

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

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STATEMENT OF SECRETARY OF TRANSPORTATION ALAN S. BOYD BEFORE  
THE TRANSPORTATION SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS  
COMMITTEE, MONDAY, MAY 22, 1967, 2 P.M., ROOM H236

Mr. Chairman and Members of this Committee:

I have a somewhat extended statement which seeks to set in perspective our plans for the new Department of Transportation. I ask your permission that this statement be made part of the record. I would like to make a short oral presentation at this time. As is the case in most budget discussions, it will be your questions and my answers that will provide the most illumination.

There are almost as many views about why a new Department of Transportation was created as there are people in this town. I have yet to talk to any two individuals who share exactly the same view as to why there should be a Department of Transportation.

But I think within all of these diverse views there is one common thread: that it was time that this nation, as wealthy and as productive a nation as the world has ever seen, should begin to make some sense out of its disjointed, uncoordinated system of transportation.

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That we regard as our most important mission. We do hope to offer suggestions as to how each individual unit within the transportation system can be improved. But that has been the historical role of each separate government agency charged with the responsibility for a single mode of transportation. We did not need a new Department of Transportation to bring about improvements within a given mode of transportation. The job of the new Department is to create a system of these previously fragmented transportation efforts.

This, while a simply stated mission, 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 to its official creation and during its organizational period when the requests being made to you now were formulated.

The estimates that you have before you for the 1968 Fiscal Year mirror those 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, and certain regulatory functions of the Corps of Engineers of the Department of the Army. In the 1967 Fiscal Year these programs are being administered by 91,000 civilian and military personnel and involve annual expenditures of nearly \$6 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 a strengthening of the predecessor Housing and Home Finance Agency. The Department of Health, Education, and Welfare was largely an elevation to Cabinet status of the Federal Security Agency. The unification legislation of 1947, which created the DOD, represented a meshing of the functions of the War and the Navy Departments.

The Department of Transportation, on the other hand, requires 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, we must provide for the 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. It will require many months before the Office of the Secretary, the Federal Highway Administration, the Federal Railroad Administration and the National Transportation Safety Board will be in a position to function with full effectiveness. And what we are able to do 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 only be done well 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 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.

It is obvious that this concept of Departmental management requires first-rate team work and good communication between the key officials of the administrations and the Office of the Secretary. I will place heavy reliance on a Transportation Policy Council composed of top Departmental officials which will consider and advise me on major matters of policy and management. I am convinced that we will gain the full measure of benefit from the Department of Transportation only if we develop a spirit of cooperation and good will.

Because we are relying heavily upon the operating administrations to exercise delegated authority on a decentralized basis, we are establishing around each Administrator the staff which he needs

effectively to direct his organization. In the case of the Federal Aviation Administration and the Coast Guard, the Administrator and Commandant came into the Department with organizations accustomed to functioning on a largely self-sufficient basis and prepared to exercise broad delegations of authority easily and effectively.

This is not the case with the Federal Highway Administration, the Federal Railroad Administration and the National Transportation Safety Board. 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 can draw 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 and the provision of ministerial services. The Chairman and I have reached full agreement on this.

It will take several months of practical experience before we can be sure just what resources need to be grouped around the heads of operating administrations and what should be 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. I think it 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 nearly ten thousand applications and I can assure the Committee that we will have 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 a rare opportunity to staff the new offices with personnel of unprecedented quality and I mean to make the most of it.

The Department of Transportation Act charges the Secretary with many responsibilities, including the exercise of leadership, under the direction of the President, in transportation matters; the development of transportation policies and programs; the development, collection and dissemination of technological, statistical, economic and other transportation information; promotion of industrial harmony and stable employment conditions in all modes of transportation; the promotion and undertaking of research; consulting with the heads of other Executive Departments



on Government transportation requirements; consulting and cooperating with State and local Government, the carriers and labor; and doing many other things in the interest of safe, efficient and economically healthy transportation systems for the United States.

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 have avoided an administrative sprawl just as our policies are designed to have 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 or 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 Americans who live in urban concentrations can enjoy safe and speedy daily transportation or whether they will 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 instrument of 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 I plan to push very hard in the months ahead on every front where I can see opportunities for greater efficiency or economy.

I would like now to turn briefly to the overall requirements of the Department for money and manpower for the 1968 Fiscal Year. At the end of my statement I have attached a chart summarizing the funds and positions covered by the request now before you.

HIGHLIGHTS OF THE DEPARTMENTAL BUDGET SUBMISSION FOR 1968

As the Committee knows, budgets for the Coast Guard and the other major elements--the Federal Aviation Administration, the Federal Highway Administration and the Coast Guard--were in preparation last year before the Department of Transportation Act was passed and long before the Department came into being in April. The President's budget for 1968 included estimates for these organizations. In addition, the President Johnson is transmitting budget amendments to finance new units and requirements of the Department in 1968. In the aggregate, the Department is requesting \$1,714 million dollars in appropriations from the General Fund and \$3,773 million dollars in appropriations from the Highway Trust Fund to pay obligations incurred under contract authority provided in the Federal Aid Highway Act. I have examined the budgets and I am convinced that their programs are essential, that the estimates are prudent and reasonable, and that they warrant your full support.

The detailed budget submissions for my immediate office and the Federal Railroad Administration will be submitted to the Committee shortly.

I will also be transmitting the estimates for the National Transportation Safety Board. As you know, under the Department of Transportation Act the Board is made a part of the Department but is essentially independent of Departmental policy or fiscal controls.

FEDERAL AVIATION ADMINISTRATION

The budget estimates of the Federal Aviation Administration amount

to \$741,000,000 for its regular programs, an increase of \$27.7 million over the current year. In addition, the President has recently requested \$198,000,000 for the Civil Supersonic Aircraft Development Program for its 1968 requirements for construction and flight testing of prototype aircraft. Except for the SST budget requirements, the FAA's regular programs are determined to a large extent by the level of aeronautical activity. All segments of aviation continue to grow at unprecedented rates. Every indicator of the growth of this industry such as fuel consumption, hours flown, aircraft operations and passenger miles is increasing at rates of 10-15% per year. To meet this expansion, the Federal Aviation Administration's 1968 estimates call for a 3.9% increase in appropriations and personnel increases of about 1.8%.

Most of the additional funds and all the staffing increases requested are required in the "Operations" appropriation, which finances the agency's current operating expenses. The increases are for handling growing workload in existing traffic control facilities and safety certification and inspection activities, and to operate new air navigation and traffic control facilities currently being installed with funds appropriated in prior years.

The request of \$35.4 million for procurement and installation of new equipment will fund those projects most urgently needed to handle air traffic safely during the next few years. A major part of this procurement is earmarked for continuation of the program to install automation techniques into the enroute traffic control system. The estimate also includes funds for the first of several automated traffic

control facilities for the most seriously congested metropolitan areas.

In the Research and Development Program, the new appropriation request of \$27.5 million continues about the current level of effort. Work will be heavily concentrated on solutions to existing traffic control congestion problems and development of improved approach and lighting aids.

FAA's estimate includes a \$75 million appropriation for fiscal year 1969 for grants-in-aid for airports to carry out the intent of authorizing legislation enacted last fall. This is the second installment on that authorization, the first of which you recently approved in your action on the 1967 supplemental bill.

With respect to the Civil Supersonic Transport Program, the President has recently directed FAA to proceed with the prototype construction and flight test phase of the program on a time schedule calling for first flight of the prototype late in 1970. General McKee and General Maxwell will discuss this, and other FAA needs, in detail later. I would point out here that the 1968 estimate of \$198 million takes account of \$52 million to be invested at risk by the domestic airlines and anticipates ultimate recovery of the Federal contribution.

#### COAST GUARD

The budget for the Coast Guard totals \$524.2 million, including the amendment of \$5.6 million which has just been submitted by the President. This is an increase of some \$24.2 million over the 1967 appropriation level.

The Coast Guard traditionally maintains a dual capability, carrying out its maritime safety programs while maintaining a military preparedness posture to respond to urgent calls for support of naval operations, as provided in contingency plans. The current conflict in Vietnam is no exception, and nearly 600 Coast Guardsmen have been on coastal surveillance and other duties in Southeast Asia; and additional personnel and vessels are being assigned. I was most pleased to learn that you were in Southeast Asia recently, Mr. Chairman, and saw the Coast Guard in operation there. The major portion--some \$3.9 million-- of the proposed budget amendment is to support operations in that area.

Deployment of newly constructed patrol craft authorized to replace the original 26 patrol craft sent to Vietnam in 1965 has nearly been completed around our coasts. However, the recent assignment of five high-endurance vessels to Vietnam waters cannot as readily be compensated for. The major impact will be on the Coast Guard's seagoing personnel. Time at sea will be increased some 30 days a year beyond peace-time levels for the duration of the contingency operation. One vessel scheduled for disposal after replacement will be retained in operation. Additionally, vessel military readiness training for regular and reserve personnel is being curtailed; also, some oceanographic activities must necessarily be cut back. As a result of the Coast Guard's tightening its belt in this manner to support our efforts in Vietnam, I am satisfied that the maritime public will suffer only a minimal reduction of rescue and safety services.



The Coast Guard has generally been able to respond promptly to increased demands, both military and domestic, in spite of steadily aging capital plant. I am concerned, however, as to how long they will be able to continue on this basis. Against a current annual requirement of approximately \$200 million, the recent Acquisition, Construction and Improvements funding level of around \$100 million is roughly equivalent to the annual amortization of the Coast Guard's capital plant. The Coast Guard came out of World War II with a relatively new fleet of cutters, icebreakers and tenders, and some years later came out of the Korean conflict with an air arm in good condition. But as a result of long and hard use, much of their capital plant--ships, aircraft, shore units--is antiquated and wearing out. Looking back over the appropriations figures for the past few years, it is apparent that progress is being made in working up to a reasonable level of plant and facility replacement, but the replacement program will receive the most careful examination by the Department in the years ahead.

#### FEDERAL HIGHWAY ADMINISTRATION

The total budget for the Administration in fiscal year 1968 is \$3.98 billion. This is a net decrease of \$197.4 million below the amounts expected to be available in the current year.

The amended budget combines into a new single appropriation account all general administrative and operating expense of the Federal Highway Administration including its component bureaus. This authorization will provide funds for the administrative and research expenses of the

Federal highway construction programs, highway beautification, traffic and highway safety and motor carrier safety. Funds for highway construction and the State and community safety programs will continue to be authorized under their respective separate accounts. The Federal Highway Administrator, Mr. Bridwell, will explain this funding change to you in detail.

The Administration is responsible for the programs of the Bureau of Public Roads, the Traffic and Highway Safety Bureaus, and the Motor Carrier Safety Bureau.

The cost of establishing the Office of the Federal Highway Administrator is being financed entirely from economies resulting from the consolidation of administrative and other staff services initially budgeted for the separate bureaus.

The appropriations requested at this time are based on existing legislative authority. Legislation has been proposed which would provide for financing the traffic and highway safety programs and the highway beautification program from a new Highway Safety-Beauty Trust Fund. The legislation also includes proposals to finance Forest and Public Lands highways from the Highway Trust Fund.

#### FEDERAL RAILROAD ADMINISTRATION

A total of \$25.0 million is being requested for the Federal Railroad

Administration. Most of this amount, \$20.9 million, is for the on-going High Speed Ground Transportation Program which was transferred to this Department from the Department of Commerce. The remainder, \$4.1 million, is for Salaries and Expenses of the Administration, chiefly to finance the railroad safety activities which were transferred to the Department from the Interstate Commerce Commission.

The Alaska Railroad which was transferred to the Department from the Department of Interior and which is now the responsibility of the Federal Railroad Administration, is financed by a revolving fund and no appropriation is requested for 1968.

#### ST. LAWRENCE SEAWAY CORPORATION

The Seaway Corporation's principal 1968 programs are: (1) administrative expenses which are subject to Congressional limitation, \$515,000; (2) operation and maintenance expenses, \$1,530,000; (3) interest expenses, \$5,100,000; (4) construction work, \$100,000; and (5) rehabilitation of Eisenhower Lock, \$3,000,000.

The rehabilitation program at Eisenhower Lock is a new program this year, and is required, because of the extensive deterioration of the concrete in that structure, to restore it to accepted engineering standards. An engineering survey is just now being completed, and the estimated 1968 cost is \$3,000,000, with probably additional \$10,000,000 requirements in future years. The rehabilitation program must be instituted without delay to insure continued operational capability. Detailed justification of this and other Seaway programs will be presented by Administrator McCann when he appears before your Committee.

These then are the plans and needs of the new Department of Transportation. I believe they are both prudent and reasonable, while at the same time enabling us to do the job that the Congress has directed us to do. The figures I have quoted to you represent the minimum requirements for our Department to fulfill its mission. In this connection the first year of our operation will be the key year. What we do and how we do it in that first year will either justify or dissipate all the hopes and optimism generated by the creation of the Department of Transportation.