

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

STATEMENT OF JOHN A. VOLPE, SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SENATE COMMITTEE ON BANKING AND CURRENCY REGARDING PUBLIC TRANSPORTATION ASSISTANCE (S. 2821), TUESDAY, OCTOBER 14, 1969.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to appear in support of the Administration's proposed Public Transportation Assistance Act of 1969. Our reference to "Public Transportation" is deliberate and emphasizes the nature of the transportation problem confronting our cities. As we see it, there are two facets to this problem.

First there is the need to relieve the congestion--and, incidentally, the noise and pollution--caused by ever-increasing reliance on the privately-owned automobile. This can only be done through the creation of economic and efficient public transportation systems capable of attracting the present and potential users of private autos.

Second, there is the need to provide an adequate transportation system for the young, the old, the handicapped, and the poor--in short, those who must rely on public transportation.

Transportation, of course, is not an end in itself. It is the means of achieving ends--access to jobs, to recreation areas, and to a host of other personal and community endeavors. It is also a powerful factor in shaping the nature and pattern of urban development. The improvement of our cities, which deserves and is now occupying so much of our attention, cannot be accomplished unless we meet the public transportation challenge.

71-03282 5

The problem confronting us arises as much from our success as from our failure. The success of the Federal-aid highway program launched by President Eisenhower in 1956 has made the private automobile an extremely attractive means of transportation, both for inter- and intra-urban trips. The great network of interstate highways will make virtually every corner of the United States conveniently accessible to most American families.

However, by concentrating our resources on the highway system, and thereby increasing the utility of the automobile, we have allowed our public transportation system to deteriorate and, in some areas, to disappear. Since 1956, the Federal Government has spent more than 16 billion dollars on highway systems in urban areas. These dollars came, of course, from the highway user, not from the general taxpayer. But what have we done in the way of non-highway transportation projects in our cities?

Before 1964, the Federal Government spent virtually nothing to improve public transportation facilities in urban areas; and from 1964 through fiscal year 1969, we spent only 548 million dollars on capital improvements. The disparity in these investments (16 billion versus one-half of a billion) is obvious. The result is that, despite the vast growth in our urban highway system, the decline in public transit has left the highways still congested in rush hours to the point where twice each day many of our freeways become "the world's longest parking lots".

The program proposed by President Nixon in S. 2821 will launch a large-scale effort to redress this imbalance and I would like to examine it in some detail for you. The bill would establish the Federal Government's commitment



to a \$10 billion financial assistance program over the next 12 years. It would specifically authorize for the next five years a total of 3.1 billion dollars--300 million dollars in fiscal '71, 400 million in fiscal '72, 600 million in fiscal '73, 800 million in fiscal '74 and 1 billion dollars in fiscal '75. This schedule of financing will permit sound and orderly development and implementation of a national program which, in its first five years will assign to public transportation five times as much Federal assistance as in the past five years.

These monies would become available for obligation at the beginning of each fiscal year, in advance of appropriations. Appropriations would be required each year to liquidate the obligations incurred. This method of financing--so-called "contract authority"--provides the necessary assurance to the local jurisdictions that the assistance authorized will in fact be forthcoming. It is a funding arrangement used in many programs authorized by this Committee, as well as in our highly successful highway program.

In addition to the very large increase in the level of funding, the bill contains a number of amendments to the 1964 Act which will substantially improve the overall administration of the program. Thus, loans would be authorized for the advance acquisition of rights-of-way upon a finding that such acquisitions are reasonably expected to be required for a public transportation system and will be used for that purpose within a reasonable period. These would be ten-year interest-bearing loans, repayable any time before then if a grant is made for construction on the right-of-way. This provision will permit land acquisition at more reasonable prices and avoid later costs due to speculative activities.

The bill would also permit for the first time the granting of financial assistance directly to private transit companies. The present provision in section 4(a) of the 1964 Act has not substantially increased private financial participation. Under the new proposal, loans could be made directly to private transit companies and grants would be authorized when the Secretary determined that there was no appropriate public body or agency through which funds could be transmitted and that the public interest did not require the establishment of such an agency. The private applicant would be required to fund the depreciation account so that when equipment purchased with Federal assistance was written off, funds for new investment would be available. Any application from a private operator would have to be approved by the appropriate State or local public body.

The bill would also require public hearings before any application could be made for a loan or grant for a project which would substantially affect a community or its public transportation service. It would also require that the Governor of the State involved be afforded an opportunity to comment on each project application. These provisions will lend increased assurance that transportation development proceeds in a manner fully compatible with other local, regional, and State planning objectives.

Another significant amendment being proposed pertains to State assistance limitations. The present limitation on the amount of funds expendable in any State, 12 and one-half percent of the total funds authorized, would be retained but the Secretary would be given the discretion to use up to 15 percent of the total authorization without regard to the 12 and one-half percent



ceiling. We have reached the ceiling in several States and this change is necessary to bring more flexibility into the program.

Finally, the bill would not affect the authority reserved to the Department of Housing and Urban Development by Reorganization Plan No. 2 of 1968 to undertake certain projects which "primarily concern the relationship of urban transportation systems to the comprehensively planned development of urban areas, or the role of transportation planning in overall urban planning." The appropriations authorized under the Act, however, would be available only for grants in furtherance of the functions of the Secretary of Transportation. It is expected that HUD will separately seek authorization for projects which it wishes to support.

Two matters which the Administration's bill does not address should be called to the attention of the Committee. First, the emergency provision of section 5, which has been extended three times, would be allowed to lapse on June 30, 1970. Second, a strengthened relocation assistance program has not been proposed for the public transportation program only on the assumption that the Senate would act favorably on S.1, a relocation assistance bill of general applicability.

I would like now to discuss in more detail the needs confronting us and the way in which the Department would respond under the proposed bill. While it is perhaps belaboring the obvious to talk about what has happened to transportation in our cities--because each of us sees the evidence all too clearly every day--a few statistics will point up the problem. There are now 200 million Americans and 80 percent of them live in urban areas.

By the year 2000, it is estimated that there will be 300 million Americans and that 90 percent of them will live in urban areas. There is no reason to believe, therefore, that the problems of urban transportation will diminish by reason of decreasing population in the urban areas.

In 1950, there were 40 million automobiles in the United States with 52 percent of the families owning one automobile and 7 percent owning at least two. By 1967, there were 80 million automobiles with 53 percent of the families owning one and 25 percent of the families owning at least two.

This tremendous growth in automobile ownership is to be compared with what has happened in the transit industry. In 1950, there were about 14-hundred urban transit companies operating 87,000 vehicles. By 1967, there were only 11-hundred urban transit companies operating 62,000 vehicles. The number of revenue passengers carried by these companies decreased over that period from 13.8 billion to 6.6 billion. Their operating income over that period decreased from a plus \$66 million to a minus \$67 million.

By virtue of the increase in private transportation and the decline in public transportation, we have reached the point where someone has wryly observed that the average speed of travel in midtown-Manhattan is slower now than it was in the horse-&-buggy days at the turn of the century!

Previous estimates of investment required to revitalize public transportation in our urban areas have ranged from 10 billion to 20 billion dollars, much of which could be invested over the next ten years. One very recent study of public transportation in the 29 metropolitan areas that are expected to have more than a million people by 1980 concluded that



transit investment in those areas alone could be on the order of 30 billion dollars! The study assumed that most of these 29 areas, located in 22 States, would require new public transportation systems with very heavy capital investments.

The hundreds of other cities and urban areas throughout the United States of less than 1 million population will also require substantial amounts of new investment. In these relatively less-dense areas, however, service will probably be provided by bus or bus-guideway systems. Estimates for replacement of buses in these areas over the next ten years are on the order of 1.6 billion dollars.

The program proposed by the Administration will permit us to make a substantial start over the next five years toward meeting these requirements. While, obviously, firm plans have not been developed on a project-by-project basis, we would estimate that of the 3.1 billion dollars authorized, about 1.2 billion would be devoted to the development of new systems in larger cities and about 1.1 billion to the improvement and extension of existing systems. Approximately 400 million dollars would be used to improve and expand bus systems in the smaller and medium size cities. In addition, more than 350 million dollars would be provided for research and demonstrations.

This program, of course, is not an isolated effort but part of a total commitment by the Department to solving the urban transportation problem. The so-called TOPICS program of the Federal Highway Administration--a Traffic Operations Program for Increasing Capacity and Safety of streets in areas of 50,000 or more population was designed in part to complement

the mass transit program. The traffic engineering techniques that can be undertaken include improved signal systems; channelization; pavement marking; signing; turning lanes at intersections; installation of reversible lanes and control systems; upgrading of highway lighting; provision of bus turn-outs; construction of pedestrian or highway grade separations at complex intersections; as well as many other improvements which will achieve the objective of the program.

Such improvements in the street and highway systems, together with fringe parking facilities, can substantially affect the efficiency of the chief form of public transportation existing in most cities; namely, bus transportation. The initial results from one local experiment -- giving buses preferential use of express lanes on Virginia's Shirley Highway -- are very encouraging. The D.C.-bound buses are saving 12-18 minutes on the average during the morning rush hour. This has been done without any increase in delay to the auto commuters.

To encourage the use of these programs in conjunction with the programs of the Urban Mass Transportation Administration, the Department is planning a special effort to be launched in this fiscal year and known as the Urban Corridor Demonstration Program. It will involve ten or twelve cities to be selected on the basis of the extent to which they utilize these programs imaginatively in a concerted attempt to reduce peak hour congestion in urban corridors.

We are hopeful that this study will dovetail nicely with a study we already have under way in the Urban Mass Transportation Administration



known as the Center Cities Project. Phase I of this project has been completed in Atlanta, Dallas, Denver, Pittsburgh and Seattle, and I am confident that the program, as it proceeds, will lay the basis for improved public transportation in these cities and in other metropolitan areas.

I believe such activities as these, together with the greatly expanded assistance afforded by the Public Transportation Assistance Act, will permit some early solutions to many of our urban transportation problems.

I would now like to address, as forthrightly as I know how, the question which has been asked in the press, by the industry, and by some members of the Committee. That is, why did the Administration decide not to seek a trust fund for public transportation?

The establishment of a trust fund was very thoroughly considered by the Administration. The essence of the trust fund concept, as it exists for highways and as it is proposed for airports and airways, is the contribution of revenues into the fund from those who will use the facilities created by expenditures from the fund. As the term indicates, these are revenues held in "trust" by the Government in behalf of the special taxpayer.

As I stated earlier, one of the major problems facing public transportation has been the decline in passengers. To impose a special surcharge on the already-high bus and subway fares would simply accelerate the trend to private automobiles by some users, further decrease transit revenues, and place a levy largely on those who can least afford to pay, and for whom prospects of owning a car are quite dim. Therefore, with respect to the proposed public transportation program, it is simply not feasible to levy a direct tax on the user.

In the face of this reality, consideration was given to funding a public transportation trust fund through taxes on indirect beneficiaries. The auto excise tax was one of those considered. Such a tax would have to rest on the theory that the users of private autos would benefit by the relief in highway congestion occasioned by improved public transportation. We concluded that this argument was simply too tenuous and would not stand up.

We also considered the possibility of imposing sumptuary taxes. But, like the auto excise tax, we were forced to conclude that there was no sound basis for selecting a special group of taxpayers to bear a burden which was not peculiarly theirs by reason of use or direct benefit.

The Administration's final decision to fund the public transportation program from general revenues flows from the inevitable conclusion that public transportation is a public responsibility. This responsibility should be met by all of the taxpayers, not by a selected group of them.

I am convinced that the Administration's proposal affords local public agencies the assurance of Federal support necessary to plan and carry out long-term, large scale public transportation investment programs. For the orderly execution of such programs, two elements are crucial.

The first element is a long-term authorization--the commitment to tackle the problem. The Administration's bill provides such an authorization. A 12-year, \$10 billion program has been proposed, with a specific authorization of \$3.1 billion over the first five years. We will return to Congress biennially for the additional specific authorizations.



The second element is a reasonable assurance as to the timely availability of authority to obligate the necessary funds. The Administration's bill provides this assurance in the form of contract authority. Contract authority will permit the obligation of funds through the execution of contracts, based on the authorization alone. The only appropriations required will be those necessary to liquidate what will then be binding legal obligations of the Federal Government.

While a trust fund fed by user taxes might lend even greater assurance to the local governments, even this form of assurance would not be iron-clad and could be altered, or its effects limited, by subsequent action of the President or the Congress.

I would strongly urge that we not allow a preoccupation with devices to obscure the fundamental issue--that is the establishment of a commitment to planning and carrying out a successful public transportation program. There is no doubt in my mind that such a commitment has been made by the Administration and will be made by the Congress. The constancy of this commitment is the real key to success in the long run.

In closing, Mr. Chairman, I would like to stress the observation made by President Nixon in his message to Congress of August 7, 1969--"Public transportation has suffered from years of neglect in America." Now is the time for action.

This concludes my prepared statement, Mr. Chairman. I shall be happy to answer any questions the Committee may have.