

STATEMENT OF BROCK ADAMS, SECRETARY, U. S. DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION OF THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, REGARDING TRANSPORTATION PROGRAMS, TUESDAY, SEPTEMBER 20, 1977.

Mr. Chairman and Members of the Subcommittee:

I am delighted to be here today to discuss with you some of the key issues facing us in transportation and in the country, the actions I have taken already to confront these problems, and the range of actions I am considering for the future regarding our highway, mass-transit, and planning programs. It is important that we talk about these issues now because they in many ways will shape our final determinations regarding our highway and mass-transit programs.

In my mind, there are six major issues that drive most of our decisions. The first is energy. We are now importing slightly more than half of the petroleum needed to meet our nationwide demand, at a cost of nearly \$4 billion a month. Transportation consumes 26 percent of all the energy we use and 55 percent of all the petroleum.

As the President said in his energy message last April, perhaps half the fuel used for transportation is wasted and there

is no greater symbol of energy wastefulness than the heavy, powerful American car. A major goal of our energy and transportation policy must be to reduce our imports of oil. We must use more fuel efficient vehicles, get more people in those vehicles, and use public transportation more.

Last June, after the most careful consideration of issues of technological feasibility, economic practicability, the effect of other Federal motor vehicle standards on fuel economy and the need of the nation to conserve fuel, I issued fuel economy standards for 1981-1984 automobiles. I might add that in addition to the regular notice and comment procedures of a rulemaking, I chaired a public hearing on the subject so that I could personally review the substantive issues and the differing viewpoints of those who participated. The standards are stringent -- 22, 24, 26 and 27 m.p.g. for model years 81 thru 84, respectively - but they are totally necessary and reasonable. These new standards make a significant contribution to conserving fuel, but we will have to do more in other areas, especially regarding public transportation.

The second important issue is the need to streamline our regulatory process. We have to limit regulation to those areas where the need has been clearly demonstrated and where other approaches

will not work. Some of our regulatory systems are hopelessly out-of-date, and the transportation economic regulatory systems are some of the worse offenders in terms of unnecessarily raising costs and wasting resources and energy.

The aviation regulatory system has gone largely unchanged for almost 40 years in spite of tremendous technological and economic growth and change. Motor carrier regulation has many similar problems.

I am not saying that we should do away with all regulation. Much of our regulation is based upon a desirable commitment to improve the safety of our workers and travelers and to provide a better environment for our citizens. But especially in the economic area much of our regulation no longer serves the public interest and should be fundamentally reformed.

The President has repeatedly expressed his commitment to the reform effort and members of my Department and myself have repeatedly testified before the Senate and before House Aviation Subcommittee on the need for aviation reform, for increased pricing and entry flexibility, and for a better small community program. We are working with the Committees on both sides to move a significant reform bill to the President's desk. The Senate is about to finish its

consideration of its aviation bill, and I urge speedy action in the House.

We are also in the process of broadening our regulatory reform effort to motor carriers. I hope shortly to make public our policy in this area.

Internally, we are also working on regulatory reform. I intend to establish a Departmental Regulatory Council, to be chaired by the Deputy Secretary, which will be responsible for assuring that the regulations issued by DOT in the past and in the future are both necessary and comprehensible.

A third important area is the need to provide a cleaner, safer, and quieter environment. In many of these areas, there has been movement, but there must be more. Transportation policy with respect to safety, for example, has been very uneven in the past - outstanding in the promotion and enforcement of air safety; very good in water transportation; largely ineffective regarding the railroads, and not enough relative to highway and auto safety. The number of highway deaths has been brought down from the record levels of 1973 -- due in no small part to the energy crisis and the 55 m.p.h. speed limit. But 47,000 annual traffic deaths is a carnage that we cannot tolerate.

I also believe that we can improve our movement towards the care and preservation of the environment. President Carter has stated that the environment is a primary responsibility of the Government and that view is a major element of our policy. I am committed to building a transportation program that will preserve and improve the natural and man-made environment.

We are making progress. Shortly after issuing the fuel standards, I also announced my decision to require automatic crash protection -- airbags or passive safety belts -- in a phased-in schedule to be completed by model year 1984. No other decision I will make will probably save more lives.

Last winter I acted to increase the Coast Guard inspection of all foreign tankers entering U.S. ports. We have substantially improved our ability both to react and prevent spills.

In the area of noise, we will soon promulgate new noise standards for SSTs. I am also very hopeful that we will enact new responsible noise legislation that will provide the financing necessary for the successful implementation of our existing noise regulations.

Fourth, the urban crisis. Some of our cities are dying, and we simply cannot let this occur. This decay is effecting not

only the very large cities, but many of our smaller ones. The proper use of transportation resources is an important element in the revitalization of our cities. We must help local leaders find better ways to move into and around our cities and drastically reduce our present reliance upon the private automobile. The alternatives are there whether they be more carpooling and exclusive carpool lanes, van pools, better bus service, light rail, or subways. Our challenge is to get the money and planning assistance out to the areas that need it in such a way as to promote the most efficient use of transportation resources. This must be a prime goal of our grant restructuring programs.

The fifth consideration is the President's and this Administration's commitment to a balanced budget by fiscal 1981. We do not have unlimited resources, and some hard choices will have to be made.

We cannot count on steadily increasing transportation revenues or the continuing generosity of the general fund. More fuel efficient autos will limit future revenue increases from our gas tax. We can increase our revenues through the increased imposition of user fees, and we must make each mode pay its fair share. But in the last analysis, we have to be tough and spend our transportation dollars where we get the most value.

The final area -- but certainly not the least important -- we have to focus upon is the need to stimulate employment. The President has said that unemployment is the number one domestic issue now. We in transportation can do our share with this problem. Much work waits to be done on our bridges and secondary roads. Rebuilding the Northeast Corridor offers construction jobs for thousands. There are many other areas in transportation that offer meaningful employment opportunities.

If we are to be successful with tomorrow's transportation needs, we must make sure that our transportation programs address these critical areas. Let me talk now about one important transportation program.

An area in which this Committee is extremely knowledgeable and intimately involved in is the transportation grant program. This grant program encompasses highway and urban mass transit grants, as well as the general transportation planning process. Our transportation grant program is of mammoth proportions. The Fiscal 1978 grant program totals \$12 billion; \$7.5 billion for highways; \$3 billion for UMTA; \$1.5 billion for the Department's other administrations. This does not include other federal transportation investment programs outside the Department, such as the \$1 billion annual program for waterways. Unfortunately our grants structure is outdated and inadequate

to meet new, increasingly complex, national priorities which we should be certain are considered in transportation planning.

Critical questions have to be asked. Answers have to be given to questions as difficult as: How can the transportation grant program facilitate and encourage more energy efficient means of transportation? How do we structure transportation programs so that they not only create jobs, but bring the unemployed and the jobs together? How do we insure that the impact of the transportation grant program has a beneficial impact on our environment? How do we bring order to the crazy-quilt of transportation grant programs, and, at the same time, give local officials more latitude in the expenditure of these funds? How will we meet these national needs and honor the President's commitment for fiscal integrity and a balanced budget? In asking these questions, I am asking for your knowledgeable advice.

I have also asked these questions of State and local officials. The Department has engaged in a series of town hall meetings across the country, with State and municipal officials. We went out across the country to find out what the problems are and to solicit suggestions on how to deal with them.

I am not appearing before you to lay out the answers to these question, but to deal with these questions and to seek your counsel. There is one clear cut answer I will make now, however, to the

question of whether or not we need to change. The answer to that question is that we must reform. All of our travels resulted in calls for change. We are in a changing environment. Many of our grant programs were conceived of at a time when the term energy crisis had not even been mentioned, when the center cities were booming, and urban sprawl was an unfamiliar term. That is past.

If we are to respond effectively to the goals set by the President, if we are to adapt to the changing needs of the nation, and if we are to provide for more local discretion, then we must have a more flexible transportation program.

Our grants program is currently locked into very specific objectives, and does not provide any degree of flexibility. There are, for example, nine categorical grant programs for urbanized areas. Each program has its own recipient, delivery system, eligible uses, matching requirements and administrative procedures. Highway funds cannot be used for transit operating assistance, UMTA funds cannot be used for highway improvements, and the primary system funds can be used only for construction or reconstruction of the primary system. While transit or highway projects may be substituted for Interstate projects, the transfer procedures are very complex. Further, with the present variation in matching ratios there is a tendency for applications to gravitate

toward the program authorizing the highest Federal share, just as narrow categorical programs tend to perpetuate special purpose projects.

One method providing the flexibility necessary to meet our changing transportation needs is to provide an overall strategy for solving these problems, while leaving the implementation to States and local units of government. We have to provide these units of government with the necessary tools to let them be a strong partner in solving national transportation problems.

We can provide these units of government with the necessary flexibility in several ways. Should we, for example, drastically reduce FHWA and UMTA categories from the present number of 40? Should we allow a much greater freedom to transfer funds between programs? Should we allow state and local officials to determine their own priorities for the expenditure of grant funds?

There are a number of other actions that we are considering as we seek to improve the effectiveness of our transportation grant programs.

- (1) Identical geographic coverage for all programs to correspond with population units.
- (2) Coordination of the Department's planning requirements to enable state and local officials to undertake comprehensive intermodal planning, concentrating on systems rather than projects.

- (3) Include in the planning process a review of various transportation options, to help insure a cost effective capital investment program.
- (4) Establish a single review and approval process for national requirements, to cover civil rights, environmental standards, safety and labor protection rather than requiring separate reviews for each.
- (5) Provide grant assistance based on formulas which clearly reflect state and local needs, and the willingness of the local community to share in meeting those needs.
- (6) Structure grant programs to promote urban rejuvenation and rural economic development, and to dampen development patterns that make inefficient use of land, fuel or existing facilities.

In seeking to restructure the Department's grant programs, we face difficult issues, and some long-standing traditions. We have attempted to delineate possible changes in the option paper we have given you, and we are seeking your reactions to these proposals. I believe we must proceed carefully and deliberately, but firmly. Probably our most contentious issue pertains to the treatment of the Interstate and Urban Systems programs, an essential component of

any effective highway/transit bill. These issues will be a major focus for our discussions in the days ahead. I hope that the end result of our efforts will be a combined transportation account to permit the setting of national funding priorities and a consolidation of transportation programs that will give the local officials the flexibility and the resources they need to improve the movement of people and goods.

To summarize, we are at a momentous transition point in transportation policy. While transitions are often painful, they are a necessary, and frequently profitable, part of growth. Our priorities are changing, and our policies must change accordingly, if we are to shape our destiny rather than be shaped by it.

This concludes my prepared statement and I would be happy to answer any of your questions.