

U. S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20590

STATEMENT OF SECRETARY OF TRANSPORTATION
ALAN S. BOYD BEFORE THE TRANSPORTATION SUB-
COMMITTEE OF THE SENATE APPROPRIATIONS
COMMITTEE, TUESDAY, AUGUST 1, 1967, 11:00 A. M. ,
NEW SENATE OFFICE BUILDING, ROOM 1114

Mr. Chairman and Members of the Committee:

I have a statement which I would like to read to the Committee and which will help put in perspective our plans for the Department of Transportation and our fiscal requirements for the 1968 fiscal year. I will, of course, welcome any questions which you may have during or after the presentation of my statement.

Many reasons have been given for the establishment of a Department of Transportation but in all the explanations there is one common thread: that it was time that this nation, the wealthiest and most productive the world has ever seen, should begin to make some sense out of its disjointed, uncoordinated system of transportation.

This we view as our most important mission. We do hope to find ways to improve each segment of our transportation system. But that has been the historical role of each government agency charged with the responsibility for a given mode of transportation. We did not need a new Department of Transportation to bring about many improvements

restricted to a given mode of transportation. The job of the new Department is hopefully to create a system of these previously fragmented and uncoordinated transportation efforts.

This mission, while simply stated, is no short or easy task. It will require the best brains, efforts and resources available within and without the government. It will require extended coordination and planning so that the greatest value is received for every dollar spent and invested.

This is the basis of the thinking that has guided the new Department of Transportation from its inception and which is reflected in the requests now before this Committee.

The estimates for the 1968 Fiscal Year will fund programs and activities placed in the Department by the Department of Transportation Act. These include all of the functions of the Under Secretary of Commerce for Transportation, the Federal Aviation Agency (now the Federal Aviation Administration), the Coast Guard, the Bureau of Public Roads, the Rail and Motor Carrier Safety functions of the ICC, the Alaska Railroad, the St. Lawrence Seaway Development Corporation, the aviation safety functions of the Civil Aeronautics Board, and certain regulatory functions of the Corps of Engineers of the Department of the Army. In the 1967 Fiscal Year these programs, administered by 92,000 civilian and military personnel, involved annual expenditures of about \$5.5 billion.

The problems of organizing the Department of Transportation are significantly different from those which attended the establishment of other recently created Cabinet Departments. The functions and personnel of the Department have been brought together from at least seven major units of the Executive Branch. As you know, the establishment of the Department of Housing and Urban Development in 1965 involved chiefly the strengthening of the predecessor Housing and Home Finance Agency. Similarly, the Department of Health, Education, and Welfare was created in 1953 by the elevation to Cabinet status of the Federal Security Agency.

The Department of Transportation, on the other hand, required the creation of a new Office of the Secretary, a new Federal Highway Administration, a new Federal Railroad Administration and a new National Transportation Safety Board. Furthermore, it finds itself responsible for the direction, coordination and support of elements transferred to the Department from seven departments and agencies.

The complexity of the job of establishing the Department has required me to devote a great deal of time to matters of organization, staffing, and management of the new Department. There remains much to be done before the Office of the Secretary, the Federal Highway Administration, the Federal Railroad Administration and the National

Transportation Safety Board will be functioning with full effectiveness. And what we are able to do in the year ahead will depend heavily upon the support and understanding which this Committee gives to our efforts to get this fourth largest Cabinet Department under way.

Some of the most difficult and important decisions which we must make relate to what is to be done by the operating administrations of the Department and what should be performed in the Office of the Secretary.

In testimony on the DOT Act, we stressed that the Department would operate on a decentralized basis utilizing a small number of modal administrations, each headed by an official reporting directly to the Secretary. I felt then, and do now, that the Office of the Secretary should concentrate its efforts on matters of policy, program, management, and external relationships which cut across the various transportation modes and can best be done at the Secretarial level. Therefore, this budget contemplates that the day-to-day execution of operating programs will be carried out by the Administrations under broad delegations of authority which I have already put into effect.

The Assistant Secretaries and the General Counsel of the Department will primarily be staff officials, concerned with functional areas which cut across the entire Department. We have not placed

Assistant Secretaries in the chain of command. I am looking to the Assistant Secretaries in such fields as Public Affairs, International Transportation, Policy Development, Research and Technology and Administration to provide the best advice and support possible on a Department-wide basis. Each of the Assistant Secretaries will have under him a small number of offices, headed by Directors, who will do the day-to-day staff work.

This concept of Departmental management requires first-rate team work and good communication between the key officials of the operating administrations and the Office of the Secretary. We can realize the full potential of a Department of Transportation only if we develop throughout our organization a spirit of cooperation and good will.

Because we are relying heavily upon the operating administrations to exercise delegated authority on a decentralized basis, each Administrator is provided with the staff which he needs effectively to direct his organization. In the cases of the Federal Aviation Administration, the Coast Guard, and the Saint Lawrence Seaway Administration, the Department received intact organizations accustomed to functioning on a largely self-sufficient basis and prepared to exercise broad delegations of authority easily and effectively.

This was not the case with the Federal Highway Administration, the Federal Railroad Administration and the National Transportation Safety Board, all of which were created by the Department of Transportation Act. The two Administrators and the Chairman of the Board have big jobs ahead of them in equipping themselves with the staff and management systems to direct the various functions and activities now entrusted to them. In the case of the Federal Highway Administration, the Administrator has drawn heavily upon the competence and resources of the Bureau of Public Roads and this is reflected in our estimates. The Federal Railroad Administration and the National Transportation Safety Board, on the other hand, inherited virtually no management or other staff resources. The estimates before you provide for the development in these organizations of a limited capability to assist the Administration and the Board in the management of their programs. It should be noted, however, that both the FRA and the NTSB plan to rely upon the Office of the Secretary of Transportation for those types of routine administrative support which cannot be efficiently provided separately in relatively small organizations.

A further word on the NTSB. As you know under the legislation, the Board is a part of the Department, but it is independent of the Secretary in all substantive matters. I am, however, prepared to

render every possible assistance to the Board in ways which will not compromise its autonomy. This help will be chiefly in the provision of information, technical assistance and ministerial services. The Chairman and I have reached full agreement on this.

It will take a great deal of study and practical experience to identify precisely the resources needed by the heads of operating administrations and those required in the Office of the Secretary. For this reason, the proposed language for the Salaries and Expenses Appropriation, Office of the Secretary, provides authority for adjustment throughout the 1968 Fiscal Year, when the Secretary finds that shifts of functions, funds or personnel will lead to more effective and economical administration. It is vital that this authority be granted the Secretary for at least the coming Fiscal Year if we are to do the best job in applying the funds and manpower entrusted to the Department.

I have been gratified by the high quality of the applicants from within and outside the Government who have sought consideration for the few hundred positions being established in the Office of the Secretary and other new offices created by the Department of Transportation Act. We have received about nine thousand applications and with rare exceptions we have had no difficulty finding first-rate people for the jobs being established. In recruiting our staff

we have given careful consideration to the many able people in the operating administrations, and a large percentage of the appointments being made in the Office of the Secretary are from people experienced in the programs of the Department.

We have not, however, hesitated to go to other agencies of the Executive Branch to find talent not available from within the Department. I have also made a special effort to get the best suggestions of industry, educators and others as to first-rate people who could be brought into the Department. We have been gratified by the results of these efforts.

I have tried so far to detail for you the specific means whereby we hope to accomplish the goals which have been set for us and which we ourselves have set. I firmly believe that we will avoid an administrative sprawl just as our policies are designed to help the country avoid a transportation sprawl.

Those policies are designed to make our transportation system and its components safe, fast and economical. Our concerted efforts at streamlining we hope will effect both the means of transportation and the governmental operations related to them.

First and foremost is the concern for the safety of the public. We intend to have our highways, the motor vehicles using them and the drivers operating those motor vehicles the safest possible. This will

involve not only the design of the motor vehicles and the highways but the design too of the driver as it relates to his training and ability to drive.

Safety in the air will involve intensive efforts in the field of airport congestion as well as air lane congestion. The tremendous increase in air travel can provide great benefits to the people and economy of the country only if safety is increasingly assured.

We are also involved with the safety of all those who travel by water, both for recreation and for ocean crossings.

The safety of the public must also be considered in the transportation of goods and any hazardous materials. Gas and oil pipeline safety is a specified goal as well as the prevention of oil spillage through accidents such as that involving the Torrey Canyon.

Our policies and programs will be directed as well at the ease speed and convenience with which both goods and people are transported. Can goods be transported from factory to truck to freight car to ship with less confusion and delay than is now the case? Can the convenience of the public be heightened by adjustment of time zone boundaries and provision of uniform time during the daylight savings period? Is it possible for passengers to go from one mode of travel to another with maximum speed and ease? Will that traffic jam on the way to and from the airport negate the time saved by the airplane?

A major question our policies must answer is whether the three quarters of all Americans who live in urban concentrations can enjoy safe and speedy daily transportation or will they be overwhelmed by the noise, pollution, and congestion now related to their transportation?

Answers may be provided by new techniques and new equipment provided through such research and demonstration projects as the High Speed Rail project, the Supersonic Transport, noise abatement efforts and others.

We would also hope that we could offer the Congress advice on transportation regulatory policy. Another hope is that we can make transportation a better and more effective factor in foreign policy as it relates to the balance of payments, aid to under-developed countries and expanded foreign trade.

These then are what we see as the transportation needs of this country and what we see as the answers to the questions that those needs pose.

In addition to what the Department can bring about in the fields of policy and program, there will also be benefits in the years ahead from improved management and administration. I see significant opportunities to save money and manpower in such fields as headquarters administration, data processing, logistics, departmental aircraft

operation and maintenance, communications, training and the support of field offices. We are determined to hold future staffing below the levels that would otherwise have been required in the absence of a Department. I am not at this time prepared to give exact estimates of what we can do in the way of cost reduction and cost avoidance, but I want the Committee to know that we are already at work in this area and that we plan to push very hard in the months ahead on every front where we can see opportunities for greater efficiency or economy.

I would like now to turn briefly on the overall financial requirements of the Department and comment on the restorations which we seek in the reductions approved by the House.

We believe that we had full, fair and productive hearings before the House Transportation Subcommittee. The Committee recommended and the House approved approximately an 11 percent reduction in our estimates, amounting to \$188.4 million. We are requesting restoration of \$117 million of the amount eliminated by the House. Viewed in terms of the Department's total budget estimates of nearly \$5.5 billion for 1968, our differences with the House are not major but they suggest that we may not have communicated our needs as fully or effectively as we should have. I will now briefly indicate the principal items which we are appealing, following the order in the appropriation bill. The House made a number of changes in the structure of the appropriations requested in

the budget, We have accepted these changes for 1968 fiscal year, and the appeal we are making is, therefore, based on the appropriation structure finally approved in the House bill.

Office of the Secretary

I will discuss appropriations for the Office of the Secretary in more detail this afternoon. In brief, we accept the House allowance of \$5.9 million for transportation research which is \$2.1 million under the budget request, but we are appealing for restoration of \$1.1 million of the \$1.3 million which the House took out of our new Salaries and Expenses appropriation. I am convinced that the estimates we submitted for staffing my immediate offices is the minimum needed to provide effective leadership to the new Department.

Coast Guard

We are requesting substantially full restoration, some \$4.4 million, of the House reduction in the budget estimates for operating expenses of the Coast Guard. Substantially all of the \$18.0 million increase proposed in the original estimate is for the increased cost of the Coast Guard's support of the operations in Viet Nam and for operating new equipment and facilities funded in previous years and scheduled to be commissioned during 1968. As a consequence, the major portion of the House cut would have to be applied to on-going programs, all of which are important

to marine safety. The Commandant, Admiral Smith, will provide you with the details of what the House reductions would mean in the way of curtailed services.

The House approved the full amount, \$107 million, requested by the Coast Guard for acquisition, construction and improvements of facilities. However, the House report took the view that the Coast Guard's activities in the field of oceanography should be regarded as incidental to its basic mission. Apparently on this basis, the House report directed that \$14.5 million should be spent on a new high endurance cutter rather than for the new oceanographic vessel proposed in the budget. We must take issue with the House on this. The Coast Guard has specific statutory responsibility in the field of oceanography and its oceanographic program is an integral part of a marine science program which has been approved by the Marine Sciences Council. There is no question but that the Coast Guard is uniquely equipped to mount and sustain a productive oceanographic effort. Every other government agency involved in the field will attest to this and I believe it is essential to take full advantage of the Coast Guard's capabilities. To deny the Coast Guard the authority to construct the new oceanographic cutter will adversely affect the Federal government's general effort to advance our knowledge in this promising field of research. Moreover, as the Commandant will explain in more detail, design money has already been spent, the plans are well advanced for the construction of the oceanographic vessel. While the House dollar allowance is not at issue, the kind of ship to be built is a significant issue. We urge that the

Committee support the oceanographic vessel in your report and in the conference with the House. The Coast Guard will need clear Congressional guidance on whether or not it may go forward with the construction of the oceanographic ship as the budget proposed and we strongly recommend. We are not appealing the minor House reductions made in the other appropriations of the Coast Guard.

Federal Aviation Administration

We are appealing for restoration of \$21.0 million of the \$76.6 million reduction which the House made in the budget estimates of \$943 million for programs of the Federal Aviation Administration. We are requesting full restoration of the cuts made in the administration's appropriations for operations, acquisition of new facilities, and research and development. The programs that these appropriations support are all vital to air safety. I am increasingly concerned with the problems of maintaining our high standards of aviation safety in the face of the enormous growth in air transportation. General McKee will present to you in much more detail facts to illustrate the magnitude of the problem. This is an area where relatively minor appropriation reductions can have a disproportionately serious effect on the safety of the traveling public.

In accordance with past practice, the budget included an estimate of \$75 million on an advance funding basis for the Federal Aid Airport program in 1969. The budget request was consistent with the level

authorized by the Federal Aid Airport Act but the House recommended a reduction of \$10 million. The House report suggests that too much money is being allocated for small general aviation airports and notes that the major airport needs are in the large cities. I certainly recognize that the time has come to reexamine the Federal Government's role in meeting airport needs and this entire problem has been under active study in the Executive Branch. We hope to have firm proposals to present to the Congress next year. Meanwhile, however, airport needs continue to grow and clearly far outstrip the ability of local communities to meet without some form of Federal assistance. In these circumstances I see no basis for reducing Federal assistance below the currently authorized level.

The House report gave a full endorsement to the supersonic aircraft development program. The program is now entering the prototype phase and continuity of funding at planned levels is essential to its successful completion.

I am convinced that the Nation will reap great benefits from this major advance in aviation. It will maintain our leadership in commercial aviation, produce thousands of jobs, and dramatically reduce travel time between distant points. Appropriations for this program are an investment in the future. We acknowledge that there are risks -- both

technical and economic -- but the potential benefits far outweigh them. Moreover, the risks are being shared by both the contractors and the airlines. The contractors are putting up 10 percent -- over \$100 million -- of the development costs and ten airlines have already agreed to invest \$52 million in the development program. The terms of the development contracts with Boeing and General Electric will be explained in greater detail by FAA witnesses but their major feature is a requirement that the manufacturers pay the Government a royalty on aircraft sold. Our best estimates, based on extensive studies, show that there is a market for at least 500 supersonic transports. When this number is sold, the Government will have gotten back in royalties its full investment plus interest. Our hope and expectation is that sales will exceed this number. In short, I am convinced this is a soundly conceived and administered program, and that it will make a major contribution to the Nation's interest.

The reduction of \$56 million in the appropriation request of \$198 million for SST development will not change the pace or scope of the program. The cut was based on the House Committee's decision that funds need not be appropriated to cover the Government's contingent obligation to repay the contractors' share of the program costs in the

event the Government decides at some future date to cancel the program. To avoid any question on the Congress' intent, and our authority to proceed on this basis, we request that, should your Committee agree with the House action, you explicitly affirm the House's direction in the Senate report.

Federal Highway Administration

Of the nearly \$4 billion in appropriation requests for the Federal Highway Administration, the major portion, some \$3.8 billion, is to pay obligations incurred under the Federal Aid Highway program. These funds, of course, come from the Highway Trust Fund and are not included in the administrative budget totals. Administrative costs of the Highway program are also paid from the Trust Fund. The House reduced the administrative expense limitation by \$2.2 million, and we are appealing for restoration of only \$176,000, primarily for a small increase in staffing for highway planning activities.

We are appealing \$200,000 of the \$550,000 reduction which the House made in the estimates for administrative costs of the Highway Beautification program. Legislation to provide authorizations for this program for 1968 is still pending in Congress and the amounts that we are requesting in the budget are only to administer the programs started in 1966 and 1967, and which will be well underway during 1968.

With respect to the traffic and highway safety program, the House reduced our budget estimate of \$31 million to \$21 million. We are not

appealing this reduction although it means a substantially lower level of effort than what we had planned. We recognize, however, the concern expressed in the House report that this program be carefully planned and that the build-up proceed at a deliberate and prudent pace. We are, however, appealing \$1.9 million of the \$2.8 million reduction which the House made for the administrative costs in State and community highway safety programs. This will provide approximately 200 additional positions which we believe are necessary to properly supervise and administer the grants which we will be making to States for State and community highway safety activities.

The major item which we are appealing in the Federal Highway Administration, however, is the House reduction of \$80 million in grant funds for the State and community highway safety program. Contract authority for this program in the amount of \$167 million for 1967 and 1968 was included in the Highway Safety Act of 1966. The House Committee in Section 401 of the Appropriation Bill included language which would have the practical effect of limiting the use of this contract authority to \$20 million in 1968. We are proposing that this limitation be deleted and the \$100 million requested in liquidating cash be approved. This program is rapidly gathering momentum and holds promise of making a truly significant impact on the critical problem of highway safety. To now limit the use of contract authority to \$20 million would bring the program substantially to a halt. The program and the standards recently promulgated have won wide acceptance and enthusiasm in the States. Many States have passed enabling legislation this year to qualify them for their share of Federal funds already authorized by Congress. I believe that the sustaining of the House cuts would be regarded by many States as a breach of faith. With 52,500 traffic deaths last year this is not the time to curtail this program. The Federal Highway Administration is convinced that the full amount of the

budget estimate is needed to conduct a meaningful program during the coming year. The Federal Highway Administrator will provide you with the details on this program and the need for a restoration of the House reduction.

We are also appealing the \$2 million reduction in the \$7 million estimate for the Inter-American Highway. The full amount will be needed to meet commitments we have with Latin American countries and to move the project along at a rate which will permit completion by June 1971.

Finally, the House added \$4 million for highway construction and maintenance in Alaska. Such appropriations were authorized up to a limitation of \$14 million by the Federal Aid Highway Act of 1966. The Department's original budget did not include estimates for this purpose, but we have no objection to the House action.

Federal Railroad Administration

The Department's budget estimates included \$736,000 for salaries and expenses of the Federal Railroad Administrator. The bulk of these funds are to support the rail safety activities which were transferred from the Interstate Commerce Commission when the Department of Transportation was established. In addition, the estimate included funds for a small administrative and program planning staff for the

Administrator. The House reduced this estimate by \$56 thousand, and we are appealing for full restoration. We believe that the 49 positions proposed for the Administrator's office is a minimum number needed to provide executive direction and management for this new Administration.

The budget included \$18.6 million for the High Speed Ground Transportation research and development program, which is administered by the Railroad Administrator. The House allowed \$8.3 million, and we are requesting restoration of approximately \$7.8 million. The work being done under this program is beginning to yield promising results, and the potential for further technical breakthroughs in high speed ground transportation systems is great. The Railroad Administration has laid out what we believe to be a soundly conceived program of research and demonstrations. This work is an integral part of the Department's broad-ranging efforts to develop new ideas and find new solutions to the Nation's transportation problems. Such projects as the auto-on-train demonstration, for which \$3.5 million is requested, is an excellent example of an innovative effort which we hope to pursue. The Railroad Administrator, Mr. Lang, will outline this program and his plans for 1968 in detail later this week.

St. Lawrence Seaway Development Corporation

The St. Lawrence Seaway Development Corporation has requested no appropriations and the House approved the requested administrative expense limitation of \$515,000 with only a minor reduction, which we are not appealing. I should note, however, that the Department has

submitted legislation which would authorize special appropriations primarily to restore the Eisenhower Lock which has shown signs of serious deterioration in recent years. The problem here will be described to you in full by the Seaway Administrator, Mr. McCann.

National Transportation Safety Board

The Department of Transportation Act placed the National Transportation Safety Board in the Department, but it is not subject to program or fiscal control by the Department. The House reduced the Board's request of \$4.3 million to \$4 million, and the Board is requesting restoration of \$291,000. Chairman O'Connell will present to you the reasons for the appeal.

Section 702

Finally, I wish to urge the Committee to delete Section 702 of the bill, which was added as a floor amendment in the House. I am advised that the Budget Director, Mr. Schultze, will also ask both your Committee and the House Appropriations Committee to strike this provision. While leaving the appropriations for 1968 technically unchanged, it would require the Department to restrict expenditures in such a way that the aggregate expenditures of the Department would not exceed 95 percent of the expenditure estimates for the Department in the President's budget last January. I frankly doubt that the sponsor of the amendment in the House, Mr. Laird, and the other supporters of the amendment

were completely aware of the adverse effects that this restriction would have. Mr. Laird has indicated that it was not his intent that the amendment apply to the Federal Aid Highway programs financed from the Highway Trust Fund. But the language of the amendment is quite clear in applying the limitation to all expenditure estimates for the Department contained in the President's budget, and that budget includes spending from the Highway Trust Fund as well as spending from the Treasury's General Fund.

We have analyzed carefully what the effects would be on the highway and other programs of the Department.

With respect to the highway program, the effect of the amendment would be to reduce new project approvals in 1968 by at least \$1.2 billion or nearly 25 percent of the planned level. This would be but the minimum impact. Actually, the January budget estimates for the highway program, to which Section 702 refers, are at least \$400 million low due to an early easing of the restrictions on highway construction imposed last winter. When this fact is considered, it appears that the Interstate and regular ABC programs would have to be cut back from 70 to 90 percent to meet the terms of Section 702. You can all appreciate the impact that a 25 percent cutback in the highway program, let alone a cutback of 70 to 90 percent, would have on highway development throughout the Nation.

Application of the 5 percent expenditure reduction to the programs of the Coast Guard and the Federal Aviation Administration, which together account for about 82 percent of non-highway expenditure of the Department, would be equally serious. Both the Federal Aviation Administration and the Coast Guard would have to shut down facilities and curtail services that are essential to air and marine safety. In the material which we submitted with our appeal letter, we have set forth in more detail the difficulties that this provision would create and we also point out the serious problems of interpretation which it presents. I urge you, therefore, to delete this provision from the bill.

That ends my statement, gentlemen, and I will be happy to answer any questions which you might have.