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

STATEMENT OF JAMES M. BEGGS, UNDER SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS, HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, REGARDING CONSOLIDATION AND IMPROVEMENT OF FEDERAL ASSISTANCE PROGRAMS (H.R. 10954 AND H.R. 7366), THURSDAY, SEPTEMBER 11, 1969.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to present the views of the Department of Transportation on H.R. 10954 and H.R. 7366, the bills you are considering to improve the administration of Federal assistance programs.

The Department of Transportation administers grant-in-aid programs in three functional areas -- highways, airports, and urban mass transportation. Within these three areas, we have eight discrete programs. These programs, and their approximate authorized levels for fiscal year 1969, are:

-- Federal Aid to Highways	\$ 4 billion
-- State-Community Highway Safety	\$ 65 million
-- Highway Beautification	\$1.2 million
-- Urban Mass Transportation Capital Improvements	\$160 million
-- Urban Mass Transportation Demonstrations	\$ 30 million
-- Urban Transportation Systems Design	\$ 9 million
-- Urban Transportation Management Training	\$ 1 million
-- Federal-Aid to Airports	\$ 66 million

While the Department does not have as many different grant programs as some of the other agencies and, consequently, as much potential for program consolidation, we strongly support H.R. 10954, the President's proposed

grant consolidation legislation. The legislation is essential if we are to bring more order out of the diverse array of Federal assistance programs, increase their effectiveness, and permit easier and less costly participation by the states and communities.

H.R. 7366, the other bill before the Committee, would amend the Intergovernmental Cooperation Act of 1968 by adding three new titles dealing with the accounting, auditing, and reporting of Federal funds, the consolidation of Federal assistance programs, and the simplification of joint program funding. The Department strongly endorses the objectives of this bill. While the grant consolidation provision is similar to H.R. 10954 and the differences are not great -- for example, a 90-day period for congressional consideration in the former versus a 60-day period in the latter -- we would prefer H.R. 10954. With respect to joint funding, we think the concept is sound and would be facilitated by H.R. 7366. The accounting, auditing, and reporting provisions of H.R. 7366 would give the force of law to intergovernmental procedures and relationships which are now established only by administrative regulation. In particular, section 703 would require Federal agencies administering Federal assistance programs to "adopt accounting and auditing policies that rely, to the maximum extent feasible," on those performed by or for state and local governments. It provides that "heads of agencies" determine the adequacy of the internal financial management control system utilized by jurisdictions receiving Federal aid. Those officials would ascertain whether accounting records and reports meet generally accepted accounting principles, whether audit

procedures are up to generally accepted auditing standards, and whether the auditing function is being performed in a timely fashion by a qualified professional staff that is sufficiently independent of program operations, to permit a comprehensive and objective audit. Where these control systems are found acceptable, in the absence of substantial reasons to the contrary, agency heads would be required to accept the audits performed under them in lieu of those which otherwise would be performed by their own agency personnel.

On August 4, 1965, the Bureau of the Budget issued Circular A-73, which did, to the extent it could be done administratively, what section 703 would require by law. But even before then, some of the administrations which now constitute the Department had assisted state and local governments to improve their financial management practices so that their audits could, in the language of section 703, be relied upon "to the maximum extent feasible." The Federal highway program was the most noteworthy in this regard, partly because it was such a large program and had statewide counterpart agencies to work with.

One of the most important steps taken in the highway program was the development of the so-called "current billing-concurrent audit program." This program is designed to provide timely reimbursement for work completed and create within the state highway department, through improved accounting and internal audit systems, the will, the authority, and the ability to review, evaluate, and change its own management processes. Improvements result from a process under which the state's administrative and financial procedures are compared to accepted standards and changes made where necessary.

In August 1961, the State Highway Department of Washington became the first to enter into a current billing agreement with the Bureau of Public Roads. With the signing of an agreement by Michigan on May 22, 1969, forty-seven states have now entered into current billing agreements. We expect that the remaining states will be signed by the end of next year.

A pilot project was initiated in Iowa in 1961 to establish an effective accounting operation based on the American Association of State Highway Officials -- the AASHO -- Manual of Uniform Highway Accounting Procedures. This project provided the basis for a program of improvement in accounting records and reports in all of the states.

The Federal Highway Administration has helped AASHO to produce and revise its accounting manual and has published a "Financial Management Bulletin" giving up-to-date information on advanced improvements in accounting techniques. It has also sponsored management studies on organization, accounting, budgeting, administrative practices and management control procedures for state highway programs, organized meetings with state financial management officials, and made visits to state highway departments with the view of simplifying and improving financial and audit processes. As a result of the improvements in state auditing practices, agreements have been entered into with a number of states under which the state has assumed responsibility for audit of the costs incurred by its contractors.

The Department has developed a detailed plan for greater use of state and local government auditors and independent public accountants in the administration of its other assistance programs. A pilot test of the

plan will be used in our urban mass transportation program. We have also begun to coordinate audit efforts within the Department in highway, airport, and urban mass transportation programs at common locations.

In addition, we are coordinating our grant audit activities with other Federal agencies that administer grants to the same state and local governments. Special audit coordination arrangements have been made with these agencies (HUD, HEW, OEO, and Labor) to designate one organization to act for all, or to use the grantee's independent public accountants for the benefit of all.

The Department has also been working closely with the Bureau of the Budget and a number of other Federal agencies on the President's program to simplify other aspects of Federal assistance to states and communities. We have an extensive effort underway within the Department to examine each one of our programs to determine ways of simplifying processes and procedures so that assistance can be provided to the states and communities at the earliest possible time with a minimum of red tape.

Finally, we are examining our organization within the Office of the Secretary to improve coordination of the assistance programs of the various administrations within the Department. The legislation before the Committee will provide a very necessary statutory foundation for all of these actions now underway within the Department and the executive branch.

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

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STATEMENT OF JAMES M. BEGGS, UNDER SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON OCEANOGRAPHY, HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES, REGARDING THE REPORT OF THE COMMISSION ON MARINE SCIENCE, ENGINEERING AND RESOURCES AND H.R. 13247, THURSDAY, SEPTEMBER 18, 1969.

Mr. Chairman and members of the Committee:

I am pleased to present today the views of the Department of Transportation on the report of the Commission on Marine Science, Engineering and Resources and on H.R. 13247, a bill to implement certain organizational recommendations of the Commission.

As you know, the Department of Transportation and its constituent administrations have participated actively in the Nation's marine and atmospheric programs and would be directly affected by the implementation of many of the recommendations set forth in the Commission's report. We have, therefore, carefully considered the report.

In May, President Nixon referred the organizational recommendations set forth in Chapter 7 of the Commission's report to his Advisory Council on Executive Organization chaired by Mr. Roy L. Ash. This Council is to explore the whole range of problems relating to executive branch organization and to advise the President on the Commission's proposals while taking into account related problems of Government organization. Pending the completion of the Advisory Council's review and the development of the Administration's position on executive organization for marine and atmospheric matters, it would not be appropriate for me to discuss the organizational aspects of the Commission's recommendations in detail. I will, however, later in this statement, comment on the effect on the

Department of Transportation of the enactment of H.R. 13247 and bring to your attention certain considerations which very much concern the Department.

The bulk of the Commission's report deals, however, not with organization but with the scope and content of problems facing the Nation in the utilization of our oceans and their resources. We in the Department of Transportation are most impressed with the size of the task which the Commission undertook and the substantial accomplishment which its report reflects. While the recommendations of the Commission are praiseworthy and represent the carefully assembled viewpoints of a large number of highly intelligent and qualified people, there is no ranking of the priorities which should be assigned these goals, either in regard each to the other, or more importantly, in regard to other national goals. This is not intended as a criticism of Dr. Stratton's Commission. This was not their task. But it is the first order task which faces all of us now.

It has been our experience that organization should be adapted to the job to be done and we sincerely feel that it would be advantageous for all concerned to give primary attention at this time to the program substance of the report. Issues relating to organization can then be taken up in the context of agreed-upon programs and priorities. I would like to mention a few of the program areas of greatest concern to the Department of Transportation.

Of all the recommendations made by the Commission, those pertaining to coastal zone management and Great Lakes restoration were of the highest

order of importance to the Nation. Most of our people live near water, salt or fresh. Most of our pressing national problems are rooted in the congestion of people and the conflict of needs which congestion brings. We agree with the Commission's view that management of the coastal zone is a state matter, with the Federal role limited to grants and providing national policy direction. There are, of course, certain national considerations such as navigation and commerce which should continue to transcend state authority. An early and authoritative consultation with the states on how best to develop and redevelop the coastal zone is certainly in order. The Department would be pleased to participate in such consultations. Our increased emphasis on pollution prevention, detection and control, our development of a National Navigation Plan, our increasing port safety and law enforcement work are but a part of what needs to be done. Certainly, in any ordering of priorities, the abatement of the pollution of our waters and our atmosphere rank as major national goals. The Great Lakes are in a particularly precarious position and the recommendation of the Commission for a pilot program should certainly be considered as one step in addressing this problem.

Another matter that is of major national importance is the determination of a regime for the deep ocean floor. I do not have to recapitulate the events which have led to the present activities of the Seabeds Committee of the General Assembly. It is important to recognize that any regime which is agreed upon will have a great impact, not only upon the development of marine resources, but upon the other uses of the oceans. Since a major use of the oceans is and will continue to be

marine transportation, it is essential that the regime developed not be incompatible with this use. The world knows very little of what resources are recoverable from the oceans. We fear that precipitous decisions based only upon fond hopes as to what the oceans might contain would do major harm. Our first need is for a timely inventory of these resources. In view of the considerable international interest in the seabeds -- which has to a large degree been engendered by an as yet unsupported appraisal of the ocean's resource potential -- it is essential that we proceed now to develop the factual base from which an intelligent and workable regime can be derived.

The Commission very strongly emphasized the need for a better understanding of oceanic and atmospheric interrelationships. Among the most pressing needs for such understanding are those relating to improved weather forecasting. Such an understanding may also culminate in an ability to abate or diminish some of the natural catastrophes which are so costly in human life and our national wealth. The cost to the Nation of Hurricane Betsy alone was over a billion dollars and we have not yet reckoned the costs of Camille. We can ill afford to suffer such losses. As our coastal zone becomes more and more heavily populated and industrial activities proliferate, the potential for loss becomes even greater. Improved weather forecasting is also a matter of great concern to the various transportation modes and the Federal Aviation Administration and the Coast Guard cooperate very closely with the Environmental Sciences Services Administration.

While these areas of endeavor would be high on any priority list of the Department's, we recognize that a different perspective might result in a different ranking. The point, however, is that some ranking is essential if we are to move forward with the resources and organization necessary to the achievement of national oceanic and atmospheric objectives.

I would now like to discuss some of the direct effects of the Commission's organizational recommendations, and H.R. 13247, on our Department.

The Department of Transportation was created in 1966, with strong support in the Congress, and the Secretary of Transportation assumed his full responsibilities under the Department of Transportation Act on April 1, 1967. This legislation for the first time brought into being an executive department concerned with fostering safety and efficiency in a field of national activity involving more than one-fifth of the gross national product of the country.

The Department is still very young, and the benefits of consolidating the bulk of the Nation's transportation functions under a single Cabinet Secretary are only beginning to emerge. The Nation now has, however, the organizational framework for developing a balanced, healthy, efficient and safe national transportation system.

The safe and efficient movement of people and goods was the single most important objective of the Department of Transportation Act, and it placed under the Secretary most Government functions necessary to achieve

that objective. The entire Federal Aviation Agency, previously independent, became an integral part of the Department as did the Coast Guard which, for many years, had been a part of the Department of Treasury. In addition to these elements, all responsibility relating to automobile safety standards, highway safety, safety of motor carriers, railroad safety, and pipeline safety were lodged in the Department.

Placing these functions under a single official, enables us to deal effectively with the inter-modal characteristics of providing navigation aids, conducting search and rescue, handling of hazardous materials, conducting investigatory and regulatory processes, and so forth. The Secretary of Transportation can now bring consistency and strength into the Government's transportation safety programs regardless of the mode of transportation involved. One relationship which has become particularly apparent is the similarity between the roles of the Coast Guard and the FAA, which perform analogous functions relating to the safety of the marine and air transportation modes.

Having succeeded in bringing the Federal transportation programs together, we view with great concern the proposal to move one of the key transportation agencies, the Coast Guard, to another location of the executive branch. Such a move strikes at the very reasons for the existence of the Department and undermines the objectives of Congress in enacting the Department of Transportation Act. Therefore, while we support measures which will foster improved coordination of matters which bear directly on the advancement of marine science, engineering, and

resource development, we strongly object to the movement from the Department of operational activities relating to transportation safety and efficiency.

There may be those who would question whether the Coast Guard is primarily concerned with transportation. We can best answer by reviewing the principal missions of the Coast Guard in time of peace. They fall into a logical pattern consisting of three major functions -- law enforcement, maritime safety, and military readiness, the first two of which are inseparably related to marine transportation.

The Coast Guard is the general maritime police agency of the Federal Government. Its responsibility in this field as defined by Congress in 1936 embodies the enforcement of all Federal laws upon the high seas and the navigable waters of the United States and its territories. In addition to the laws designed to regulate and promote navigation they include a broad spectrum of criminal law, oil pollution enforcement, port safety, conservation laws and many others.

The second major function of the Coast Guard in normal times is that of maritime safety. The Coast Guard is the principal maritime safety agency of the United States and responsible for setting standards for the merchant marine, boating safety, search and rescue, aids to navigation, port safety, and domestic icebreaking -- to name some major areas of operations. The "marine science" tasks which the Coast Guard now undertakes are also mostly related to transportation safety, for example, the National Data Buoy System Development Project is aimed at understanding better the environment in which transportation is done.

Among other maritime safety activities of the Coast Guard are its administration of laws and regulations related to the inspection of merchant vessels and their safety equipment, as well as the licensing and certification of their officers and crews. These inspection activities include the review of plans for construction or alteration of merchant vessels; the periodic inspection of ships and their equipment; the inspection and approval of lifesaving and fire-fighting equipment; the supervision and enforcement of discipline on merchant vessels; and the investigation of marine casualties and accidents. The Coast Guard also makes a major contribution to the prevention of marine casualties through its operation of the country's extensive and complex system of aids to navigation. These include lighthouses, lightships, offshore structures, fog signals and buoys as well as sophisticated electronic systems serving both sea and air.

Maritime safety considerations also have strong international implications. The Coast Guard is the United States' principal technical advisor with regard to the Intergovernmental Maritime Consultative Organization. Through IMCO, the Safety of Life at Sea Convention is under continuing review and in addition to these regulations, IMCO makes recommendations as to safety procedures. The Coast Guard is also involved with the International Association of Lighthouse Authorities, the International Civil Aviation Organization, the International Ice Patrol, and the enforcement of international treaties and conventions concerning the fisheries.

The third major responsibility of the Coast Guard, of course, is that of maintaining its personnel and facilities in a state of military readiness as a member of the Armed Forces of the United States.

Beyond this, the Coast Guard is deeply involved in marine science and technology, and would expect to play an expanded role as part of a total national program. It is prepared to play such a role by virtue of a large floating plant, support bases around our coasts, an effective marine communications network, a high level of expertise in marine matters, and a dedicated organization skilled in developing and executing national programs. Thus, the Department would encourage the fullest possible involvement of the Coast Guard in marine science and technology matters. But moving 43,000 military and civilian personnel, along with large transportation and national defense programs, to a new independent agency could seriously damage the Nation's ability to carry out its transportation functions, and it would not necessarily contribute to the achievement of our national goals in marine science.

I have indicated that it would not be appropriate under present circumstances to go into the specifics of alternative organizational arrangements for the conduct of marine science programs. I suggest, however, that the combination of scientific and operational programs in one agency may impair the effective administration of either activity. Experience indicates that the two do not mix well. We think that major Government programs involving continuing services to the public should be kept under the Cabinet departments where they can be effectively coordinated under the general oversight of the President.

In closing, I would like to affirm our support both of a strengthened Federal program aimed at developing the resources of the oceans, and of appropriate organizational measures designed to assure coordination and leadership of marine science activities. Some time ago our Department examined its position regarding marine science, marine engineering and marine resource development, as defined by section 8 of P.L. 89-454. In December 1967, the Secretary approved and published the following statement of policy:

"In order to respond to national goals in a manner commensurate with its capacity and its missions, the Department of Transportation marine science program shall:

Identify, support and, as necessary, plan and implement policies and programs in furtherance of the Department's transportation and marine science responsibilities.

Press for the development within the Department of an improved research and development capability in the marine sciences, supported by a permanent staff of scientific and technical personnel having the highest possible level of professional competence and experience.

Accept responsibility to provide services in support of validated marine science projects within its capabilities.

Seek funds for additional capability for the marine sciences where there is a relative scientific technical or operational void in the Federal establishment and where management by the Department can be clearly cost-effective and in the national interest."

We believe this policy is in complete accord with the objectives of H.R. 13247 and the Commission's report, and reflects the close relationship of those objectives to our national transportation objectives. We are convinced that, without impairing the unified direction of the Government's transportation functions by removing the Coast Guard from the Department, we can continue to efficiently and effectively serve the national interests in both marine science, engineering and resources and in transportation.

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

REMARKS PREPARED FOR DELIVERY BY UNDER SECRETARY OF
TRANSPORTATION JAMES M. BEGGS BEFORE THE 88TH ANNUAL
MEETING OF THE AMERICAN TRANSIT ASSOCIATION, QUEEN
ELIZABETH HOTEL, MONTREAL, CANADA, OCTOBER 6, 1969

I am honored to be with you today representing the Department of Transportation and Secretary Volpe. As you probably know, he could not attend this meeting because he is representing President Nixon on an official visit with Pope Paul VI at the Vatican. He is also discussing mutual transportation interests with officials in Spain, Italy, and the United Kingdom.

He sends his greetings, and I know he is sorry that he cannot be with you for this important meeting.

It seems a little ironic that you have been meeting for 88 years, yet rapid transit is generally thought by the public to be a new and innovative form of transportation. Perhaps that disparity has something to do with the generation gap.

In any case, I keep remembering a young friend who recently was telling me of a great new look in men's fashions--the double-breasted suit. Well, I could tell him a few things about the double-breasted suit--just as I'm sure you can tell me a few things about public transit. I hope that your three-day program will help to develop the kind of dialogue needed between Government and industry as we consider solutions to our urban problems.

Montreal is certainly a perfect setting for your annual meeting. It is not only a charming and beautiful city, but the Montreal Metro in many ways is a model mass transit system. And Mayor Drapeau should feel a great sense of personal pride when he views this wonderful accomplishment.

For most Americans, the words "mass transit" or "subway" conjure up visions of a descent into the darkness of a concrete tunnel that is often depressing and sometimes frightening. To be honest, it wasn't until Expo '67 and Montreal's Metro that people were given a glimpse of any reason to think differently.

We in the Department of Transportation are always pleased to see the kind of cooperative planning that produced one fare and one ticket, good for either bus or subway. Metro's individually designed subway stations and its overall cleanliness and comfort are indicative of the fact that in Montreal "It's People that Matter!"

But sometimes I wonder what's the matter with people. I recently read that the supposedly silent peak of the Matterhorn, thousands of feet above the roar of civilization, is so congested on weekends that climbers are permitted only 45 minutes on top before they have to move off to make room for the next party.

That makes about as much sense as Twiggy trying to improve her figure by going on a diet.

And it is not unlike our seemingly incessant need to answer today's problems with bigger versions of yesterday's solutions. No pun intended, but highways have gone about as far as they can go, at least in the central city area.

We must find alternative means of transportation that will produce a balanced system capable of handling the needs of our citizens. This is really a rather simple idea; and I find that most everyone is willing to embrace the concept.

But, implementation is another story. It is much easier to talk about obtaining balance than it is to actually produce it. One of the reasons why our present problem is so nearly of crisis proportions is that we have supported one transport mode well--namely, highways--while practically neglecting the others. When a city is nearly saturated with highways and desperately needs other forms of mass transit, we must find a way to make a commitment that will register on the scales of accomplishment. We will, of course, continue to have an aggressive highway program. And we must realistically face the fact that transit construction will not catch up over night.

But priorities must be established. And at the Department of Transportation, urban transit has the bright red tag of top priority.

Secretary Volpe often tells the story of his "first priority" problems after joining the Cabinet. They were the Supersonic Transport and airport flight restrictions. Coming as I did from the National Aeronautics and Space Administration, I too felt that our most immediate concern was in aviation.

And that is an area in which we must move quickly and effectively. Only two weeks ago President Nixon announced plans to continue development of the SST. And we also have an airport/airways expansion bill before Congress which we feel will greatly help in solving many of our aviation congestion problems.

But, both Secretary Volpe and I now realize that the most urgent problems, of the most consequence to the most people, are in our cities. And they are not simply car problems--they are people problems.

Nearly 80 percent of all Americans wake up each morning to the distinctly urban sounds of a police whistle or car horn. By the end of this century that proportion will rise to 90 percent. If our total population doubles by the year 2000, as it is expected to do, moving about the city will be as difficult as shopping at a January clearance sale.

And if the automobile population continues to increase at its present rate of 10,000 per day, every street in America will become a vinyl-covered parking lot.

In addition, dependence on the automobile has created a host of social problems in our cities. With most new jobs now being created in city suburbs, the unemployed person seeking a job is compelled to use low quality, increasingly costly public transit--and often no transit is available at all.

President Nixon pointed out the need and gave us direction when he said, "About a quarter of our population lacks access to a car. For these people--especially the poor, the aged, the very young, and the handicapped--adequate public transportation is the only answer."

It may also be the answer for many others. Much has been said about the relationship between man and his double-barreled, souped-up, fully-carpeted, 380 horse power independence known as the automobile. Tom Paine, of NASA, described this affinity for the automobile very appropriately when he said, "Man wants to be a centaur. He can enter into a relationship with a machine that's almost frightening." But, what alternative has the individual had--a bus ride only slightly faster than a funeral procession, or a subway trip at the risk of being impaled on some little old lady's umbrella.

I believe that, as Montreal has demonstrated, the bus and subway can be made attractive and efficient. We can improve bus travel times with reserved lanes, one-way streets, limited on-street parking, and other administrative steps.

Only two weeks ago we initiated in Washington the nation's first exclusive use of Interstate Highway lanes by passenger buses. Two lanes of a four-mile stretch of Interstate 95 leading into the Capital City were turned over to in-bound buses during the morning rush hours. This has clipped from 10 to 15 minutes off the travel time for some 2,000 commuters.

And I would like to throw out another idea at this point that we haven't heard much about--the mass transit movement of freight. As long as we are talking within the realm of the year 2000, consider the inter-city movement of freight necessary to serve over 300 million urban consumers. That will require a lot of trucks. And when the movement of goods restricts the movement of people, it's a people matter. It might also be an interesting new market for your exploration.

What this all boils down to, of course, is the need for a good deal of money to aid public transit--money which must be supplied by the Federal Government. If urban residents are to be given a meaningful choice in their mode of transportation, more than \$20 billion will have to be spent in the next 12 years to construct new rapid transit systems, modernize existing systems, improve bus transportation, and develop new forms of public transportation.

Current mass transit program funding levels are simply too low to even scratch the surface of this need. We realize that Federal funding must be both substantial in amount and available on an assured basis.

This leads me to the subject with which you are all familiar--the bill we recently submitted to the Congress known as the Public Transportation Assistance Act of 1969. This program would provide \$10 billion in Federal grants and loans for the 12-year period from 1971 through 1982 on a two-thirds Federal and one-third local share basis.

Initially, we are seeking funding for the first five years of the program in successive annual amounts of \$300 million, \$400 million, \$600 million, \$800 million, and \$1 billion; totalling \$3.1 billion of Federal funding during this period.

I would like to be very candid with you today concerning the rationale which went into the drafting of this bill. I am well aware that you gentlemen, as representatives of the transit industry, would very much like to see a trust fund approach for the public transportation area, similar to that now in operation for the highway program. There is no question that such an approach, if feasible, would help provide the type of long-term committed revenue which could be applied to the kind of public transportation problems which we now face.

When we began to look at the alternate methods of constructing a public transportation bill last spring, we looked very hard at the possibility of setting up a trust fund for public transportation. We, too, attempted to rationalize a program which would be similar to the Federal-Aid Highways Act. However, as we became more aware of the differences in the two programs, we were finally forced into the realization that the trust fund approach simply is not practical for the public transportation field.

In order to understand this, I think it is important to recognize that regular Federal tax dollars are not applied to the Federal Highway Program. The funding for this program comes directly from the highway user, is held in trust for him, and is then used to build and maintain the highways he uses. Thus, there is an equitable relationship between the revenue source and the program funding.

When you look at public transportation, however, this is not the case. Public transportation is exactly what its name implies, a public responsibility, serving the public. If we were to tax any one group--such as automobile users--to provide a public transit trust fund, we would not be equitably matching revenue source with user benefits.

Also, any attempt to tax the public transit user directly seemed doomed to failure from the beginning, since this group is represented primarily by lower income people who can least afford such a tax.

After we had run through these alternatives and several others, we then looked at the possibility of levying sumptuary taxes which could be used as a revenue source for a trust fund. You will recall that Secretary Volpe has had experience with this in Massachusetts. Despite the fact that one cannot argue against such a tax on moral grounds, we finally reached the conclusion that the disparity between the user and those who would foot the bill was simply too great to make this approach feasible on a national scale.

And so, we finally reached the point where we stand today, the conclusion that the public at large should support the requirements for public transportation in a manner similar to that by which police departments, fire departments, and other public services are supported. This, in essence, is the basis behind our decision to provide funding for public transportation from the general fund of the Treasury. In this way, no one group will be singled out as the primary revenue source.

We firmly believe in our logic and reasoning behind this decision. Furthermore, we feel that the bill which is now before the Congress presents the best method for handling the actual mechanics of program funding.

We realize that cities and private operators must have long-range assurances if they are to undertake a public transportation project of the required magnitude. In our opinion, contract authority is the best method for assuring that the needed funds will be available. In this

legislation, we are committing ourselves to continuing Federal financial support. Contract authority makes that commitment. I should point out, however, that the final availability of Federal funds, even in the highway trust fund, depends on the attitude of Congress.

Many of you gentlemen are private transit operators. We in the Department realize the tremendous contributions you have made in the field of mass transit. This bill recognizes your efforts. It also recognizes past Federal inequities involving the private operator.

We are going to correct that situation with the Public Transportation Assistance Act of 1969. Assistance would be available under this Act to private transit operators to help them purchase equipment and improve service, if the application for such aid is approved by the State or appropriate local public agency.

This bill is the most workable proposal that long and painstaking consideration could produce. It will get the public transportation program substantially under way and provide the mechanics for completing it. As in many Government programs, more money could be spent to good effect. But our goal now is to make a beginning, and that we can do.

The Department stands strongly behind this bill and is optimistic that it will be passed during the 91st Congress. We hope that you will study its provisions carefully and try to place yourselves in an objective position regarding the pros and cons of the various possible alternatives that could have been taken. I hope that you will then find

it possible to lend your valuable support to this program.

President Nixon often declared during the campaign that what America needs is "imaginative enlistment of private funds, private energies, and private talents, in order to develop the opportunities that lie untapped in our urban heartland."

As I look over this distinguished audience of transit association members, I see the private talent and energy that is needed. Much has been said about the extraordinary alliance between Government and industry in developing the space program. I am proud to have been a part of that alliance. And I know that it can be duplicated in meeting America's transportation challenges.

Let's make today mark the beginning of that effort.

Thank you.

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STATEMENT OF JAMES M. BEGGS, UNDER SECRETARY, DEPARTMENT OF TRANSPORTATION,
BEFORE THE SUBCOMMITTEE ON OCEANOGRAPHY, HOUSE COMMITTEE ON MERCHANT MARINE
AND FISHERIES, REGARDING COASTAL ZONE MANAGEMENT, WEDNESDAY, OCTOBER 29, 1969.

Mr. Chairman, members of the Committee, and fellow panelists:

I appreciate this opportunity to participate in this conference on coastal zone management. I will try to cover briefly the various ways in which the Department of Transportation is concerned about the uses of the Nation's coastal zone. These concerns stem not simply from the many programs administered by the Secretary of Transportation but, to a significant degree, from the Secretary's role as the President's principal adviser on the whole spectrum of national transportation policies.

Transportation, of course, is one of the major users of the Nation's coastal zone. Whether it be ports and harbor facilities -- or highways, railroads, airports or pipelines -- transportation is a competing claimant on the zone. There are no exact figures available, but it is well known that highways, with their associated bridges and other appurtenances, require thousands of acres of land that lies within the coastal zone. So, too, do railroads and airports. Kennedy and LaGuardia Airports in New York, Logan Airport in Boston, the San Francisco International Airport, and Washington National Airport are actually built on lands partly reclaimed from the water. These are but a few examples, but they help document my belief that, in thinking about the relationship between transportation and the coastal zone, too often we think of it in terms only of ports, harbor facilities, and seagoing vessels. We must be equally concerned with the other aspects of transportation for they also represent large claimants

on the physical space lying within the zone -- space that can be used for myriad other purposes, ranging from wildlife preserves, to recreation, to housing, or to general industrial development.

In looking to the future and assessing transportation trends, it is clear that the transportation demands on the coastal zone are certain to become greater. International cargo movement alone -- by sea and by air -- is projected to increase even more in the next decade than domestic goods movement. This will require not just new or improved port facilities designed to handle container traffic, but it will also necessitate more airport air cargo facilities, new or expanded railroad freight handling investment, and additional airways. All of this means that transportation, just as with virtually every other segment of our economic and social life, will be imposing new demands on the scarce space that lies within the coastal zone.

Although I have stressed the breadth of transportation's involvement in the zone, let me now give closer attention to several of the Department's programs that bear directly, in an operational sense, on the uses of the Nation's coastal areas.

The Coast Guard has been engaged in the detecting and reporting of violations of the Oil Pollution Act of 1924 since its enactment, and has worked cooperatively with the Corps of Engineers in the enforcement of the other applicable pollution statutes. Under the provisions of the National Multi-Agency Oil and Hazardous Materials Pollution Contingency Plan of September 1968, Coast Guard forces are involved in surveillance activities and in most areas provide on-scene commanders to carry out

pollution control measures in the case of spills of oil or other material. This activity is, of course, nationwide. The availability of our communications network and Rescue Coordination Centers on a twenty-four hour a day basis is a most important part of our contribution.

As you know, the House has passed H.R. 4148 which would repeal the Oil Pollution Act of 1924 and substitute therefor a much more comprehensive anti-pollution program. The Senate has also passed H.R. 4148 in an amended form. It appears likely, therefore, that we may have by the end of this session of Congress a more effective law on the books. The Coast Guard would play a very substantial role under that law in regulating and enforcing control of sewage from vessels, policing violations of oil discharge regulations, and directing cleanups of oil spills or spills of other hazardous materials.

Through the Coast Guard, the Department is also directly concerned with the transportation of hazardous materials. These represent a potential, not only for ecological injury, but for serious, even cataclysmic damage to our ports and waterways. New commodities, the properties of which are not fully understood, are being manufactured and shipped in increasing quantities. Bulk carriage of these materials by water, particularly on the river systems and the intracoastal waterways, is increasing. These hazardous materials in very large containers pass through many of our highly populated communities with little or no awareness on the part of the authorities of the potential risks involved. The Coast Guard has undertaken to assure the containment of the cargo in the vessel or barge and the container even under adverse conditions by regulation, inspection, and enforcement of standards. The

Coast Guard has also established a pilot hazardous materials advisory center in Houston whose functions include collecting information concerning the known physical characteristics of these materials, appropriate handling practices, and pertinent casualty control measures. This data is disseminated to the watermen and others involved in transporting the materials. The center is telephonically available on a twenty-four hour a day basis for additional information.

In the coastal zone, the increasing concentration of marine traffic has heightened the collision risks, which could in some cases involve substantial spillage of oil or other deleterious material. Accordingly, the Coast Guard has developed and placed into effect a number of traffic separation schemes off major ports wherein separate one-way lanes are provided. These schemes have been established through the joint efforts of the private sector, port authorities and interested Government agencies. These are not mandatory, but are in the nature of recommendations. We hope that this method will prove satisfactory. Attempts to impose mandatory control measures on vessels would not only entail a major change in our domestic legislation but would require international agreement as well. We intend to monitor the efficacy of these schemes very closely. At the same time, of course, we are actively pursuing new and better methods of aiding navigation, with particular attention upon the coastal zone.

The Coast Guard has also been active in anti-pollution activities on the Great Lakes. Every major cutter and nearly all of the shore stations have been involved at one time or another in activities related to limnological and pollution abatement research. Our contribution has been

in the form of providing the necessary facilities for scientific and technical personnel from Federal agencies, state agencies, and university laboratories to obtain data and monitor natural processes.

Turning to the other side of the coin, how do transportation activities affect the coastal zone and what is the role of the Department in attempting to minimize those effects? Perhaps the best example is the recently well-publicized problem of the Everglades and the proposed new jetport. Without going into all of the details as to how that problem arose and how it is being solved, the Everglades situation demonstrates why the Federal, state, and local governments must work closely together in developing public facilities in recognition of their potential environmental impact. It is also a good case in point as to how we within the Federal Government have to work together to assure that all aspects of major public works projects are fully evaluated.

Another example of transportation impact is the Federal highway program. Highways can have a significant effect on the coastal zone in two ways:

- (1) by opening up new coastal areas and encouraging their development and
- (2) by the construction itself which, through silting or changes in drainage, can change the ecology of a particular area.

The coastal zone, of course, also includes the ports where the typical waterfront industrial complex occupies some of the most valuable land in the city. Changes in shipping and port operations have led to making these areas the most unattractive and run-down sections of the city. Abandoned piers, warehouses and hulks cluttering the waterfront contribute to the general

impression of decay and untidiness. Urban renewal and the recognition of potential benefits in planned use of waterfront property is necessary for corrective action and requires interagency action. The Department of Transportation through the Coast Guard, Railroad Administration, Urban Mass Transportation Administration and the Highway Administration is directly concerned with this area of major interface between transportation modes.

The Arctic is a developing area of major concern to the Department of Transportation as well as to other Federal agencies. The petroleum discoveries in the Prudhoe Bay and the achievement of the MANHATTAN in transiting the Northwest Passage have focused attention on the resource potential of the Arctic and sub-Arctic portion of the United States. The State of Alaska has a very large proportion of our coastal zone, most of which is as yet untarnished by the hand of man. Here we have an excellent opportunity to take advantage of the many errors that we have made in the "lower forty eight". It is clear that Alaska has a tremendous potential which will be exploited. What we must do is assure that the exploitation is wisely planned and carried out. In the Department of Transportation we have made a number of studies concerning various aspects of the matter because transportation is the key to Alaskan development. We have worked closely with other agencies on these studies and will continue to do so in the future. We are exploring the concept of transportation corridors in order to minimize adverse impacts on the ecology. We are exploring alternative transportation modes seeking a balanced and effective mix. We are examining the problems involved in the establishment of ports where none have existed

before. It is obvious that the other uses of the coastal zone must be taken into account in the development of Alaska, and having a clean slate to work on, the opportunity is present now to do a good job of it.

In directing the Department to coordinate and promote transportation development in the United States, the Congress was not unmindful of the need to develop transportation in a manner consistent with environmental considerations. For example, section 4(f) of the Department of Transportation Act declares it to be the national policy that "special effort should be made to preserve the natural beauty of the countryside and public park and recreation lands, wildlife and waterfowl refuges, and historic sites." In line with this responsibility, Secretary Volpe has established within the Department the Office of the Assistant Secretary for Environment and Urban Systems. It is the responsibility of that office, among other things, to assure that procedures are established for the systematic consideration of the environmental aspects of all transportation activities carried out within the Department.

While the Department can influence the direction of transportation development to take account of environmental considerations, its influence is definitely limited. Much transportation development is either undertaken privately or at the initiative of state or local governmental agencies, in some cases with a relatively small amount of Federal assistance. While all of the Federal aid programs administered by the Department require that transportation projects be consistent with local planning, it is up to the local planning bodies to assure that the transportation development included in their plans is consistent with broader environmental considerations. Needless to say, we have a long way to go in state and local planning in this regard.

In our view, there is certainly a need for a national policy on the coastal zone. We need to develop national goals and policies for the multiple use, development, and conservation of the coastal zone which is a valuable but threatened and diminishing national resource. Such national guidance is essential to effective planning by state and local agencies.

The program recently announced by the Vice President is intended to meet this need. Under that proposal, grants would be made for the initial development by the states of planning and regulatory mechanisms and for the operation of the state management systems that are developed. The Department has had some experience in this type of joint Federal/state activity. While I am convinced that it can work, we should be under no illusions. It will take hard work on the part of all concerned to make it work well.

In summary, Mr. Chairman, I think the answer to the problem of coastal zone management lies in a clear understanding on the part of the public that mankind can no longer afford to be profligate in its expenditure of natural resources. We have done an incredible amount of damage to our environment and, in some cases, it is questionable whether we can reverse the process of decay even if we try. In most cases, however, it is not too late to reverse the trend. I think the interest and activity of this Committee as demonstrated by today's conference, and the actions of the Administration to develop a long-term program as announced ten days ago, are the best evidence that the public has become aware of the problem. The need now is to follow through in an effective way.

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