

PREPARED TESTIMONY OF ROBERT E. PATRICELLI, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION, BEFORE THE TRANSPORTATION SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE, FEBRUARY 23, 1976.

Mr. Chairman and Members of the Committee:

I am pleased to appear before this Committee to present the fiscal year 1977 budget request of the Urban Mass Transportation Administration. This is my first appearance on a basic appropriations request before your Committee, and as a freshman Administrator I thought it might be fitting to begin my testimony by sharing with you some of my thoughts and impressions after the first six months on the job, and also some idea as to the direction in which I would like to see us go.

Last year, Mr. Chairman, you opened the hearings by asking my predecessor, Mr. Herringer, what he believed to be the most severe problems facing mass transportation and how effectively the UMTA program was meeting them. I think this question is as relevant today as it was 12 months ago, so I would like to take this as the starting point for my testimony.

Rising Cost of Transit Construction and Operation

I see the problems facing urban mass transportation as falling in two major categories. The first set of problems

has to do with the mounting cost of transit construction and operation, and its effect on the viability of mass transportation.

The increases in operating deficits are particularly disturbing. These deficits, according to data from the American Public Transit Association, have increased from \$513 million in 1972, to \$738 million in 1973, to almost \$1.3 billion in 1974. According to preliminary estimates they were in the range of \$1.6 to \$1.8 billion last year. In other words, transit deficits have grown some 300 percent over the last three years.

The deficits have been increasing because the cost of transit operation has been rising much more rapidly than operating revenues. While operating expenses increased by 60.5 percent from 1970 through 1974 (a rate of 12.5 percent compounded annually), operating revenues rose by only 11.3 percent (a rate of 2.7 percent annually). This trend has continued through 1975. We have recently conducted a survey of transit service, cost and revenues in the 25 largest urbanized areas to assess the 1975 situation. While operating expenses have increased from 1974 to 1975 by 15.2 percent, operating revenues have increased by less than one percent.

The causes of the mounting operating costs seem to be rooted not in increased amounts of service offered, but in the increasing cost of providing a unit of service. Transit vehicle miles traveled increased at only one-tenth of 1 percent annually, 1970-74, but the average cost per transit vehicle-mile has expanded at an average annual rate of 11.4 percent from 1970 through 1974. Preliminary data for bus operations in large cities indicates that this trend is falling off: from 1974-1975 bus transit vehicle-miles increased 5.1 percent while average costs per transit vehicle-mile increased 7.0 percent. Increases in the cost of labor and fuel appear to be the dominant factors in this escalation. Between 1970 and 1974 total labor costs increased an average of 10.8 percent annually. Preliminary data from our survey of 25 urbanized areas indicates an 11.7 percent increase in total labor costs and an 11.5 percent increase in energy costs over 1974. The much more slowly rising operating revenues, on the other hand, represent to some extent a deliberate decision by localities to maintain or lower transit fares in order to retain and attract new transit patrons.

We are also concerned about the mounting cost of transit construction and equipment. The cost escalation of the Washington METRO from \$2.5 billion in late 1968 to \$4.65 billion today has been widely noted. Less well known but equally disturbing is the rapidly rising cost of new

transit cars and buses. Rapid transit and commuter rail cars which were priced at \$300,000 six years ago--at which prices, by the way, manufacturers lost millions of dollars--are quoted at prices up to \$750,000 today. Transit buses have gone up in price 30 to 40 percent in the last three years and today average some \$65,000 each.

One thing I believe we can do to counter this trend is to strive toward greater standardization in equipment and in the terms and conditions of procurement contracts. We have reached a stage when there is simply no rational excuse for continuing to fragment what is already a limited market with customized equipment and options. We are working closely with the transit properties and equipment manufacturers on these issues. I am hopeful that in the near future we will be able to define standard specifications for rail cars and buses and that we will develop contract terms and conditions that balance more fairly the risk and cost between the transit properties and the equipment suppliers.

We have been aggressively pursuing a number of other efforts to control costs. First, we are requiring all applicants for major capital grants to carry out a detailed analysis of transit alternatives as a condition of eligibility for UMTA assistance. An important criterion of approval of capital projects will be the extent to which a project can be implemented in a cost-effective manner.

Secondly, we are requiring urban areas to seek improvements in transportation service through effective management and operation of existing facilities as well as through capital construction. The problem in many cities is not inadequate transportation capacity, but inefficiently used existing facilities and services. We are requiring urban areas to come up with plans that would make a more productive use of what facilities they already have.

Thirdly, the Department has embarked on a research and development program whose goals are to reduce subway construction costs by 30 percent and to increase construction rates by 100 percent. There are indications that improved tunnelling methods and construction techniques will enable us to meet or exceed these goals.

Finally, we have introduced the so-called "full funding" approach to capital grants. Under this approach UMTA establishes a ceiling on the Section 3 dollar commitments to a defined major capital investment project, requiring non-Federal resources to be used to complete the project in case of any cost overruns. We have adopted this approach in the case of major construction grants to Atlanta, Baltimore and Philadelphia. In the case of Atlanta, we have been informed, the funding ceiling has been very effective in

keeping down costs and in encouraging the use of a number of tough bidding and contracting techniques. As a result, construction contracts in Atlanta now average 17 percent below the cost estimates.

I firmly believe that as a public servant it is my duty to spend the taxpayers' money wisely. I do not think that anyone can read the history of cost escalation in large public works projects without taking all steps possible to dampen this trend. This is why I propose to apply the full funding approach in the future also to any multi-year grants we might make for rail transit modernization and to lesser construction projects, such as bus garages and maintenance facilities.

Having said this, I wish to stress that rapid cost escalation is not unique to mass transit. Highway construction costs have also risen rapidly. Indeed, while the Washington METRO costs have increased at a rate of 11 percent compounded annually between 1968 and 1975, many interstate highway projects increased at a rate of 12 percent. Overall, the METRO cost estimate increased at a comparable rate in the 1969-75 period as the cost estimate for the post-1970 period Federally-aided highway construction.

In general, while there is no question that rapid transit construction has been subject to considerable-and in my view inexcusable-cost escalation, the rates of cost inflation have not been significantly different from those experienced by other major public works projects, including urban highway projects. This is a fact which tends to be ignored in many studies and discussions of rapid transit and which gives a mistaken impression that non-transit solutions may provide less inflation-prone answers to urban transportation problems.

Attracting Transit Ridership

This brings me to my next point, and that is the challenge of attracting more people to mass transportation.

There is no doubt that the automobile, with its attributes of personal comfort, privacy, instant availability, security and high reliability offers tough competition to mass transportation. Despite the mounting traffic congestion and the growing operating and parking costs, the automobile is still the preferred way most Americans like to travel. To attract significant numbers of people to mass transit, therefore, we must offer them services that are substantially more attractive, convenient and efficient than those which are typically available today. For example, this is one reason

why we are urging localities to look beyond the traditional means of mass transportation and explore innovative transit concepts that could offer superior service, especially in those suburban areas where regularly scheduled buses cannot operated on a cost-effective basis.

However, improved transit service is not likely to do the job alone. There is an emerging consensus among Federal and local officials--recently supported by a report prepared for the Senate Committee on Appropriations by the Office of Technology Assessment--that we must also discourage the unnecessary use of private automobiles. I do not mean to imply that we should prohibit the use of automobiles in downtown areas. Rather, I am suggesting that we should try to strike a better balance between automobiles and public transportation within metropolitan areas--a policy which may include some restrictions on auto access in heavily congested areas.

Both Secretary Coleman and I firmly believe, however, that any such measures must go hand in hand with efforts to improve the quality and availability of public transportation. We cannot in good conscience urge people to forego the use of their automobiles if they do not have convenient and reliable alternative means of transportation. Improved transit services must be a sine qua non of any efforts to reduce automobile traffic.

One of the most important efforts on the part of UMTA and the Department of Transportation during the last calendar year has been an attempt to address this set of issues.

I have in mind the so-called TSM or Transportation System Management requirement. The TSM requirement does not oblige urban areas to restrict the use of cars or to adopt any particular traffic control measures. Rather, it calls on urban areas to view urban roads, private automobiles and public transportation as elements of a single system which must be managed comprehensively in the interest of greater efficiency and productivity. We believe this requirement will have a very beneficial influence on our cities. It will help to conserve scarce Federal and local fiscal resources. It will promote transit usage and a more intelligent and socially responsible use of private automobiles. And it will result in a more efficient, more resource conserving and more environmentally compatible urban transportation system. In sum, we view transportation system management as an indispensable complement to further capital investment in highway and transit facilities.

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I would like to turn now to our fiscal year 1977 budget estimate. We are proposing a total budget of \$2,483.6

million. The estimate is comprised of capital facilities discretionary grants; formula grants; technical studies grants; research, development and demonstration grants and contracts; and administrative expenses.

Discretionary Capital Assistance Program

Our fiscal year 1977 budget estimate for discretionary capital assistance is \$1,125 million, essentially the same as last year. However, we anticipate an additional \$575 million from the transfer of funds from deleted Interstate highway projects, and \$325 million in capital spending under Section 5 of the UMTA Act. Thus, a total of \$2.025 billion is expected to be available in fiscal year 1977 to assist in the financing of transit capital costs.

The management of the Section 3 resource is an issue to which I have been devoting considerable attention, and one which I would like to address in some detail at this time.

Of the \$6.6 billion in discretionary capital authority, a large portion has been already effectively committed. If we subtract from the \$6.6 billion the administrative reservation actually made for fiscal year 1975, the estimated reservations for fiscal year 1976 and the transition quarter, and if we deduct further the multi-year pledges made to

Atlanta, Baltimore and Philadelphia there remains \$3.22 billion in the existing contract authority. We must thus husband our remaining resources and give careful thought to their most effective utilization.

Bus Acquisition and Replacement Grants

I have been troubled for some time by the fact that the UMTA capital program is serving to a large extent as an equipment replacement and modernization fund. In effect, the Section 3 resource is taking the place of the sinking funds and replacement reserves that would ordinarily be built into operating expenses on an ongoing basis. I recognize the reasons that have driven the transit industry to abandon the practice of setting up depreciation reserves, and I also realize that in the past the UMTA capital program had to concentrate on providing front-end capital for large scale rescue operations, given the deteriorated condition of the transit industry when the program started in the mid-1960's. However, these conditions are changing. Now that the task of assisting localities in the acquisition of failing transit companies and in large-scale expansion of their bus fleets is substantially completed, our aim should be to help cities institute an orderly process of phased replacement of aging bus vehicles. This need, I believe, can be met out of the formula-allocated program-- which is one of the reasons why the Administration intends

to seek an amendment to the UMT Act of 1964 to safeguard 50 percent of the formula grant money for capital expenses. In so doing, we will be asking the transit industry to do no more than to follow sound accounting principles of financial management, and to capitalize the cost of equipment replacement through annual depreciation reserves.

Nevertheless, I do not believe that it is fair to transfer the entire burden of bus replacements to the Section 5 program. The need for additional bus maintenance and repair facilities and the arrival on the scene of new bus designs will sustain the need for discretionary bus assistance for some time. We estimate this need at slightly above \$200 million a year for the next several years. For fiscal year 1977 our estimate for bus and paratransit support is \$225 million.

Rail Transit Modernization Grants

Rapid transit and commuter rail systems in New York, New Jersey, Chicago, Philadelphia, Boston, Cleveland and San Francisco carry some 27 percent of the Nation's total transit patrons. To prevent erosion of this ridership, to ensure safe operation and to protect the physical integrity of this plant, we see a continuing need to assist in the modernization and rehabilitation of the existing rail transit facilities

and equipment. This category of assistance will continue to constitute an important part of our discretionary capital budget over the next several years. For fiscal year 1977 we are estimating the need at \$370 million.

Support of New Systems and Extensions

While modernization of existing rail transit systems is and will continue to be a high priority of the UMTA capital grant program, I am mindful of the need to assist urban areas in extending their transit networks and, in a few selected cases, in building new grade separated transit systems.

Such systems can not only provide an effective and efficient way of handling large flows of travelers in dense urban corridors, but also be part of a broader city building effort.

However, in order to gain the full urban development and preservation impact, and to ensure cost effective operation, cities must take supportive actions. These actions can take the form of automobile management policies, land use policies that promote concentrated development, and other actions that will help to support and stimulate transit ridership.

This is not to say that we must have the money to support every deserving rail or bus project. I do not believe that it is necessarily wrong to have to reject or defer some funding requests. No single Federal assistance program can or should be expected to fund immediately every proposal submitted by localities, and the mass transportation assistance program is, in my view, no exception.

However, there are some cities that merit grade-separated transit--at least in certain travel corridors--on the grounds of anticipated travel volume and the effectiveness of such investments towards attainment of external objectives. This is why the support of new transit systems will continue to be an important objective of the UMTA capital program, and why I am anxious to preserve an equitable balance between the support of new and existing systems. In fiscal year 1977 we propose to allocate \$530 million to new transit systems. Of this amount \$405 million is budgeted for the continued support of the full funding commitments to Atlanta, Baltimore and Philadelphia. The remainder of these funds, \$125 million, will be used to assist in the financing of engineering and construction costs of new starts. We would hope to maintain roughly this level of funding for new systems for the remainder of the existing contract authority, with the obligations for new starts rising as those for Atlanta, Baltimore and Philadelphia begin to phase out.

Use of Interstate Transfer Funds

Our budget estimate includes \$575 million in Interstate transfer funds, of which up to \$400 million is planned for the Washington METRO, \$140 million for rail modernization projects in Massachusetts and Pennsylvania, and \$35 million for transit improvement projects in Oregon. In the case of the Washington METRO the \$400 million ceiling will not, in our opinion, interfere with the orderly progress of construction through fiscal year 1977.

This budget estimate reflects the President's recommendation for Congressional enactment of an annual obligation ceiling for Federal funds which are applied to transit projects implemented under the Interstate transfer provisions of the Federal Highway Act amendments of 1973 and 1974. The ceiling is designed to reflect the basic principle of the Budget Control Act of 1974 limiting the use of spending authority generated as a result of locally initiated transfer decisions.

Formula Grant Program

During fiscal year 1977 we are requesting \$650 million for the formula grant program, the amount provided for in the authorizing legislation. This is an increase of \$150 million over fiscal year 1976 and \$350 million over fiscal year 1975, the first year of this program.

The Committee might be interested in the status of delivery of these funds. As of January 31, 1976 \$329.3 million has been approved in formula grants, of which 94 percent was for operating expenses and 6 percent for capital expenses. These funds have been distributed to 106 different urbanized areas, or 38 percent of all eligible areas. However, programming actions have been completed by an additional 73 areas, for a total of 64 percent of eligible areas. There has been a noticeable difference in the degree of participation between the large urbanized areas (of over 200,000 population) and small urbanized areas (50,000 to 200,000 population). Initial programming action, which is a key indication of intended participation, has been completed in 85 percent of the large areas, but only in 51 percent of the areas under 200,000. UMTA is contacting those localities which have not applied for Section 5 funds in an attempt to identify the reasons for non participation and to remove any impediments to further involvement.

At this relatively early point in the life of the program it is difficult to pass any definitive judgments about the effectiveness of the formula grant program. In terms of aggregate measures of performance--ridership, vehicle-miles, and vehicle-hours of service--1975 was not a year of growth. Nationally, transit ridership and vehicle miles of service

did not increase substantially over 1974, according to our preliminary survey of the 25 largest urban areas. However, a number of individual cities project an encouraging image of strength. Outstanding examples are Portland, Seattle, Minneapolis, Atlanta, San Diego, Baltimore, Denver, Pittsburgh, San Jose and Madison.

Federal assistance has also helped a number of cities to avoid raising fares and, in some instances, to lower them. However, the full impact of the formula grant program is undoubtedly yet to be felt. We are watching the situation closely and will be conducting a full fledged evaluation of the impact of the Section 5 program during this calendar year. Next year at this time we hope to be able to give the Committee a detailed assessment of the program.

As I have already mentioned, the Administration will be seeking a legislative amendment to the Urban Mass Transportation Act of 1964 to limit to 50 percent the use of Section 5 funds for operating assistance. This decision was reached only after the most careful consideration of the pros and cons of such action. While we generally agree with the need to maximize local freedom of choice in the use of formula grant money, the Administration has been concerned about the fact that these funds are being used almost exclusively to subsidize

operating deficits. As I noted earlier, some 94 percent of the approvals made so far have been for operating expenses and only 6 percent for capital assistance. We believe that this represents an excessive dependence on Federal aid to finance operating costs, a dependence which undercuts the incentive to seek greater productivity and operational economies.

The proposed limitation, in our opinion, will not only foster a more responsible financial management and operation, but also will free up UMTA funds for badly needed rehabilitation and modernization of existing plant and rolling stock and for routine bus replacement--actions which are essential if we are to build toward an increase in transit ridership.

It is also important to realize that the proposed 50 percent limitation will not lower Federal operating assistance funding below the fiscal year 1975 levels. The amount available in fiscal year 1977 would still be roughly equal to the amount actually used for operating assistance during the first 12 months of the program, and the amount available in 1980 would exceed the 1975 amount by \$120 million.

Research, Development and Demonstrations

For research, development and demonstrations we are estimating a total of \$67.5 million, of which \$19 million is for the

service and methods demonstration program. As this demonstration program represents a major increase from last year, I wish to single out this program for particular attention in my presentation.

The requested funding increase for the service and methods demonstration program reflects our conviction that new equipment and facilities alone are not going to accomplish our objectives. All the money in the world will not persuade people to use mass transit if the service remains poor and unreliable. The aim of this demonstration program is to help to introduce into practice a range of innovations that would increase the efficiency and productivity of transit operations, improve the quality and convenience of transit services and make it more competitive and attractive vis-a-vis the automobile.

Examples would be reserved lanes and other preferential treatment for buses; flexible and convenient transit services for low density suburban communities; coordinated feeder services to complement express line-haul commuter service; pricing of transportation facilities to encourage their off-peak use; cooperative ride-sharing arrangements; improved services for elderly and handicapped persons; and other actions designed to improve the efficiency, productivity and attractiveness of transportation services.

I believe that a more imaginative use of existing facilities, greater innovation in the provision of transportation services and a more intelligent and socially responsible use of the automobile together hold the key to future mobility and the preservation of livable and environmentally sound cities. The real payoff for public transportation nationwide is in improving the use of what we already have, including the public transportation use of our street and highway system, rather than in building many more new systems. This is why I feel that funds we are asking for the support of the demonstration program are a good investment.

Two other issues in our Research and Development program deserve specific mention. One is my conviction that we must maintain a strong and aggressive program of research and development into new forms of mass transportation, so that the Nation is not foreclosed from benefiting from technological progress. UMTA intends to pursue an orderly development of automated guideway transit while remaining alert to the need to perfect these systems before their large scale urban application. In conformance with this policy, we are requesting \$3 million in the fiscal year 1977 budget to provide the technical support for one or more urban demonstrations of a simple automated guideway system, to be financed in part by a capital grant. Systems of this kind have already demonstrated their usefulness in controlled environments, such as airports. What

is needed now is a test of their feasibility and public acceptance in the harsher and more demanding environment of a real city. If proved reliable, safe and economic, automated guideway transit could become an imaginative solution to the local circulation problems in our congested downtown areas, and serve as a revitalizing force for our urban centers.

At the same time I am mindful of the allegation that the UMTA program has been devoted too much to high risk, long term technology and not enough to short term high-payoff activities. I have taken steps to restore a balance to our R&D program, as can be seen from our fiscal year 1977 estimates. Of an estimated R&D budget of \$37.5 million for hardware development, \$20 million is allocated to projects which address the short term concerns of the transit industry and the public and only \$17 million to new systems and automation. We have just concluded our first annual conference on UMTA R&D priorities and have established a useful dialogue with industry, academic and consumer interests which will help us shape a relevant and responsive research and demonstration agenda.

Administrative Expenses

Finally, we are requesting an appropriation of \$18,600,000 for administrative expenses. This level of funding is required to support a total of 505 positions, which is an increase of 25 positions over the FY 1976 estimate of 480 positions. The FY 1976 estimate is based on the recent request

of Secretary Coleman for the Committee's concurrence for UMTA to increase the total number of permanent positions, from 460 as recommended in the report on the Fiscal Year 1976 appropriations, to 480. This request is currently pending before this Committee.

I also want to note that some modest organizational changes are being made. These changes will update UMTA's organizational structure to meet the demands of the major new policies and procedures which are being implemented: namely, the Joint Planning and Transportation Improvement Plan (TIP) requirements; the Transportation Systems Management (TSM) strategy and the alternatives analysis procedure. In addition, we will be moving to integrate the administration of the Section 3 capital assistance program and the Section 5 formula grant program. More detailed information on these changes will be supplied for the record.

It is my expectation that this organizational updating coupled with several recent management initiatives will enhance UMTA's ability to discharge its expanding mission in a timely and effective manner.

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This concludes my prepared testimony, Mr. Chairman, I have purposely limited myself to a few aspects of the program. My colleagues and I will be pleased to answer whatever questions you might have on the issues raised in my opening remarks or on any other aspects of the UMTA program.



DEPARTMENT OF TRANSPORTATION

NEWS

URBAN MASS TRANSPORTATION ADMINISTRATION

WASHINGTON, D. C. 20590

REMARKS BY ROBERT E. PATRICELLI, ADMINISTRATOR OF THE URBAN MASS TRANSPORTATION ADMINISTRATION, BEFORE THE TENTH ANNUAL CONFERENCE OF THE NATIONAL ASSOCIATION OF REGIONAL COUNCILS, HOLLYWOOD, FLORIDA, WEDNESDAY, JUNE 9, 1976

Good morning, and thank you for the opportunity to appear on this distinguished panel. We are embarked on an important and timely task together--the effort to define national transportation policy and to adjust and apply it according to local priorities throughout the country. We in UMTA feel very much the need for a close working partnership with you in that endeavor.

The Urban Mass Transportation program has a natural affinity with regional councils, councils of governments, and regional planning organizations. Urban mass transportation is fundamentally regional in nature--it demands a regional perspective. Mine is a program jurisdiction which is in search of a level of government to deal with, and in the regional councils and the Metropolitan Planning Organizations we have come closest to finding a proper "fit."

I thought in my remarks this morning I would review some of our thinking with regard to the roles of MPO's in both transit planning and programming, and how we and you might improve our procedures to do those jobs better.

Early in my tenure as Administrator, I became concerned with the capacity of both Metropolitan Planning Organizations and UMTA planners to implement the substantial new responsibilities placed upon them under the joint UMTA/FHWA planning regulations promulgated last September. Accordingly, I did what many of us

have been trained to do as a reflex action when faced with a problem and a need for information--I hired a consultant. This consultant made a site survey of ten MPO's of different sizes and transit concerns, and I think the findings of that study would be of interest to you.

First, with regard to the planning activities of MPO's, the consultant observed that "MPO staff planners were in general more oriented toward long range, intermodal planning than toward short range operational transit planning." Further, he found that "local planning agencies and transit operators, by contrast, tend to be more operational and uni-modal in their orientation." Finally, the consultant concluded that "anywhere from twenty percent to seventy-five percent of an MPO's annual Unified Work Program is contracted out to third parties," and that in the aggregate at least \$20 million of UMTA planning funds passed annually to consulting companies working on MPO-contracted planning studies.

But while the consultant concluded that much of our planning effort and funding was going to long range plans, he found that "short range, operations-oriented transit plans were useful documents for guiding implementation whereas long range, multimodal transportation plans had little bearing on transit implementation decisions except where fixed guideway facilities were being contemplated."

We think there is some merit in the conclusions offered by this consultant, although if there is some overweighting toward long range transit planning by MPO's, UMTA itself must share some of the blame for that. In any case, as we come to emphasize operational planning and Transportation Systems Management (TSM) plans ever more importantly, I am hopeful that we can jointly undertake a number of steps which will improve the relevance and actual dollar programming impact which MPO's can have. Let me suggest a number of specific steps.

1. MPO's should see to it that more of the UMTA planning funding is made available for operational planning purposes. Often this can best be done by subcontracting with the transit operator to conduct studies or to answer questions under the guidance of the MPO. In some other cases, it may be appropriate for the MPO itself to develop a staff capacity in operational planning.

2. In order to accomplish this re-emphasis on operational planning, it will be necessary for the MPO and the transit operator to better define their mutual roles. There is a great need to spell out such a division of responsibilities in written agreements between transit agencies and MPO's, and we will continue to press for such interagency agreements. I have

asked my staff to take a closer look at whether devices such as periodically renewed agreements and target percentages of pass-through funding would be advisable. Whatever the approach, we want to see more of our funding going to operational planning, and we want to see the expertise of the transit authority fully used in that regard and supported by Federal funding.

3. The TSM requirements, involving as they do major traffic management functions, suggest that MPO's must work ever more closely with city and State traffic and transportation departments. As in the case of transit authorities, it may be appropriate for MPO's to "broker" planning funds to city traffic departments so that all parties can be assured that the emerging plans are acceptable to key political decision-makers who must implement them.

4. To improve the impact and timeliness of MPO planning, UMTA itself must improve its procedures. We have already begun that task, by administrative decentralization of much of our planning program to regional staff and through a fund reservation procedure that has made our Section 9 program into a de facto formula-allocated activity. Further, I recently established a major Program Review Task Force with the purpose of simplifying UMTA red tape and integrating our planning and capital and operating grant procedures. But there are many other things that we could do and will do over the months ahead.

For example:

- We will explicitly relieve smaller urbanized areas from a variety of planning requirements, especially in the area of long range planning;
- we will terminate much of our third party contract review procedure which subjects MPO's to excessive Federal oversight in their own procurement activities;
- we will integrate our planning certification and transit grant reviews through the mechanism of review of the regional Transportation Improvement Program (TIP). In that connection, we will make our planning finding only once, in connection with the whole TIP, rather than severally and in connection with each project grant;
- and finally, we must vigorously pursue further UMTA decentralization to the regions, with a goal of full project sign-off authority for most planning grants delegated to the field by the beginning of Fiscal Year 1977.

I pass now to the area of the programming or resource allocation function of the MPO. This is the key, in my view, to both the importance and the controversial nature of the new joint regulations. For it is only when MPO's are given real resource allocation responsibility, which the joint regulations accomplish, that State and local governments and transit authorities will take them seriously and use them as forums for cooperative decision-making.

We recognize that the exercise of true programming responsibility is not an easy thing to accomplish. It will be an evolutionary process, and many MPO's will have to mature over time before State and local political leadership will tolerate the exercise of that responsibility at the regional level. As a consequence, we know, too, that we in UMTA will have to be sensitive to local structural and procedural variations as MPO's move into that programming role.

Let me only say on this score that we mean for you to exercise that programming role. Again, as with the planning function, it will often be in the nature of a broker. The specific project proposals may typically come from local governments and transit authorities, but where there isn't enough money to go around, someone--and we think the MPO's--will have to take on the slicing of the pie. Further, when it comes to assuring that certain of UMTA's special policy requirements are met, such as special effort on behalf of the elderly and handicapped, Title VI equity, and TSM implementation, the MPO will have to bear the major local responsibility. Put another way, while most proposals may still be developed on a bottom-up basis, you will have to be responsible for asserting policy priorities and funding constraints on a top-down basis to make sure that the program of projects will be acceptable at all levels of government.

When it comes to this MPO programming function, UMTA recognizes that here, too, some changes in our own procedures would be helpful. Most importantly, I think it is time for us to move administratively to shift certain of our routine capital grant functions into a formula-allocated mode. Most types of bus-related capital grant activities, for example, should probably be handled on such a basis. This would not have been possible a few years ago, when UMTA funds were being used heavily for one-shot grants to finance public takeovers, but it does now seem conceivable to regularize and formula-allocate most bus funding. Under this approach, if we could provide to MPO's a Section 3 capital grant "mark" or funding guideline, in the same way in which we assign you a planning fund reservation, your programming function would take on a special reality which it has

not yet had. You would know in advance, and transit authorities and local governments would know in advance, what level of bus-related funding activity might be supported for a year or more ahead.

A similar approach might also be taken for the six major cities which have existing rapid rail systems with regard to their never ending needs for rail modernization assistance. In such cases as well, it seems to me much more sensible for a community to operate within some advance indication of UMTA dollar availability on a formula-apportioned basis.

This would leave only major new rail construction projects, and a certain residuum of public takeovers of failing private bus companies, to be handled on a discretionary capital grant basis. I suspect that the Congress is also thinking along similar lines and that this kind of move toward greater formula apportionment in the UMTA program will be addressed next year. It may be addressed in terms of a consolidation of aspects of the UMTA program with the Federal Highway Administration's Urban Systems Program. Under such an approach, we would be able to create a single urban transportation block grant, retaining discretionary funding principally for the new rail starts and extensions as I have described.

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The task before us and before you is not easy. Some would say that we already have three strikes against us: First, on our part we represent the Federal Government and that institution is allegedly not held in the highest voter esteem these days. Secondly, you are involved in what some would call "regional government," which may be even more vulnerable than "Federal government." And third, we add to that set of vulnerabilities the lingering popular dislike for "planning" and "planners." I think, however, that any predictions of our demise are emphatically premature. I offer you counsel from the turtle, who has been known to say in such situations, "you only make progress if you stick your head out."