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[Proposed Funding Levels for the Special Bridge Replacement Program]. CED-78-139; B-164497(3). June 23, 1978. 4 pp.

Report to Rep. Doug Walgren; by Henry Eschwege, Director, Community and Economic Development Div.

Issue Area: Transportation Systems and Policies: National Highway System (2409).

Contact: Community and Economic Development Div.

Budget Function: Commerce and Transportation (400); Commerce and Transportation: Ground Transportation (404).

Organization Concerned: Department of Transportation; Federal Highway Administration; Pennsylvania: Dept. of Transportation.

Congressional Relevance: Rep. Doug Walgren.

Authority: Highway and Public Transportation Improvement Act of 1978; H.R. 10578 (95th Cong.).

The Federal Highway Administration (FHWA) made three surveys between June 1977 and January 1978 asking States the amount of Federal funds they could obligate for the Special Bridge Replacement Program. State responses showed that they could obligate about \$493 million during fiscal year 1978. In one of the surveys, the States were asked to estimate total Federal-aid highway obligations for fiscal years 1978 and 1979 using two sets of responses--one assuming that present fiscal and program conditions would continue and one assuming that these conditions would change favorably. The \$6.8 billion estimate for Pennsylvania in June 1977 represented total estimated contract costs rather than only the Federal share, and the estimate should have been reduced by the 25% State share to \$5.1 billion. Pennsylvania officials felt that they might have been able to increase their estimate by \$5 billion assuming 90% Federal participation, but any increase in the estimate would have been restricted by the fact that there were not many bridges designed and ready for construction. In the September 1977 survey, Pennsylvania officials indicated that they would be unable to obligate any bridge program funds during fiscal year 1978 and 1979 unless program conditions changed favorably. Continuation of the overall Federal-aid highway construction program in Pennsylvania was dependent on the availability of increased State revenues to match Federal funds. (RRS)



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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7/24/78

COMMUNITY AND ECONOMIC  
DEVELOPMENT DIVISION

B-164497(3)

JUNE 23, 1978

The Honorable Doug Walgren  
House of Representatives

Dear Mr. Walgren:

On June 6, 1978, your office requested that we obtain information on the basis for the funding authorizations for the Special Bridge Replacement Program (bridge program) contained in the administration's proposed Highway and Public Transportation Improvement Act of 1978, H.R. 10578, introduced January 26, 1978. As agreed with your office, we limited our work to inquiries at the Federal Highway Administration (FHWA) and the Pennsylvania Department of Transportation.

On June 13, 1978, we briefed your office on how FHWA determined its proposed funding for the bridge program for fiscal years 1979-82 and on the State of Pennsylvania's anticipated funding requirements for this program. At that time your office requested that we provide you a letter summarizing the information provided at the briefing.

FHWA officials provided us with information on three surveys made between June 16, 1977, and January 27, 1978, asking the States the amount of Federal funds they could obligate for the bridge program. On June 16, 1977, the Chief of FHWA's Bridge Division asked each of its division offices and the respective States to supply a list of bridges that could go to contract in fiscal year 1978 assuming that Federal-aid funds for this purpose would be unlimited. FHWA's summary of State responses showed that the States believed they could obligate about \$493 million during fiscal year 1978. An FHWA official told us that the proposed bridge funding levels for fiscal years 1979-82 were based on this survey and other competing highway program demands.

As requested by your office, we asked FHWA officials why they had not asked States in the June survey to provide

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estimated obligations over a longer time period and to consider other provisions of the proposed legislation. They said that they conceivably could have asked States for projected bridge obligations through fiscal year 1982 but that, historically, State-supplied data for future years has been subject to considerable change. They said also that they had not asked the States to consider the effects of the other legislative proposals being considered within FHWA because they were too tentative at that time.

On September 22, 1977, FHWA's Executive Director asked the States to estimate total Federal-aid highway obligations for fiscal years 1978 and 1979, based on fiscal year 1979 authorizations continuing at the 1978 level. FHWA asked the States to give two sets of responses--one assuming that their present fiscal and program conditions would continue (status quo) and one assuming that these conditions would change favorably (State matching funds would be available and program impediments would be resolved expeditiously and favorably). On January 27, 1978, FHWA asked the States to assume that the proposed administration bill would be enacted and to revise their fiscal year 1979 estimated obligations for Federal-aid highway programs accordingly. The bill would provide a 4-year authorization totaling \$1.9 billion, increase Federal participation from 75 to 80 percent, and widen program coverage from replacing bridges on Federal-aid highways to include rehabilitation work and bridges not on the Federal-aid system. A summary of the September and January estimated obligations for the bridge program for all States is presented below. Pennsylvania information appears in parenthesis.

<u>Survey date</u>	<u>Assumptions</u>	<u>Estimated obligations</u>	
		<u>1978</u>	<u>1979</u>
		Fiscal year (millions)	
September 1977	Status quo	\$193.1 (0)	\$199.8 (0)
	Favorable changes	266.1 (9.4)	278.2 (8.1)
January 1978	Status quo	Fiscal year 1978 data not requested	402.5 (0)
	Favorable changes		492.7 (9.2)

We cannot comment on the validity of the overall estimates prepared by FHWA because they were based on State-supplied information which we did not verify. We did note, however, that the \$6.8 million for Pennsylvania included in the June 1977 estimate represented total estimated contract costs rather than only the Federal share. To correctly represent obligations of Federal funds, the estimate should have been reduced by the 25-percent State share to \$5.1 million.

Pennsylvania officials said that their June 1977 estimate (\$6.8 million) was based on their best estimate of the cost of contracts that could be let during their fiscal year ending June 30, 1978. They told us that they might have been able to increase their estimate by \$5 million to \$10 million, assuming 90 percent Federal participation but that any increase in their estimate would have been restricted by the fact that they did not have many bridges designed and ready for construction. They added that widening program coverage to include bridges not on Federal-aid highways and rehabilitation work would not have increased their estimate substantially.

Responding to the September 1977 survey, Pennsylvania officials said they would not be able to obligate any bridge program funds during fiscal years 1978 and 1979 unless program conditions changed favorably. If these changes occurred, they estimated they could obligate \$9.4 million and \$8.1 million for fiscal years 1978 and 1979, respectively.

In explaining the wide disparity between these estimates under the status quo assumption and under the more favorable assumption, the State noted that its 12-year construction program had been halted because the State could not borrow additional funds. The less favorable estimate assumed that no additional taxes would be passed and that no bond funds would be provided. Under the favorable assumption the State anticipated that additional taxes would be forthcoming, State matching funds would be provided and the 12-year program would be reinstated. Responding to the January survey, based on the proposed legislation changes, the State increased its fiscal year 1979 estimate by about \$1 million to \$9.2 million to reflect the increase in Federal participation from 75 to 80 percent. According to estimates provided by FHWA, the State would have been allocated about \$12 million for the bridge program under the proposed legislation.

FHWA officials said that as of June 19, 1978, the State's fiscal year 1978 obligations for the bridge program totaled \$1,027,809.

Continuation of the overall Federal-aid highway construction program in Pennsylvania was dependent, State officials said, on the availability of increased State revenues to match available Federal funds. They told us that the prospects for an increased gasoline tax had been high late in 1977 and early in 1978 but that currently they did not anticipate State legislative action to provide additional funds. They said that very little design work for bridges was in progress and that about 1,000 State employees were facing layoffs on June 30, 1978. Unless additional State revenues become available, State officials did not anticipate obligating any additional Federal-aid bridge funds for construction during the remainder of fiscal year 1978 or in fiscal year 1979. They said they may obligate about \$2 million to inventory, inspect, and classify bridges on the Federal-aid system. They pointed out that under the present circumstances, the only measure that would help the bridge program in Pennsylvania would be 100 percent Federal funding.

We obtained oral comments from FHWA and Pennsylvania officials on the matters discussed in this report and recognized their views as appropriate.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of the report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,



Henry Eschwege  
Director