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STATEMENT OF JOHN A. VOLPE, SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON HOUSING, HOUSE COMMITTEE ON BANKING AND CURRENCY, REGARDING URBAN MASS TRANSPORTATION ASSISTANCE LEGISLATION, TUESDAY, MARCH 3, 1970.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to discuss with you one of our Nation's most urgent problems -- urban transportation -- and the legislative proposals for dealing with it.

There are two facets to the transportation problems confronting our cities today. First is the need to provide adequate transportation systems for the young, the old, the handicapped, and the poor -- in short, those who must rely on public transportation.

Second is a need to relieve the congestion -- to say nothing of the noise and air pollution -- caused by the ever-increasing reliance on the privately-owned automobile. This can best be done through the creation of economic and efficient public transportation systems capable of attracting the present and potential users of private autos.

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.

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

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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 systems 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 1/2 billion dollars) has been a significant factor in the decline of public transit. As a result, despite the vast growth in urban highways, we do not have a transportation system capable of moving people freely and economically within our urban areas, particularly during peak periods.

A few statistics will give us some perspective as to the nature and magnitude of the situation we are in. 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.

The contrast between this tremendous growth in automobile ownership and the withering away of the transit industry is startling. In 1950, there were about 14 hundred urban transit companies operating 87 thousand vehicles, but by 1967, only 11 hundred of these companies remained and their fleets had shrunk by nearly 1/3. The number of revenue passengers carried decreased over that period from 13.8 billion to 6.6 billion or by nearly 1/2 and net operating income decreased over the same period from a plus \$66 million to a minus \$67 million.

Past 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. A more recent study of probable investment in public transportation in the 29 largest metropolitan areas between now and 1980 concludes that requirements in those areas alone could be on the order of 30 billion dollars! But the Federal program is by no means confined to the largest cities. Thus far, projects have been approved for 84 cities of less than 250 thousand population and 150 projects have been approved for cities of between 250 thousand and 1 million population. In a sense, the need is most acute in the smaller cities because there the transit systems tend to be in the most precarious financial condition. Since 1954, transit systems have been discontinued in 114 cities under 100 thousand population.

Based on the most conservative estimates, it was clear that Federal financial assistance at current program levels was woefully inadequate. Therefore, in his message to the Congress of August 7, 1969, President Nixon proposed a new, large-scale program to rejuvenate public transportation, underwritten by a Federal financial assistance commitment of \$10 billion over the next 12 years. These monies would have 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 several programs authorized by this Committee, as well as in our highly successful highway program. I realize that creating Federal financial obligations in advance of appropriations is an exceptional method of carrying out Federal programs and its use is a matter of concern to the Appropriations Committee. In this case, however, there are very compelling arguments in favor of making the exception.

In addition to the very large increase in the level of funding, a number of amendments to the 1964 Act were proposed to improve substantially the overall administration of the program. These included loans for the advance acquisition of rights-of-way, the granting of financial assistance directly to private transit companies, an increase in the limitation on the amount of funds available to any one State, a requirement for public hearings on any application for Federal assistance, and a provision permitting the Governor of each State to comment on capital grant applications from public agencies in his State.

On August 11, I forwarded proposed legislation to Congress to carry out the President's program. This legislation was introduced in the House as H.R. 13422 and H.R. 13463, and in the Senate as S. 2821. After extensive hearings and floor debate, the Senate passed, and sent to the House a clean bill, S. 3154.

S. 3154 differs significantly from the Administration's original proposal as reflected in H.R. 13422 and H.R. 13463. Since S. 3154 is now before this Committee, I would like to direct my remarks to it and indicate precisely the ways in which it differs and state the Administration's position with respect to those differences.

The Administration originally proposed a \$3.1 billion program over the next five years -- \$300 million in fiscal year 1971, \$400 million in 1972, \$600 million in 1973, \$800 million in 1974, and \$1 billion in 1975. These amounts would have become available for obligation each year and would have required subsequent appropriations to liquidate the obligations.

During the Senate's consideration of the bill, the Administration was urged to provide even greater assurance of a continuing Federal commitment. Consequently, an amendment was agreed upon which would make the entire \$3.1 billion immediately available for obligation. However, to assure orderly program implementation and to avoid any undesirable inflationary effects, a schedule of annual limitations on appropriations for liquidation of obligations was developed for the first five years.

On balance, we believe this is a desirable amendment and would urge its adoption by the House. We believe these limitations provide an adequate pacing mechanism and, undoubtedly, the immediate availability of the

\$3.1 billion to be programmed over the first five years does reinforce the Federal commitment. There is no doubt whatsoever in my mind, that a long-term commitment is essential to the cities who have to plan and carry out these large-scale public investments.

The Administration had also proposed that Federal financial assistance be granted directly to private transit companies, subject to certain findings by the Secretary of Transportation. The Senate bill does not go this far. However, it does remove from existing law, as the Administration proposed, the principal barrier to increased private participation, namely the required finding of "financial inability" of local public agencies to support transit investment as a condition to private carriers contributing the local share of project costs. While the Administration continues to believe that direct assistance to private transit companies is reasonable, it is willing to accept the Senate's judgment.

Another major change effected by the Senate deals with the public hearing and environmental protection requirements. With respect to hearings, the Senate added a provision specifying how notice of hearing is to be given. It would require publication in a newspaper of general circulation in the State or locality to be served and in the Federal Register. The Department has no objection to this provision. However, a requirement to publish all local notices in the Federal Register could create a substantial problem for the General Services Administration, particularly if the concept were extended to all Federal-aid programs. For this reason, we would urge the Committee to seek the views of the General Services Administration and the Bureau of the Budget.

With respect to environmental protection, the Senate has added an amendment requiring that public hearings adequately consider all of the environmental implications of a project. If a project is opposed on an environmental ground, the Secretary may not approve the project unless he finds that no adverse environmental effect is likely to result from the project, or there is no feasible and prudent alternative and all reasonable steps have been taken to minimize the environmental effect. We do not oppose this amendment on its merits, and much of the substance of it would follow from the application of existing laws. I would, however, add a cautionary word. The Congress has recently enacted the National Environmental Policy Act which requires certain environmental determinations with respect to all Federal programs. It might be wiser to allow the establishment of uniform Federal standards and procedures under that Act than to start setting specific statutory standards and procedures for individual Federal programs. Inevitably, the latter course will only lead to confusion on the part of the State and local agencies who must deal with the variations.

The last major difference between the Senate bill and the Administration proposal concerns State assistance limitations. Under the Administration proposal, the present limitation on the amount of funds expendable in any State -- 12 and 1/2 percent of the total funds authorized -- would be retained but the Secretary would be given discretion to allocate additional amounts up to 15 percent of the total authorization without regard to the 12 and 1/2 percent ceiling. The Senate amendment establishes two discretionary amounts,

consisting of 1 and 1/2 percent and 6 percent of the total authorization. A further limitation provides that no State can receive more than 25 percent of the 6 percent.

Given the costs of new rail rapid transit systems -- and the necessity of establishing a Federal commitment to participate fully in the development of such systems -- I believe the Senate bill would deny us some much-needed flexibility. It may well impair the effectiveness of the program and I would urge the Committee to accept the higher limitation proposed by the Administration.

Two matters which neither the Administration nor Senate bills address should be called to the attention of the Committee. First, the emergency provision of section 5, which has been extended four times, would be allowed to lapse on June 30, 1971. Second, a strengthened relocation assistance program has not been proposed for the public transportation program only on the assumption that a relocation assistance program of general applicability will be enacted during this session of Congress.

I would now like to discuss briefly an issue which was very carefully considered by the Administration and, with respect to which, we were closely examined in the Senate. 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 existing 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.

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, particularly as modified in the Senate, affords local public agencies the assurance of Federal support necessary to plan and carry out long-term, large-scale public transportation investment programs.

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 additional authorizations in order to maintain a 4-5 year funding projection. The only appropriations required will be those necessary to liquidate what will then be binding legal obligations of the Federal Government.

There is no doubt in my mind that a commitment to plan and carry out a successful public transportation program 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.

I trust that this Committee, recognizing the need for solving our social problems, will support the public transportation program which can contribute so much to a solution.

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