

STATEMENT OF FRANK C. HERRINGER, URBAN MASS TRANSPORTATION ADMINISTRATOR,
BEFORE THE SUBCOMMITTEE ON URBAN MASS TRANSPORTATION, HOUSE COMMITTEE ON
BANKING AND CURRENCY, THURSDAY, MARCH 22, 1973

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to present the Administration's views on the major issues to be resolved in the development of legislation designed to meet the mass transportation needs of our urban areas. You are a new Committee, and I am a new Administrator, and I look forward to a close relationship with you in the years ahead as we work together to improve mass transportation throughout the country.

As you know, the Administration's proposals were transmitted to the Congress on February 21, 1973, and introduced yesterday by Mr. Brown. Our proposed bill would make several significant changes in the Urban Mass Transportation Act of 1964, designed to provide adequate resources and flexibility in mass transportation assistance to the urban areas of the Nation. I would like to begin by addressing the changes proposed by the Administration, and then turn to the additional issues raised in H.R. 5424, H.R. 2474, and other bills pending before this Committee.

The Administration's basic proposals are:

First, to increase the authorization to incur obligations from \$3.1 billion to \$6.1 billion. This additional amount would ensure continuity of the capital assistance program after fiscal year 1974 and would provide local communities with sufficient evidence of the future availability of Federal assistance to allow them to continue the arduous and often politically difficult planning and programming activity required to develop transit improvements. Our proposed increase is consistent with the objective stated in the 1970 legislation of providing \$10 billion over a 12-year period. The various bills under consideration in the House, and the bill passed by the Senate as part of its Highway Act also contain this provision.

Secondly, the Administration recommends increasing the maximum Federal share of capital grants and technical studies from two-thirds of the project's cost to 70 percent of project cost. H.R. 5424 provides that the Federal share of all capital grant projects be a mandatory 80 percent of the net project cost, rather than the discretionary maximum of 70 percent which we propose; and it would authorize 100 percent for technical studies. The Senate-passed highway bill proposes 90 percent for both programs. We oppose both the inflexibility of the Federal share and the levels proposed for the Federal share. First, having discretion in determining the amount of the Federal share permits the Department to encourage better performance by grantees. The Department should not be forced into outright rejection

of an application simply because desired performance standards have not been completely satisfied. Secondly, the Department's recommended level of 70 percent would equalize the Federal share authorized for mass transit projects and for construction of highways, other than those on the Interstate System. It is important that States and localities not be confronted by different matching requirements simply because they choose to undertake a federally assisted project involving one mode rather than another. This is especially so in light of the separate legislative efforts to authorize use of highway funds for transit projects at the option of local officials. Finally, we feel it is essential that localities receiving the benefits of a categorical grant program be required to make a significant contribution to the cost of assisted projects in order to ensure that there is adequate local commitment to the projects and that local priorities are thoroughly assessed. For all these reasons, we feel that a maximum Federal share of 70 percent is preferable to a fixed 80 or 90 percent share.

In addition to increasing the authorization and the Federal share, the Administration's proposed bill would clarify the scope of technical study activities and eliminate restrictions on the number and type of managerial training grants we can make, making the program a much more effective tool for improving the management and operation of mass transportation properties.

H.R. 5424 and the other companion bills pending before this Committee contain other provisions on which I would like to comment.

Operating assistance. First, I would like to discuss the proposals for a new categorical program of Federal assistance for transit operating costs. Under H.R. 5424 the Secretary of Transportation would be empowered to make grants or loans for operating costs--totalling \$400 million a year for two years--"on such terms and conditions as he may prescribe" provided the applicant has submitted, and the Secretary has approved, a comprehensive mass transportation capital and service improvement plan.

No one can question the seriousness of the status of the Nation's urban transportation systems as they struggle to cope with rising operating costs, falling ridership, and other ills. This is a problem that must be dealt with, both on the Federal and local level. However, I cannot accept that the proper Federal role is to provide operating subsidies.

The paradox we are faced with is that on the one hand for the Federal Government to allocate operating subsidies without setting standards and controls would provide absolutely no assurance that the monies were being used effectively--while on the other hand to establish controls and standards at the Federal level would require that we involve ourselves in making local decisions that we are not competent to make.

For example, H.R. 5424 and the companion bills require the Secretary to make a determination that the local plan provides "efficient, economical, and convenient mass transportation service" and that it would place mass transit operations "on a sound financial basis". To carry out this charge

would immerse the Federal Government in myriad local issues relating to such matters as fare levels and fare structures, maintenance standards, management practices, labor work rules and practices, and the like. I would estimate that at least 500 transit systems--and perhaps as many as 1,000--would fall under the provisions of H.R. 5424. Even if we create a new, large Federal bureaucracy to oversee all of these systems, we would not be in a position to make these local trade-offs for each and every system. Who are we at the Department of Transportation to tell New York City what fare it should charge?

The determination of fares, routes, wages, and other characteristics of the transit system can only be made at the local level, where real knowledge and responsibility exists. Introducing a new factor--Federal subsidies--into this local equation will not provide answers. In fact, it may allow local authorities to avoid taking the tough, non-monetary steps, such as traffic regulations, pricing of parking facilities, and the like, which are absolutely essential. Instead, what we will probably be faced with is a continually accelerating demand for greater and greater subsidies, without producing real improvements.

For these reasons we are strongly opposed to enactment of any new categorical program of Federal operating assistance.

School transportation service. Section 8 of H.R. 5424 would prohibit UMTA financial assistance to public bodies which engage either directly or indirectly in transporting persons to school or to school functions if such service is in competition with or supplementary to service by a private transportation company. Despite the exemption for agencies which were

engaged in such operations at any time in the past twelve months, we consider this an undesirable restriction and oppose its enactment. We are in full agreement with the current provisions of the 1964 Act prohibiting the use of UMTA funds for the purchase of buses to be used primarily for school bus service. But when a locality has acquired equipment for use in urban mass transportation service, or is planning improvements to provide more efficient and comprehensive mass transportation service, it should not be arbitrarily restricted from meeting school transportation needs as a part of its regular transit service. Charter service provided incidental to regular route operations is a way of making more efficient use of transit equipment; and it is a legitimate source of supplemental revenues for public transit operators, which can help to relieve somewhat their financial difficulties.

Assistance to private, nonprofit organizations. Section 7 of H.R. 5424 would authorize grants and loans to private, nonprofit organizations to assist in providing transportation services to meet the special needs of elderly and handicapped persons when the services provided by public agencies are "unavailable, insufficient, or inappropriate". This amendment would also increase from 1-1/2 percent to 2 percent the portion of UMTA's contract authority which may be used exclusively to benefit the elderly and handicapped.

We are opposed to this proposed amendment because it could result in the proliferation of uncoordinated mass transit services in metropolitan areas, when one of the principal thrusts of our program is to coordinate service. While private organizations are indisputably important in helping

to meet the special needs of the elderly and handicapped, we believe that responsibility for ensuring adequate transportation service to meet the needs of the elderly and handicapped must rest with the public agency that also has responsibility for planning the overall performance of the urban transportation system. Only the comprehensive planning agency is in a position to rationalize the entire public transportation system and designate combinations of services to meet the needs of all special user groups, after consideration of the trade-offs in delivering social services. The planning agency is also in a better position to draw upon the expertise of transit operators and to affect their operating policies. They can also work with private entities in designing special services, or contract with them for implementation. We believe that responsibility for planning, programming and coordinating the implementation of all aspects of the urban transportation system must remain with a single comprehensive public body if we are to avoid fragmented and uncoordinated service.

Before I conclude my statement, I want to emphasize that this Administration is extremely concerned with the problems of mass transportation. The President is personally concerned, as he has mentioned several times in the last few weeks. One of the obvious--and most important--evidences of this concern is our concerted effort to achieve flexibility in the use of the urban systems portion of the Highway Trust Fund. This is a priority effort, as I am sure you are all aware.

In addition, at a time when the President has had to exercise fiscal restraint on many fronts to avoid a tax increase and constrain inflation,

the UMTA budget has not been reduced. Moreover, as I mentioned earlier, we are recommending an additional \$3 billion in contract authority.

I do not think any reasonable person can question the Administration's commitment to mass transportation. We oppose operating subsidies not because we don't care what happens to mass transportation--we oppose them because we genuinely do not feel this is a proper role for the Federal Government.

This concludes my statement. Again, thank you for the opportunity to present the Administration's position. I will do what I can to answer any questions you might have.