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STATEMENT OF JOHN A. VOLPE, SECRETARY, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS, SENATE BANKING AND CURRENCY COMMITTEE, REGARDING AN AMENDMENT TO THE PROPOSED PUBLIC TRANSPORTATION ASSISTANCE ACT (S. 2821), TUESDAY, NOVEMBER 18, 1969.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to appear before you again in connection with your consideration of S. 2821, the Administration's proposed Public Transportation Assistance Act. In my appearance on October 14, Mr. Chairman, I indicated my willingness to work with the Committee in developing an amendment to the funding provisions of the Administration bill. The objective was to permit long-term commitments to local public agencies of the funds authorized under the bill, and I felt we could work out something mutually satisfactory to give the states, cities and counties the long-range type of assurance they felt necessary.

I have since met with Senator Williams and with Senator Tower, the ranking Minority member of this Subcommittee, to work to this end. My staff has also met with the Committee staff. I am delighted with the cooperation we have enjoyed. I think the compromise we have reached will strengthen the Administration's bill. I understand that these changes will be reflected in a clean bill to be introduced today in the Senate and I am glad to be here this morning to discuss them.

With the amendment we have agreed upon, \$3.1 billion will become available for obligation immediately upon enactment of the bill; and the Secretary of Transportation will be able to pledge by contract the full Federal share of multi-year local transit development projects, up to the

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limit of \$3.1 billion. The only restriction will be on the rate at which money can be expended under the contracts entered into. And let me emphasize -- this is only a matter of the mechanics and timing of expenditures. The amendment provides that appropriations to liquidate obligations -- in other words, the expenditures -- may not exceed \$80 million during fiscal year 1971, an aggregate of \$310 million prior to the end of fiscal 1972, an aggregate of \$710 million prior to the end of fiscal 1973, an aggregate of \$1,260 million prior to the end of fiscal 1974, an aggregate of \$1,860 million prior to the end of fiscal 1975, and thereafter not to exceed an aggregate of \$3.1 billion. The compromise amendment further provides that, when the Secretary returns to Congress every two years for additional authorizations of funds for the fiscal years beyond 1975, he shall also recommend any necessary adjustments in the expenditure limitation schedule.

While the expenditure level in the first two years might seem low in relation to the obligational authority, it is consistent with our past experience under the Urban Mass Transportation Act of 1964. For example, in fiscal year 1965, the first year of the Urban Mass Transportation Assistance program, nearly \$60 million was obligated but only \$1.3 million was expended. Through fiscal year 1970, out of a total program of \$795 million, it is estimated that only \$400 million will have been expended, or about 50 percent of the total amount obligated. In returning to Congress every two years, we can make any necessary adjustments in the schedule based on our experience under the new program.

I should make one point clear -- the proposed expenditure limitations apply only to the new monies to be obligated under the Administration's bill. There will be no limitation on the expenditure of monies already appropriated pursuant to previous authorizations. These should amount to about \$300 million in fiscal 1971.

The other substantive amendment being made by the clean bill relates to the funding of the escrow account by private transit companies. We had originally proposed funding the full depreciation of buses or rolling stock purchased by private companies with Federal financial assistance. The amendment would require private companies to fund the account in an amount equal only to the Federal grant. If the grant were for two-thirds of the cost, only two-thirds of the cost would have to be funded. This amendment is acceptable to the Administration.

To sum up, Mr. Chairman, I think the proposed amendments will make a good bill better and further encourage our cities to get on with the massive job which needs to be done to develop, improve, and expand public transportation in the United States.

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

