportation Assistance Act).

-- In December 1975 Secretary Coleman proposed a Metropolitan Transportation Program as a candidate for last January's State of the Union Message. Action was deferred. During 1976 DOT has also had a Surface Transportation Program Task Force studying this issue (see Summary at Attachment A). Their proposal, submitted to Secretary Coleman in mid-October, said, in part:

"The Task Force believes that any approach to program consolidation should proceed from a clear understanding of the objectives we are trying to serve. In other words, consolidation is not so much an end in itself, but a means to other ends which should be clearly stated. In debating objectives for a possible consolidation of surface transportation programs, the Task Force concluded that the following two goals were central:

-- to increase the cross-modal flexibility available at the State and local levels in the use of Federal funds for local programs;

-- to clarify the inter-governmental division of labor between the Federal Government on the one hand, and State and local governments on the other. Also, by more clearly defining and in some cases limiting the Federal role, we can serve the objective of cutting Federal red tape."

-- In October a Cabinet Committee on Urban Development and Neighborhood Revitalization concluded that some form of urban transportation block grants would be desirable.

-- Also in October, DOT Secretary Coleman, with the President's approval, announced that the Administration would accelerate Federal transit funding and seek expansion and extension of budget authority in the 95th Congress (i.e., spend 6 years' authorization in 5 years).

-- Since January 1976 UMTA has put long-term pressure on the budget by making major rapid transit commitments in principle to:

- Miami ($500M),
- Buffalo ($269M),
- New Jersey ($400M),
- Detroit ($600M), and, realistically, is pretty well locked into
- Honolulu ($350M), and
- Pittsburgh ($200M),
- Chicago ($400M).

-- The Congress expects to take up major transit and highway legislation next session. The Highway Trust Fund expires in 1979 and highway authorizations expire in 1979. A $20B, five-year transit bill is expected from Congress.

Analysis

-- Congressional responses to Administration bills have created situations which we sought to avoid. For example:

- -- Interstate substitutions were conceived to foster highway/transit trade-offs funded by the Highway Trust Fund within annual highway budget ceilings. The current program has not fostered true trade-offs and adds $500-600M annually from general funds to the baseline highway and transit programs (See Issue #2).

- -- The mass transit formula grant program has become a categorical Federal operating subsidy program. It is likely to remain so as long as UMTA retains a large discretionary grant program capable of satisfying local transit capital needs.

- -- Instead of making highway funds flexible, Congress added a new categorical program for off-system roads.

-- Sweeping grant reform is what Secretary Coleman would like, and has been this Administration's instinctive preference. Considering previous failures, broad reform will have the following handicaps:

- -- attempt to be all things to all people,
- -- be extremely costly,
- -- not be enacted,
- -- achieve few of our "objectives," and
- -- divert attention from managing on-going programs.

-- Passage is likely of a congressional counter-proposal which would assuredly be a veto candidate. It would make a balanced budget more difficult, and make restructuring even harder to achieve in the future.

There are several reasons for such a bleak record and poor prospects:

-- Congress, the public, the press and grant recipients do not perceive serious problems in current transportation assistance, and the Administration has been unable to develop convincing arguments that there is a "patchwork quilt" of assistance;

-- The status quo offers absolutely no incentives for change - no threat of halting aid, no marked increases in power for any "supporters" the Administration might recruit;

-- Virtually all recipients perceive drastic changes as a threat to their authority, priority or funding. The sole beneficiaries would be elected State and local officials.

-- An alternative approach would entail a multi-year legislative strategy. Legislation with only a few key variables may be easier to control, thus hopefully avoiding a bill with many "bad" provisions mixed in with the "good". The current highway and transit programs are very dissimilar. One restructuring tactic would maintain separate programs for several years while working to separately eliminate differences (e.g., matching share, funding recipients, standards, degree of Federal oversight, etc.). Such a foundation may make future restructuring a possibility.

-- We must seek an outcome for 1978 based on real-world options. Criteria which could be used would include:

a. For each element of the proposal, can a consensus be developed that change is needed?

b. Must every element of desired change be achieved this year?

c. How costly will the "sweeteners" and hold harmless provisions be to gain Congressional support?

d. How much is this program worth compared to other priorities?

-- DOT and OMB staff have concluded that a single, monolithic block grant for transportation assistance is not a realistic short term option. Transportation problems are so diverse, and the key non-Federal actors have so little in common, that delivery systems tailored to the situation are justified. The principal exception to this is in local (urban and rural) transportation assistance (as distinguished from intercity assistance) which represents 80% of all Federal surface transportation grant assistance. The issues have therefore been framed around the geo-political/functional categories of urban and rural needs.

The two fundamental issues are:

(A) Whether and how to restructure local (urban and rural) transportation assistance; and

(B) What should be the level of local transportation assistance in 1978 and 1979?

Statement of Issue A:

Should local (urban and rural) transportation grant assistance be restructured and, if so, what should be the programmatic scope of the Administration's 1978 legislative proposal(s)?

Options

1. Block grants. Merge most urban Interstate and all non-Interstate highway aid with formula and discretionary transit aid, non-hub airport aid, rail branch line aid. Formula allocate directly to cities over 50,000, and to the States for all areas under 50,000. Single matching share of 75%.

Pros:

-- Maximizes role of State and local governments in selecting priority and mix of projects for funding.

-- Eliminates artificial Federal constraints (e.g. different matching share, arbitrary funding allocations) which bias local decisions.

-- Concept lends itself to staged introduction: merge some highway and transit in 1978, and more highway and transit elements and rail branch line aid in 1979, add airport aid in 1980.

-- Could diminish charges that Federal aid favors one mode of transportation over others.

Cons:

-- Existing programs would have to be halted with rescissions and deferrals to: (a) establish base for new program to pick-up; and (b) have Congress and recipients take the Administration seriously.

-- Would basically eliminate a long-standing State role in urban area funding - principally in highways.

-- A $6-8 billion hold harmless commitment would be required creating a major front-end burden and bias on the program (about $2.5-3.5B in transit commitments and $3.5-4.5B in already apportioned but unobligated highway funds).

-- Cities with unbuilt urban "Interstate" highways not needed for intercity connectivity perceive those funds as an entitlement. (It may be possible to re-allocate those funds by liberalizing their use in lieu of any "new" block grant funding.)

-- Elimination of a large discretionary grant program for rapid transit would be strongly resisted by DOT, Congress and large cities. If the block grant base is large enough and the formula skews funds toward the largest cities, there may be a chance to eliminate a discretionary program.

2. Formula grants. Allocation principles similar to Option 1, but retains separate identity of component programs. Principal changes from on-going programs would be a common matching share, elimination of highway sub-categories and rapid phase-out of entire transit discretionary program. Flexibility in uses of funds in each program would be increased (e.g. roads eligible under transit grants). Federal project approval could be changed.

Pros:

-- Reduces the "threat" of block grants perceived by many.

-- Protects current recipients while achieving greater internal similarities among programs.

-- Retains existing congressional committee structure, DOT organizational structure.

-- Gives States new resources and greater responsibility in cities below 50,000 population and increases autonomy of areas over 50,000.

-- Eliminates, or allows eventual phase out, of urban Interstate highways and discretionary rapid transit programs.

-- Sets stage for block grants in future.

Cons:

-- Requires immediate (November 1976) halt in approvals under transit discretionary program - retention of which is urged and assumed by DOT. Mandates administrative formula allocation.

-- Removal of requirement that funds for non-critical urban Interstate highway entitlements be spent only on those projects is implicit.

-- Creates weak distinction between activities funded by Trust Funds and General Funds.

3. Formula and discretionary grants. Similar to Option 2, but two discretionary programs would be retained to: (a) fund innovative or productivity enhancing projects (5-10% of total funds), and (b) fund large rapid transit or new expressway projects (40-50% of total resources).

Pros:

-- Is more acceptable to DOT and Congress and it retains large discretionary program with which to initiate or expand rapid transit systems or new expressways.

-- Ability to spot fund innovative or productivity enhancing projects on a discretionary basis is nice, but not essential.

-- Discretionary resources may be needed to take care of current commitments on a hold harmless basis.

Cons

-- Retains a major Federal role in determining which cities have rapid transit, and what form of rapid transit.

-- There is more budget pressure to increase discretionary programs than formula programs.

-- Maintaining a separate discretionary programs would either:

   a. Reduce by $1 billion annually the total available for all formula recipients to benefit a few cities; or

   b. require $1 billion annually in addition to the national formula grant programs.

Recommendations:

OMB recommends Option 2. Legislation would be submitted next year for implementation in 1978 and 1979. This option provides gradual and more acceptable program change. It also allows State and local institutions to adapt more smoothly thereby reducing program discontinuities. The large discretionary grant program must be phased out. Large new transit projects are among the least cost-effective transportation investments, are sized to extremely short peak periods, and have built-in operating deficits. Local governments that want such projects should bear the majority of costs rather than the Federal taxpayer.

DOT recommends Option 3. However, it is unclear when or whether DOT will have a well developed proposal along these lines. DOT has not considered whether program should be shut down to facilitate a transition. Practically the only major difference between OMB and DOT is the role of rail rapid transit and, hence, the need for a large discretionary program. Secretary Coleman and Administrator Patricelli see the fundamental UMTA justification for rapid transit projects shifting from transportation need to downtown revitalization.

Discussion of Issue B - Financing for 1978 and 1979

The principal questions are how much annual funding from what sources (general or trust funds) should be devoted to local transportation aid. This consideration is of greater significance than the method by which aid is delivered.

-- Discussion is simplified by addressing only highway and transit funding which represent 95% of local transportation grants. Over 20 highway and 3 transit categorical programs are affected. The FY 1977 base for local aid is about $8.3B. This is 80% of the $10.4B of highway-transit aid, the range of estimates for which in 1982 is from $10.4B (OMB) to $16.1B (trade assocations). Virtually all planned growth would be in local aid, with only about a $500M growth in non-local Interstate highway aid.

-- The first table at Attachment B shows the range of desired program growth projected by OMB, DOT and the two industry trade associations. Historically Congress has reflected trade association preferences. Program levels have gravitated toward those levels far more than toward OMB estimates. The second table shows the principal program elements in urban and rural aid.

-- Realistically, 1977 levels are a lower bound, and Administration ceilings become congressional floors.

-- Today's transit and highway programs have already increased dramatically since the early 1970's--highways due to a halt in Administration impoundments (1975), and transit due to addition of Interstate substitutions (1973), formula grants (1974), and METRO overruns (1975).

-- Despite "needs studies" conducted by DOT which show a 20-year construction demand of $600B in highways and $64B in transit (in 1971 dollars), questions exist about the need for a lot more new transportation capacity in the balance of this century. A high priority is increasing the efficiency of the existing infrastructure.

-- Federal aid to local transportation--either transit or highways--was barely mentioned during the recent campaign.

-- UMTA's main arguments for dramatically increasing Federal transit aid are: (a) to compensate for a 20-year over-investment in highways; (b) to provide a focus for capital and infrastructure with which to revitalize the downtowns of the older, large cities (Detroit, Buffalo, etc.); and (c) to establish long-range land use patterns better able to rely on transit when energy becomes scarce. UMTA, however, is generally unable to back up these arguments with evidence that transit dollars will achieve these goals.

-- Of the $8.3B of Federal local aid, $5.8B (69%) is spent on highways and financed by user charges (Federal gas and related excise taxes). A fundamental policy issue is whether the Federal government has a legitimate role in local highway transportation or whether the Federal government is acting solely as a fiscal agent/tax collector.

-- Transit aid is financed by general funds. The program began at a low level and its "users" were already paying less than the cost of the service offered. Given the Executive Branch's aversion to new Trust Funds, and the dedication of gas and excise taxes to the Highway Trust fund, alternatives to current financing of transit have not been carefully examined.

-- DOT, principally FHWA, this year has toyed with the idea of a well head tax on foreign and domestic crude oil, 50% of which would be earmarked for a transportation trust fund and the balance applied to the general fund. Conceptually, this would replace retail excise taxes and be able to fund all transportation assistance programs.

<u>Statement of Issue B.1</u>:

What should be the levels of local (urban and rural) transportation grant assistance in 1978 and 1979?

Alternatives:

1. Block grant level. Subsume all current formula grant programs. Add $4B over 4 years to fund prior year allocated but unobligated highway grant balances. Add $3B to liquidate transit commitments made to date by this Administration.

2. Accelerated grant level. Increase on-going programs, particularly transit discretionary funds.

3. Status quo level. Hold funding to current levels. Use "dividend" from phase down of discretionary funds to liquidate commitments and unobligated balances.

($ in billions)

	1977		1978		1979		1980		1981		1982	
	PL	O	PL	O	PL	O	PL	O	PL	O	PL	O
Alt. #1	8.6	6.0	10.5	8.0	11.0	8.8	11.5	9.4	12.0	10.1	12.5	10.4
Alt. #2 (DOT req.)	8.6	6.0	9.0	7.7	9.4	8.2	10.0	8.5	10.3	8.8	10.5	9.2
Alt. #3 (OMB rec.)	8.4	5.8	7.4	7.0	7.7	7.2	8.0	7.4	8.3	7.5	8.6	7.6

Alternative #1. (Block grant level)

-- This $57.5B alternative adds $3.3B to 1979 obligations, $17.5B to five-year total cost of a baseline program.

-- Adds a minimum of $1.6B in outlays to the 1979 baseline levels, and $10.5B over the five years 1978-82. OMB staff believes this would overfund transportation aid.

-- Could spend faster, depending upon extent to which road maintenance and transit operating subsidy expenses displace capital investment.

-- Assuming Congress would accept a block grant program, these levels are probably the minimum Congress would provide.

-- This alternative has highest risk, lowest payoff. Once committed, would be difficult to control program level.

Alternative #2. (Accelerated grant level)

-- These levels approximate DOT's 1978 requests for the on-going categorical program and are probably near the levels Congress might include in 1978 Budget Resolutions.

-- Adds about $1B to 1979 outlays, at least $5.7B to five-year outlay cost of a baseline program.

-- Would cover transit commitments, but does not specifically address unobligated highway balances.

-- Depending upon matching share, as with Alt. #1 these funding levels might outstrip some communities' ability to match.

Alternative #3: (Status quo level)

-- Represents a $40B, five-year program.

-- Requires a cut from 1977 highway levels of about $600M, no increases in transit, and does not reflect a $300-400M annual carryover of unobligated transit formula grant allocations exempt from congressional obligation ceilings. (All alternatives bear this similarity, it is simply more apparent at this level.)

-- Will be strongly appealed by DOT because it reverses or modifies a decision which they believe the President is firmly committed to.

-- Does not support major restructuring, although some minor non-fiscal legislative changes may be feasible.

-- Supports goal of balanced budget in 1979.

Recommendations:

DOT recommends Alternative #2. The President, when he agreed to the Detroit commitment, implicitly agreed with DOT's request that the mass transit program funding be accelerated. Secondly, the highway obligation limitation in the 1977 Appropriations Act was achieved at great political expense and remains very fragile. A reduction in 1978 would lend support to critics and could undermine any chances for continued limitations.

OMB recommends Alternative #3. On merit alone the transit program component should not be funded above its 1977 level and the President should be advised of the consequences of his transit decision in a budget/program context, and be asked to agree to modify his position. Similarly, highway programs represent fully one half of all DOT activities. If DOT is to share in balancing a 1979 budget, some highway reductions are mandatory. Lastly, in the context of restructuring, OMB staff believes the cost of achieving the conceptually desirable goals of restructured transporation aid is not affordable.

Statement of Issue B.2:

How should local transportation grant assistance be financed?

Alternatives:

1. Tax turn back, phase out Federal role. Could either collect and return taxes, or stop collecting if States instituted replacement taxes of their own. Federal highway aid would cease in the latter case. Affects highways only. Highway Trust Fund would be retained only for Interstate highways.

2. De-dedicate excise taxes. Apply receipts to general fund. Eliminate Highway Trust Fund. Retains a Federal role in highways. Could either increase, decrease, or not change tax level.

3. Dedicate excise tax to Interstate System. Implies Federal role in Interstate system. Leaves all local aid up to the general fund.

4. Status quo. Continue Highway Trust Fund as is. Cover local program changes with general funds.

Analysis

Alt. 1 (Tax turn back):

-- Assumes Federal substantive involvement in highway construction (except for Interstates) adds little to transportation and that States and localities can handle all requirements. Rationale also applies to trust funded airport construction.

-- Would facilitate reductions in Federal red tape and Federal personnel.

-- Would benefit States (e.g., California, Indiana, New York) that presently contribute more to Highway Trust Fund (HTF) than they receive, and reduces amounts in net beneficiary States (e.g., Alaska). Governors appear very supportive of this concept.

-- Partially addresses question of future HTF which expires in 1979.

-- Major reduction in HTF receipts reduces pressure to sustain program level near the artificial level of receipts.

-- This proposal (it was proposed in 1975) has not been well received by Congress which opposes a reduction in Federal control (i.e., reduced congressional influence).

Alt. 2 (De-dedicate excise taxes):

-- Shift to general fund removes direct receipt level/funding level linkage.

-- Would facilitate increase in gas tax and other user charges to fund mass transit, rail branch lines, etc. Becomes addition source of Federal revenue.

-- Retains a Federal role in transportation assistance.

-- Conceptually more acceptable to Congress and recipients than Alt. #1, although user charges and excise taxes are tricky proposals to coordinate between substantive, Ways and Means, and Finance committees.

Alt. 3 (Dedicate excise taxes to Interstate):

-- Could involve all or most excise taxes, depending upon level of Interstate construction (and possibly maintenance) preferred. Could accelerate completion of essential gaps.

-- Puts financing of all other local highway and transit aid on equal footing, thus eliminating an artificial programmatic difference.

-- Some argue that since everyone benefits from streets and buses, general funds are appropriate, whereas Interstate highways aid the trucking industry where a user charge is appropriate on a cost allocation basis.

Alt. 4 (Status quo)

-- Financing decision is not mandatory in 1978.

-- Preserves option to carefully develop and examine alternatives after decisions on preferred program mix and funding levels have been reached.

Recommendations:

DOT has no recommendation at the present time.

OMB recommends Alternative #4. Lack of urgency combined with complexity make further study an appropriate decision at this time.

Attachment A

DOT's Surface Transportation Concepts

During 1976 DOT has had a high-level Task Force (agency administrators) examining restructuring concepts. They presented their conclusions and recommendations to Secretary Coleman in mid-October. Despite the extensive work on program concepts, the Task Force was unable to provide the Secretary with any solutions regarding financing or transition from current programs to a conceptual program. The Secretary is reported to be disappointed that the Task Force did not come to grips with the tough questions. He may have a second report submitted to him by Thanksgiving.

The Task Force set two fundamental programmatic goals:

-- increase cross-modal flexibility avaiable to State and local government in the use of Federal funds; and

-- clarify the inter-governmental division of responsibility among Federal, State and local government.

The Task Force recommended two broad programs:

A. Interstate programs. A Federal role would predominate. Although the Task Force discussed potential elements such as railroad mainline systems, major hub airports, and interstate waterways, the net effect of the recommendation is to only include the interstate highway program at this time -- possibly with the addition of a discretionary grant program to address special problems.

B. Local Programs. This would encompass principally transit and highways, and separately address the needs of urban areas and rural areas. Three separate local program options were considered:

1. Formula and discretionary grants. Only transit and highways. Two programs: urban and rural. Each would have a formula component. The urban program would also have a massive discretionary grant program.

2. Formula grants. Only transit and highways. Single grant program for planning, capital and operating aid. Allocation directly to urbanized

areas over 200,000. Allocation to States in other urban and rural areas. Federal project approval would be retained.

3. Block grants. Includes rail branch lines, small airports and safety programs in addition to transit and highways. Same delivery system as Option 2.

Recommended Program

The recommendation was a composite of Options 1 and 3. It would have:

A. Urbanized Area Program. Formula grants for all highway assistance to urban areas, including interstate highways not designated as "national" in character. Subsumes current transit formula grants and that portion of UMTA's discretionary grants for bus systems, and possibly grants for rail rolling stocks and modernization. Matching share would be 75% capital, 50% operating. State government role would be explicitly limited. Federal government would review annual plans rather than projects.

B. Small Urban and Rural Program: Transit, highway and rail branch line grant program allocated directly to States. Excludes small airport assistance.

C. Secretary's Reserve for Demonstration Grants: Ten percent of A and B programs would be reserved for discretionary allocation to encourage innovation, energy conservation, productivity, transportation systems management and other Federal priorities.

D. Discretionary Fund for Large Capital Projects: Rapid transit and large new highway projects would be eligible. Federal match would be 75%. Recommendation suggested consideration of also funding airport transit connections, port projects and intermodal terminals under D.

E. Transportation Safety Block Grants. To States. Would subsume six FHWA programs and certain grants programs of NHTSA.

Financing

The Task Force was inconclusive about financing. It was unable to reach agreement on a crude oil energy tax levy future of the Highway Trust Fund, or general funding as sources. The proposal was also totally silent on the amount of annual funding DOT would like to have for this program.

1976-1982 hway/Transit Funding

Transit	1976	1977	1978	1979	1980	1981	1982
Discretionary Grants							
APTA 1/	1100	1250	1900	2200	2500	2800	3100
DOT	1100	1250	1580	1727	1750	1750	1750
OMB	1100	1250	1250	1250	1250	1250	1250
Formula Grants							
APTA	500	650	1000	1100	1200	1300	1400
DOT	500	650	775	850	900	900	950
OMB	500	650	775	775	850	925	1050
Interstate substitution							
APTA	632	575	950	900	1000	1100	1100
DOT	632	575	775	900	1000	1100	1100
OMB	632	575	575	600	600	600	600
Totals (transit)							
APTA	2232	2475	3850	4200	4700	5200	5600
DOT	2232	2475	3130	3477	3650	3750	3800
OMB	2232	2475	2600	2625	2700	2775	2900

1/ American Public Transit Association

	1976	1977	1978	1979	1980	1981	1982
Highway							
Interstate	2060	3500	3500	3600	3700	3800	3900
Urban Highways (over 50,000 pop.)	617	1125	843	900	1000	1100	1200
Rural Highways	997	2214	1507	1500	1500	1500	1500
Safety Construction	389	550	450	500	500	500	500
Other	502	430	245	300	300	300	300
OMB	4565	7720	6545	6800	7000	7200	7400
DOT	4565	7720	7545	7800	8000	8200	8400
AASHTO 1/	4565	7720	8500	8800	9000	9200	9400

1/ American Association of State Highway and Transportation Officials.

Financing Base for Local Assistance
($ in millions)

	1977 obs		Formula basis	Federal % match	
Urban					
Interstate highways	1600		Cost to complete	90	
Interstate transfers to transit	575		none	80	
Urban highways	1125		Pop. and area	70	
Transit (formula)	650		Pop. and density	80/50	1/
Transit (discret.)	1200		none	80	
Transit (planning)	43		Pop. and density	80	
Other highway	200		varies	70-100	
Subtotal urban	5393	(69%)		77	2/
Rural and Small Urban					
Rural highways	2214		Pop. and area	70%	
Rural transit	50		none	80%	
Other highway	200		varies	70-100%	
Subtotal rural	2454	(31%)		70%	
Total	7857	(100%)			

1/ 80% capital, 50% operating

2/ weighted average

Issue #2

ISSUE PAPER

Department of Transportation
1978 Budget
Issue #2: Interstate Highway Transfers

Background

-- Current annual Interstate Highway contract authority is $3.2B. FHWA "apportions" this amount to the States by a legislative "cost-to-complete" formula. Each State's apportionment is directly proportional to the value of its incomplete Interstate segments in comparison with total national incomplete segments.

-- Although 89% of the Interstate System is open to traffic, 35% of the cost remains to be funded (about $35B). A major reason for the high cost of completing the system is remaining, expensive urban segments.

-- States are finding it increasingly difficult to construct major urban Interstate segments because of environmental/social considerations.

-- The 1973 Highway Act authorized an "Interstate transfer" process whereby States could shift funding, at their discretion and with the approval of DOT, from Interstate projects to mass transit projects. The 1976 Highway Act considerably "sweetened" the transfer process, in the following way:

° States can transfer Interstate funds to highway projects on Federal-aid primary, secondary or urban systems, as well as to mass transit projects, in the transportation corridor from which the Interstate project is being withdrawn.

° States are not required to repay Federal monies previously expended on withdrawn Interstate segments.

° Interstate transfers made both before and after enactment of the 1976 Act can take advantage of an inflation escalator. Interstate funds eligible for transfer are inflated to the current dollar cost of completing the Interstate segment. The inflation escalator works in the following way:

a. State M has an Interstate segment which costs $150 million to construct in 1976 dollars;

b. State M chooses to transfer Interstate funds to an alternative mass transit project in 1980, at which time the inflated dollar cost of constructing the Interstate segment would be $200 million;

c. State M may, with DOT's approval, transfer authorizations for the full $200 million (although an appropriation for this amount is now required).

-- The Interstate transfer process, as laid out in the legislation and as interpreted by DOT, has several anomalies:

° The transfer process automatically creates an appropriation authorization (with strong pressures for subsequent appropriations) for mass transit or other highway projects but only marginally reduces Interstate Highway funding availability. This is a result of the fact that the substitute project is authorized for the full cost of the withdrawn Interstate segment, whereas Interstate funding availability is reduced by only a fraction of the cost of the withdrawn segment, based on complicated calculation involving States' Interstate cost-to-complete estimate - the Attachment for a fictitious example of the "flow" of an Interstate transfer). For transfers made to date, Interstate funding availability has been reduced by only $1 for every $8 additionally authorized for substitute ground transportation projects.

° Despite the fact that, as a result of the transfer process, mileage has been withdrawn from the Interstate System, FHWA claims it can reallocate mileage for new Interstate projects, including (potentially) in the State making the withdrawal. DOT legal staff are currently investigating the legality of this form of "double counting".

° The total Interstate cost-to-complete estimates will decrease by the amount of the withdrawal, unless FHWA reallocates the withdrawn mileage to another project. This reduction in the total cost-to-complete estimate is not of high importance, however, because:

a. It does not affect yearly Interstate Highway contract authority levels.

b. The Interstate System won't be "complete" until 1990, at a minimum, and the prospects are that it will never be "complete" in the manner originally contemplated.

-- Experience has shown that States request Interstate transfers when they find that it is difficult or impossible to proceed with planned Interstate highway construction, usually because of local public opposition. In this context, planned Interstate highway construction constitutes a ground transportation "entitlement program", whereby States can shift funding from defunct Interstate projects to alternative ground transportation projects. The consequent creation of new appropriation authorizations, and pressures for subsequent appropriations actions, occurs without dollar-for-dollar reductions in Interstate Highway funding levels.

Statement of Issue

Should the Administration propose major modifications to the Interstate transfer process in order to avoid creation of additional Federal funding authority and to limit transfer applicability to those projects in which there is a real trade-off between Interstate projects and other ground transportation projects?

Pros

-- Avoids "automatic" transfers of funds to alternative highway or mass transit projects in cases in which a State finds it cannot proceed with construction of a controversial Interstate highway segment.

-- Avoids creation of open-ended funding commitments to alternative ground transportation projects without compensating reductions in Interstate Highway funding levels.

Cons

-- Will be viewed as an attack on transportation "intermodalism" and "flexibility" in the use of available Federal funds by the States.

-- Mass transit interests will vigorously oppose major changes. DOT will have no support in pushing the legislation, and Congress will be unlikely to enact legislation which restricts the transfer process.

-- Will slow Interstate transfer funding for selected mass transit projects, including METRO.

Alternatives

#1. Make no substantive changes in legislation, but seek to control the creation of open-ended authorizations by proposing "obligation ceilings" on the total amount of allowable transfers, as achieved in DOT's 1977 appropriations bill (DOT request).

#2. Same as alternative #1, but also instruct DOT to take the following administrative actions:

-- Not redesignate new Interstate mileage for Interstate mileage which has been withdrawn.

-- Establish criteria for the elimination of unneeded or unwanted Interstate segments. Although DOT currently has legislative authority to require modifications or revisions in the Interstate System, it has not used the authority and claims it would be difficult to use it because contrary precedents have been previously established.

#3. Propose legislation with the following two goals (OMB recommendation):

-- Ensure dollar-for-dollar Interstate funding reductions (contract authority and obligation limitations) for each and every authorization/appropriation increase for a substitute ground transportation project. Since States would have to absorb funding increases for substitute projects within their highway budgets, this would lead to more effective trade-off analyses by States and localities.

-- Bolster the authority DOT already has by explicitly stating in the legislation that DOT should not necessarily permit transfers in cases in which a State finds that it cannot proceed with construction of an Interstate project. The purpose of this provision would be to break down, as much as possible, the Interstate "entitlement" concept.

Analysis

Program Level/Outlays	1976		1977		1978		1979		1980		1981		1982	
($ in millions)	PL	O	PL	O	PL	O	PL	O	PL	O	PL	O	PL	O
Interstate Transfers:														
Alt. #1 (DOT req.).............	524	120	575	240	775	550	900	700	1,000	800	1,100	900	1,100	975
Alt. #2	524	120	575	240	575	530	600	540	600	550	600	560	600	580
Alt. #2 (OMB rec.).............	524	120	575	240	--	480	--	200	--	50	--	20	--	--

Agency Request

(Difference from Alt. #1 (DOT request)	1978 Outlays	1979 Outlays)
(Alt. #2	- 20	- 160)
(Alt. #3 (OMB rec.)	- 70	- 500)

Discussion

The table below shows 1974-1976 Interstate transfers and potential 1977-1978 transfers (excludes "Baker-Howard" transfers from one Interstate project to a new one within the same State):

($ in millions)

	Interstate Withdrawals thru 1976		
Location	New Contract Authority/Authorizations for Mass Transit Projects	Obligations Resulting from new Contract Authority	Contract Authority Reduced from Interstate Program
Boston.........	+967	+116	-116
Philadelphia...	+238	+ 62	-13
D.C. Suburbs, Maryland.....	+102	--	-21
Hartford.......	+249	--	-59
D.C............	+400	+287	-36
Portland.......	+177	--	-31
Total......	+2,133	+465	-276
Contract Authority only....	(+1,939)		

1977-1978 Withdrawal Projections	
Location	Cost-to-complete of Interstate projects which might be Withdrawn
Chicago.......	450
New Orleans...	312
Baltimore.....	120
Northern New Jersey......	41
D.C...........	750
Total.....	1,673

DOT will object to an approach which requires year-by-year, dollar-for-dollar Interstate Highway/mass transit trade-offs for the following reasons:

-- It would be difficult to synchronize mass transit funding needs with States' Interstate Highway allotments. A State receives relatively stable yearly Interstate allotments, whereas funding for large mass transit projects may be "lumpy"--that is, substantial funding might be required in year "x" and virtually none in year "z".

-- Especially with large transit projects, transit funding requirements could wipe out all of a State's Interstate Highway allotments for 4-5 years or more.

METRO provides an example of the problems raised by DOT. Whereas DOT is estimating D.C. Interstate withdrawals amounting to $750M for METRO in 1977-1978, D.C. receives only about $140M in yearly Interstate Highway allotments.

We believe that DOT's argument that transit projects have "lumpy" funding requirements is over-stressed. Many highway projects also require "lumpy" funding (e.g., bridges and tunnels), but States have been able to construct such projects without special Federal assistance. A 100% draw-down of a State's Interstate Highway allotment is more problematic and may require special treatment in proposed legislation.

Agency Request: Alternative #1. The Department proposes an obligation ceiling on Interstate transfers, but essentially one that reflects the ability of States to transfer projects and obligate funds (i.e., their proposed ceiling has no "bite"). The Department has considered instructing FHWA not to redesignate withdrawn Interstate mileage to new Interstate projects, but has not as yet taken any action.

OMB Recommendation: Alternative #3. The Interstate transfer program has become a mechanism for increasing Federal funding for mass transit projects rather than a mechanism for encouraging Interstate/transit trade-offs within established funding levels. Legislation is the only way to re-establish that original purpose. Although several special exceptions might have to be included in the legislation, per DOT's probable objections, we recommend a "hard line" approach at this juncture so that compromises can be made in the future without totally denuding the proposal.

Attachment

Example of the "Flow" of a Typical Interstate Transfer

Action	State M: Interstate: Cost-to-Complete	State M: Interstate: Share of total Contract Auth. 1/	State M: UMTA: Approp. Auth.	All Other States: Interstate: Cost-to-Complete	All Other States: Interstate: Share of total Contract Auth.	All Other States: UMTA: Approp. Auth.	Total States: Interstate: Cost-to-Complete	Total States: Interstate: Total Contract Auth.	Total States: UMTA: Approp Auth.
Situation before transfer....	4,000	360 1/	--	31,300	2,840	2,500	35,300	3,200	2,500
$200M Transfer Approved......	-200	--	+200	--	--	--	-200	--	+200
After Transfer..............	3,800	--	200	31,300	2,840	2,500	35,100	--	2,700
Recomputation of proportional Contract Authority......	--	345 2/	--	--	--	--	--	3,185	--
Reallocation of withdrawn miles to other State.......	--	--	--	+100	--	--	+100	--	--
Final Result................	3,800	345	200	31,400	2,840	2,500	35,200	3,185	2,700
Change.................... (Line 6 minus line 1)	-200	-15	+200	+100	--	--	-100	-15	+200

1/ Computed as follows: State M cost-to-complete ÷ Total States cost-to-complete X Total States contract authority. Therefore, in State M's case before transfer, its share of total Interstate contract authority = 4,000/35,300 x 3,200 = 360.

2/ Same calculation formula as shown in footnote #1: 3,800/35,100 x 3,200 = 345.

Issue #3

Issue Paper

Department of Transportation
1978 Budget
Issue #3: Federal-Aid Highway Funding

Background

-- Federal-aid highway funding provides grant assistance to States for Interstate highway construction (90% Federal share) and urban/rural highway construction (mostly 70% Federal share). Also funded are R&D, planning and administration. Federal-aid highways are funded from the Highway Trust Fund.

-- Federal-aid highway funding historically provides less than one-third of total State highway receipts/expenditures (see Table #1 of the Attachment for details).

-- At the Administration's urging, the Congress imposed obligation ceilings on Federal-aid highways and highway safety construction in 1976 and 1977. Without such ceilings a multi-billion dollar backlog of unobligated balances ($9.5B at the end of the TQ) would be released.

-- In 1977 the Congress imposed a $7.2B ceiling, compared with the Administration's $6.7B request. Additionally, the Congress exempted three Federal-aid programs from the ceiling--urban high density highways, emergency relief, and bridge replacement. These exempt programs account for $0.5B in 1977. Therefore, adding the exempt program to the congressional obligation ceiling of $7.2B, total 1977 program level is estimated at $7.7B.

-- Despite the large 1977 congressional increase, imposition of obligation controls was vigorously opposed by the House Public Works Committee. The Administration was only able to sustain its proposal for a ceiling with the strong assistance of the Appropriations and Budget Committees.

Statement of Issue

Should the Administration seek to retain the same 1978 Federal-aid highway/highway safety construction obligation ceiling that was achieved in 1977?

Pros:

-- Congress has imposed a $7.2B ceiling in both 1976 and 1977. Proposing substantial reductions in the 1978 ceiling may alienate congressmen who have supported highway obligation controls in the past.

-- Trust Fund receipts are estimated at $7.4B in 1978. This amount closely approximates the proposed obligation level, thus providing a "rationale" for continuation of a level program in 1978.

-- A relatively high program level is required in order to draw down on $9.5B in unobligated balances already apportioned to the States. Continuation of the multi-billion dollar "overhang" makes it very difficult to achieve program reform because of the vested interests the States have in the unobligated Trust Fund monies.

-- There is a general consensus that inflation has seriously eroded States' abilities to finance highway construction/reconstruction needs.

Cons:

-- In 1976/TQ, Federal-aid highway obligations fell far short of expectations. If the trend continues, a $7.2B obligation ceiling would be unrealistically high.

-- The Administration's "ceiling" is likely to be the Congress' "base". It therefore may be preferable to submit a low ceiling request in anticipation of congressional increases.

-- Imposition of Federal-aid highway obligations ceilings will force States to rethink means for raising additional highway construction revenues, such as by raising State gas taxes.

Alternatives

#1. Propose a 1978 obligation ceiling at the same level and of the same content as enacted by the Congress for 1976-1977 ($7.2B, exempting three programs).

#2. Propose a 1978 obligation ceiling consistent with a more moderate estimate of the ability of States to obligate Federal-aid monies, and abolish all exemptions from the ceiling ($6.5B, with no exemptions).

Analysis

Program Level/Outlays ($ in billions)	1975		1976		1977		1978		1979		1980		1981		1982	
	PL	O	PL	O	PL	O	PL	O	PL	O	PL	O	PL	O	PL	O
Federal-aid highways and highway safety construction:																
Alt. #1 (Agency req.).......	7.7	4.7	4.6	6.4	7.7	5.8	7.5	7.1	7.5	7.2	7.5	7.4	7.5	7.5	7.5	7.5
(obligation ceiling)......	--	--	(7.2)1/	--	(7.2)1/	--	(7.2)1/	--	(7.2)1/	--	(7.2)1/	--	(7.2)1/	--	(7.2)1/	--
Alt. #2 (OMB rec.)..........	7.7	4.7	4.6	6.4	7.7	5.8	6.5	6.9	6.5	6.6	6.5	6.6	6.5	6.6	6.5	6.5
(obligation ceiling)......	--	--	(7.2)1/	--	(7.2)1/	--	(6.5)2/	--	(6.5)2/	--	(6.5)2/	--	(6.5)2/	--	(6.5)2/	--

1/ Ceilings exclude three Federal-aid programs--urban high density highways, bridge replacement, emergency relief.

2/ Obligation ceiling includes all Federal-aid programs (no exempt programs).

Agency Request

(Difference from Alt. #1 (Agency request)	1978 Outlays	1979 Outlays)
(Alt. #2 (OMB rec.)	-160	-740)

-- Highway Trends. Tables #2, #3, and #4 in the Attachment provide financial data regarding trends in Federal-aid highway obligations, receipts, contractor awards, unobligated balances and employment. Major points are:

- Receipts. Between 1971-1977, total Trust Fund receipts ($29.0B) will be approximately equal to total Federal-aid obligations ($31.5B). DOT's 1978 request ($7.5B) approximates anticipated 1978 receipts ($7.4B), whereas OMB's 1977 recommendation ($6.5B) is almost $1.0B below anticipated receipts.

- Obligations. In recent years, Federal-aid highway obligations have been highly erratic (e.g., $7.7B in 1975 and $4.6B in 1976). Interstate System funding constitutes about one-half of yearly obligations.

- Federal Funding in State Contractor Awards. Despite the recent peaks and valleys in Federal-aid highway obligation levels, Federal funding in State contractor awards has remained relatively stable at about $4.4B. FHWA cannot as yet explain why the substantial increase in 1975 obligations has not been translated into increased levels of contractor awards.

- Unobligated Balances. Federal-aid funds "earmarked" for States, but not yet obligated, increased to $9.5B by the end of the TQ, but will decline to $5-6B in 1977 and 1978. Most unobligated balances are associated with Interstate highway construction.

- Employment. Federal-aid highway contractor employment has fluctuated from a high of about 170,000 in 1971 to an estimated low of about 140,000 in 1977. DOT's 1978 request would lead to an employment level of about 160,000 by 1980, whereas OMB's 1978 recommendation would lead to employment of about 143,000. Total highway contractor employment of over 300,000 (includes non-Federally-aided State and local highway contracts) fluctuates to a lesser degree.

-- 1978 Highway Obligations Projections. FHWA provides the following rationale for what it considers to be a temporary downturn in highway obligations in 1976 (FHWA projects a strong program revival in 1977-1978):

- Prior to 1975, the Administration had impounded highway monies. The release of impounded funds in 1975 led to a "clearing of the shelves" of ready-to-go projects.

- The sudden rush of projects in 1975 meant that States had few ready projects at the beginning of 1976. Also, States had exhausted their highway financial resources, especially because of the downturn in gas consumption, (and therefore gas taxes) associated with the Arab oil embargo.

- The 1976 Highway Act passed late in FY 1976, leading to apprehension and fiscal conservatism on the part of State highway departments.

Projecting highway obligations is largely guesswork. However, we believe there are reasons that the 1978 obligation rate will not greatly exeed the average $525M monthly rate achieved in the past nine months:

- As a consequence of the trend toward more fuel-efficient automobiles, the era of rapid growth in State gas tax revenues has ended. States will find it increasingly difficult to both maintain existing roads and construct new roads.

- Some States (e.g., California) are increasingly unwilling to embark on new highway construction projects, even when funds are available, because of environmental and social concerns.

-- Highway Construction "Needs". In recent years, FHWA has undertaken several studies to determine the total estimated cost of improving all roads so that by a given year no road would have physical or traffic characteristics below certain operating and physical conditions. Construction "needs" indicated in these studies are as follows:

- The cost to complete the Interstate Highway System is about $32B, based on 1973 construction prices.

- States should be spending $22B annually for Federally-aided urban and rural highway construction in order to maintain system performance. Comparatively, States expended $6B on such highways in 1975. Total highway "needs", except Interstates, are estimated at $611B, in 1971 dollars.

OMB has not accepted the validity of the FHWA "needs" estimates, for the following reasons:

- There are no indications that highway system service levels have changed significantly in the past 5-10 years. This suggests that historical funding levels have been adequate to maintain existing service levels.

- FHWA does not attempt to compare costs and benefits of road construction and reconstruction. The "needs" estimates more closely approximate "wish lists."

- The estimates presume a highway service level which may be outmoded given recent shifts in population from rural to urban areas. For example, it is questionable whether all the old "farm to market" (collector) roads should be maintained to past service levels.

Nevertheless, it is true that inflation has cut heavily into constant dollar highway construction levels. A constant dollar comparison of Federal-aid highway construction over the past 10 years shows the following (assumes 6% inflation in 1977-1978):

Federal-aid highway obligations adjusted to 1967 dollars (in billions)

1968-1971 Average	1972-1975 Average	1976	1977	Request 1978	Recom. 1978
3.9	3.2	2.3	3.6	3.4	2.9

Agency Request: Alternative #1. The Department recommends a program level/obligation ceiling which is identical to that enacted by the Congress in 1977 ($7.2B) because it believes:

-- such a program level could be obligated by the States on needed highway projects.

-- such a program level is the lowest which the Congress is likely to entertain seriously.

-- proposing significant program level reductions would only serve to reduce the Administration's credibility with the Congress and would play into the hands of those on the Public Works Committees who oppose any and all obligation limitations.

OMB Recommendation: Alternative #2. Although we agree that a $6.5B program level is unlikely to be accepted by the Congress, we believe that such a level more accurately reflects the probable ability of States to obligate funds in 1978 (likewise, we doubt the 1977 obligation ceiling will be reached). Furthermore, it provides a lower "base" for probable congressional increases. Constant dollar Federal-aid highway obligation levels will be lower than those of the past 10 years, but will not be widely out of proportion. There is little programmatic rationale for exempting programs from the ceiling, and therefore we recommend elimination of the three exemptions in 1978.

The obligation ceiling has, as yet, exerted little control over Federal-aid highway program levels. However, we believe it is critical to continue to emphasize the importance of the ceiling because:

-- In lieu of impoundments, its the only readily-available mechanism for controlling highway program obligation rates.

-- As the precedent of the obligation ceiling becomes better established, it can be more effectively used than it is now to put a real "cap" on the highway program.

Attachment

Table #1: Trends in State Highway Receipts and Disbursements ($ in billions)

	1972	1973	1974	1975
Total Receipts..................	(18.5)	(18.9)	(19.4)	(21.1)
Federal Funds..................	4.8	4.6	5.1	6.0
State User Taxes...............	10.2	11.2	11.2	11.3
Construction Bonds.............	1.7	1.2	0.8	1.4
Other..........................	1.8	1.9	2.3	2.4
Total Disbursements..............	(18.2)	(18.8)	(19.7)	(21.1)
Federal-Aid Highways (includes State matching share).........	8.5	8.2	8.7	9.6
Other Roads and Streets........	1.4	1.3	1.4	1.4
Maintanence....................	2.3	2.5	2.7	3.0
Enforcement....................	1.9	2.1	2.3	2.5
Interest on Debt and Debt Retirement..................	1.4	1.7	1.6	1.7
Grants to Localities...........	2.7	3.0	3.0	2.9

Table #2: Trends in Federal-Aid Highway Obligations, Receipts, and State Contract Awards ($ in billions)

	1971	1973	1975	1976	Est. 1977	Est. 1978 DOT	1978 OMB
Total Receipts.....................	5.7	5.9	6.8	6.0	7.1	7.4	7.4
Total Obligations..................	(4.6)	(4.4)	(7.7)	(4.6)	(7.7)	(7.5)	(6.5)
Interstate.......................	3.3	3.1	4.0	2.1	3.5	3.7	3.5
Urban............................	0.5	0.5	0.7	0.6	1.1	1.1	0.8
Rural............................	0.7	0.7	2.3	1.0	2.2	1.9	1.5
Other............................	0.1	0.2	0.7	0.9	1.0	0.8	0.7
Federal Funding in State Contract Awards..................	3.2	3.4	4.4	4.4	xxx	xxx	xxx

Attachment

Table #3: Trends in Federal-Aid Highway Unobligated Balances ($ in billions)

	1975	1976	TQ	1977	Est. 1978 DOT	Est. 1978 OMB
Total Unobligated balances (i.e., "committed funds"	(7.7)	(8.3)	(9.5)	(5.8)	(5.1)	(6.1)
Interstate	3.2	4.2	3.5	3.6	3.2	3.4
Urban	2.1	2.0	2.5	0.9	0.8	1.1
Rural	1.3	1.2	2.6	0.7	0.7	1.1
Other	1.1	0.9	0.9	0.6	0.4	0.5

Table #4: Trends in Highway Contractor Employment (employees in thousands)

	1969	1971	1973	1975	(Est.) 1977	Dec. 1979 (Est.) Alt. #1	Dec. 1979 (Est.) Alt. #2
Federal-aid highway construction	150	171	152	150	142	160	143
(% minority)	(19%)	(20%)	(21%)	(21%)	(21%)	(22%)	(22%)
Total highway construction	324	331	347	297	305	315	302

FHWA estimates that for each onsite job created an equal number of offsite jobs are created (includes contractor home office employees, and employees involved in the manufacture and transportation of equipment and materials).