

STATEMENT OF BROCK ADAMS, SECRETARY OF TRANSPORTATION,  
BEFORE THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS  
OF THE SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN  
AFFAIRS, CONCERNING S. 208, FRIDAY, FEBRUARY 25, 1977.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the status of the mass transit program and to help initiate what I hope will be a productive and cooperative joint effort over the next year to develop the type of transportation programs that will serve the nation's needs into the 1980's.

This is an appropriate time to begin looking at the current program as the new Administration looks at all the issues and concerns that should govern our choice of a direction for the future. The President has asked me and all Cabinet officers to find ways to streamline and simplify Federal programs and the Federal establishment. We all share a goal of reducing the Federal involvement in local decision-making while we strengthen Federal support of necessary programs. We should also seek to simplify the mechanics for delivering Federal assistance and to increase local flexibility in setting priorities and using resources where they are most needed within a broad functional area.

Over the next year or so, transportation will be a major concern of the Congress and the Administration. The highway program authorizations and portions of the railroad assistance program will have to be addressed.

We need to take a close look at the mass transit program in this broader context and should not foreclose options until it is necessary to do so. Fortunately, there is no urgent need to provide additional or extended program authorizations for the mass transit program before we have had this chance to evaluate our options.

I would like to discuss the status of the UMTA contract authority in order to assure you that no immediate legislative action is necessary to ensure program continuity. Statements by the previous Administration may have left the impression that the UMTA fund is over \$1 billion in deficit. This was based on their applying the principle that the sum of outstanding program commitments not exceed the total of available contract authority. Under this full-funding method of accounting, \$1.1 billion of new authority would have been needed to carry the UMTA program through this originally planned horizon year of Fiscal Year 1980, and to ensure the availability of enough contract authority at the end of Fiscal Year 1980 to fund the balance of outstanding commitments.

Soon after the passage of the 1974 Act, the Department was faced with demand for the approval of projects the combined cost of which was far in excess of the total authorization. Some observers incorrectly perceive the program as a one-time event and were uncertain about whether it



would be extended and at what level, and many communities pressed for the approval of plans for complete systems, which would not be ready for funding for several years, in order to make sure they would not miss the boat.

Under these conditions, I think the previous Administration did the right thing in developing a policy statement to reassert the fundamental planning principles that should underlie major investment decisions. I endorse such a planning approach, which I understand has been worked out among the states, cities and Federal levels. I can also understand the past necessity and advantage of adopting a full-funding assumption in light of the perceived uncertainty about the future of the program. Clearly, no one wants a project to stop mid-way, particularly when its completion involves many years of careful planning and execution.

This Administration obviously views mass transit as a program which will continue for the foreseeable future. This view of the program, together with the new funding processes required under the Congressional Budget Act, allows us to modify the method for controlling program commitments. Instead of limiting advance commitments to the amount of Congressionally approved spending authority, new commitments will be controlled on the basis of their impact on the current and future year

program authorization levels. As the annual funding requirements of some projects phase down, there will be room to begin new projects within the same annual program level; and if additional commitments are justifiable and required, program level increases can be made in order to accommodate them. What we avoid through this process is the mortgaging of the future. This multi-year approach to program management will avoid unanticipated sharp increases in future year budget requirements. This Administration's goal of a balanced budget within four years requires that we do a very careful job of managing not only the budget year but the full budget planning period.

Taking this new approach to managing the program, it is no longer necessary to set aside -- to freeze -- available contract authority to cover all existing future year commitments. Accordingly, the contract authority balance remaining under the 1974 Act is sufficient to carry the capital program through Fiscal Year 1979 -- even at the expanded program level proposed in President Carter's FY 1978 budget. Accordingly, it is not necessary to provide new authorizations at this time. Under the Budget Act, however, we will make authorization requests for Fiscal Year 1980 and beyond no later than May 15, 1978. We would like to use this interim period to evaluate our program options and consider alternative program structures which would contribute to



the goals of simplifying Federal programs and increasing local flexibility and initiative in program use, as well as maintaining the Federal commitment to mass transportation. However, under most conceivable structures, much of the current discretionary capital grant program would likely continue as a free standing activity for which multi-year authorizations will be proposed.

The shift in the method of total program control, I referred to earlier, will not necessitate major changes in UMTA's policies and procedures for reviewing proposals for new multi-year commitments to major projects. After completion of the local evaluation of alternatives and compliance with our other requirements, we will work out a mutual understanding for those projects which merit funding. This understanding will be spelled out in a letter of intent to support the project. This agreement will form the basis for engineering, scheduling, initiating construction of the project and for planning the delivery of the intended Federal contributions. Such agreements took a variety of forms in the past. I propose that they be standardized and made a part of the public record.

As I mentioned earlier, the new procedures and constraints of the Congressional Budget Act will necessitate a change in the way the mass transit program is authorized and funded. Therefore, I would like to

sketch out one type of funding process we are considering for major multi-year capital investments that I think would meet the objectives of the Congressional budget review process as well as provide sufficient assurance of program continuity.

Program continuity for major capital investments could be maintained by a rolling five year authorization cycle, in which appropriations are provided at least one year in advance. Every two years an authorization level would be recommended for the following five years based on continuing replacement and modernization requirements, construction schedules of major projects already underway, and estimates of new program needs. Each year an advance appropriation would be sought for the following year. This would provide a basis for advance planning without unduly compromising congressional fiscal options. The advance planning would be applicable to all projects, not just those proceeding on a multi-year basis.

Within the program structure I have described, there will be further opportunities to review the capital grant program level in specific stages of the rolling authorization and advance appropriations process. At this time, our best estimate for the Section 3 program level for fiscal years 1980 and 1981 is in the range of \$1.4 to \$1.75 billion a year. This estimate, however, will have to be refined in the context of the Administration's zero-based budget reviews and as more information and experience



are gained from using increasingly significant transit funding sources such as Interstate transfers, Federal urban system highway funds, and Section 5 allocations. Moreover, the estimate may change as we obtain better data on cost escalation during the intervening period. Our future reviews will take these factors into account.

Now I would like to discuss some of the specific provisions of S. 208.

One of the proposed changes to the Section 3 capital assistance program provides for the annual allocation by formula for equipment purchases of a fixed amount of the capital fund. In principle, I support the idea of allocating by formula a significant portion of urban transportation resources. It would minimize the Federal role in balancing competing claims for funds and enhance local programming. However, as we already afford priority to bus requirements and have been able to meet these requests, we would prefer to experiment administratively and then propose specific changes to the program.

With respect to the Section 5 formula grant program, we already have sufficient contract authority to carry the program through Fiscal Year 1980 -- except for the \$125 million that was "borrowed" to finance the program during the Transition Quarter. We have no objection to restoring this \$125 million at this time, but do not support providing authorizations now for Fiscal Years 1981 and 1982.

Although S. 208 leaves the current formula unchanged, it establishes a separate fund of \$250 million per year for discretionary capital and operating assistance. We strongly support the bill's endorsement of increased efficiency and innovation as objectives of the Section 5 program but we believe that, in light of the escalating level already provided for in Section 5 and the reversal by the Administration of the policy of seeking Federal controls over the use of formula funds, the additional funding is not justified. If there is widespread feeling that the current formula is inequitable, we should work out a better approach. One of the alternatives we will be considering is a block grant approach.

S. 208 deals with the possibility that some Section 5 allocations will lapse next September. Our current estimate is that less than 5% (\$15 to \$20 million) may lapse at the end of Fiscal Year 1977. We would not object to an amendment which allows such funds to be recycled and added to the total for apportionment in the next fiscal year.

Another provision of S. 208 would allow non-urbanized areas to use the \$500 million set aside in section 4(c) of the Act to meet operating expenses as well as capital costs. We support the principle that non-urbanized areas be afforded the same flexibility in this respect as urbanized areas. Because we plan to consider the needs of rural and small urban areas



as we develop our full program proposals over the next year, I believe action at this time might be premature. Also, any program addressing the needs of these areas should include some mechanism for coordinating the wide variety of Federally assisted transportation services currently provided in these areas under a number of social services programs.

S. 208 contains significant revisions to the provisions of the Urban Mass Transportation Act which deal with the transportation needs of our elderly and handicapped citizens. The current requirement in Section 16 that "special efforts" be made in the planning and design of mass transportation facilities and services would be made more specific by adding a requirement that mobility be available for elderly and handicapped persons in any urbanized area seeking Federal mass transportation assistance. This requirement would be satisfied if the applicant demonstrated detailed plans for either a wheelchair-accessible regular fixed route system within a reasonable time, or a substitute service that provided "comparable coverage and service levels." The Department supports this concept. We believe it is important to afford each local area flexibility in structuring the kind of service that best meets its needs, while assuring that rapid progress is made in making

mass transportation services available to the elderly and the handicapped. This concept is reflected in the Elderly and Handicapped Regulations issued by UMTA last April. Those regulations require high levels of "special efforts" in behalf of the elderly and handicapped (particularly wheelchair users and semi-ambulatory persons), but leave to the local planning process decisions concerning the mix of accessible regular route service and substitute service.

We oppose the amendments that would establish a national advisory council on mass transportation for the elderly and handicapped and local advisory councils in every urbanized area seeking Federal financial assistance for mass transportation. UMTA regulations already include a strong requirement concerning the involvement of the public -- including the elderly and handicapped -- in the local transportation planning process. Furthermore, the establishment of such bodies is inconsistent with the President's objective of reducing the number of Federal advisory groups.

The bill contains a provision calling for reports to the Congress on funding needs of the mass transit program. I think the kind of biennial authorization cycle I outlined earlier would meet the objective of this provision, but if more is required I would suggest that it be called for as part of a periodic multi-modal assessment.



Finally, there are three provisions in S. 208 which the Department supports without change. These are the revisions to the UMTA managerial training grant program; a new definition of the term "construction" to clarify that engineering costs are eligible items of expense in the capital program; and an authorization for conversion to grants of certain capital loans that were made early in the UMTA program.

Mr. Chairman, that concludes my prepared statement. Now I will be happy to answer any questions you may have.