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STATEMENT OF CLAUDE S. BRINEGAR, SECRETARY OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON TRANSPORTATION OF THE HOUSE COMMITTEE ON PUBLIC WORKS, REGARDING THE ADMINISTRATION'S "UNIFIED TRANSPORTATION ASSISTANCE ACT OF 1974" (H.R. 12859) TUESDAY, MARCH 19, 1974.

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to discuss with you the Administration's proposed Unified Transportation Assistance Act of 1974, which we refer to as "UTAP". At the start I wish to say that we are pleased by the interest shown by this Committee in our legislative proposal through its expeditious action in holding this hearing on the bill. We look forward to working with you and your staff on this important legislation.

UTAP has its origin in the important section of the Federal-Aid Highway Act of 1973 that permitted flexible uses of the urban system fund between highway capital projects and urban transit capital projects. This new section, coupled with the existing Urban Mass Transportation Administration's capital grant program, gave the Administration a two-pronged approach to helping our cities with their transportation capital needs.

But as we worked to implement and coordinate these two programs, it became increasingly obvious from our studies of the cities and their transportation problems that a still broader approach is

needed. This need of course, has been intensified by the energy shortage and the continuing pressures on the major cities to meet Federal environmental standards.

The major problems that UTAP is designed to help solve are as follows:

1. Our two present urban programs are too dissimilar, short-term, and inflexible to permit the cities to make really good, coordinated, long-term transportation plans.
2. Our really large urban areas need greater Federal financial commitments for transportation uses than are presently available through the existing two programs.
3. Some of our urban areas clearly need the flexibility to use available Federal funds either for capital or as a supplement to operating costs. By opening up the range of uses, as UTAP does, we are confident we will see better local planning, better local resource usage, and better local public transportation.
4. Many of our rural and small urban areas are increasingly without any form of public transportation. Although

a rural bus program could offer a low-cost way of helping such areas, we currently are limited in our abilities to help fund the capital and operating costs of such systems.

UTAP is designed to deal fairly and properly with the above problems. It provides for a \$19.3 billion program over the next six years, \$11.6 billion of which is new money. This is obviously a significant Federal commitment to a serious National issue. I should stress, however, that it does not, by any means, meet every city's desires for transportation money. We do not believe it is possible or fair to the Nation's taxpayers to accept such an open-ended obligation. We have designed UTAP to assist in meeting high-priority needs. We believe that the States and local governments are fully capable of providing the additional needed funding.

Before going to the details of the bill, it is important to stress that the Department will later submit legislation setting forth our small urban and rural transportation plans for the 1978-1980 period. These new proposals will draw on the insights gained from the expanded rural and small urban demonstration program discussed later in my statement. We have a strong commitment to developing effective rural and small urban surface transportation programs to meet the changing needs of these areas of our country, and I urge you not to consider the emphasis in UTAP on urbanized area programs as a decision to deemphasize our programs for these areas.

The key elements of UTAP are shown in the following two tables. Table 1 shows the urban program and Table 2 the rural program.

Table 1

URBANIZED AREA PROGRAM

(Contract Authority in \$ Millions)

	<u>Urbanized Area Highway Programs</u>	<u>Transit Optional Use 1/</u>	<u>Total Formula Allocation</u>	<u>UMTA Capital Grant Funds</u>	<u>Total</u>
FY 75	\$1,100	\$ 700	\$1,800	\$ 700	\$2,500
76	1,100	800	1,900	700	2,600
77	1,100	900	2,000	700	2,700
78	(2,000	700	2,700
79	(2/	2/	2,000	700	2,700
80	(2,000	700	2,700

1/ Funds may be used for transit capital improvements, operating assistance, and transit-related highway projects.

2/ These programs are merged in 1978 and funded from the General Fund.

The major program features are as follows:

1. Highway Trust Fund Authorizations can continue to be used for urban highway and urban public transit capital investment (as provided by the Federal-Aid Highway Act of 1973.) None of these dollars would be used for operating costs.
2. Apportioned General Fund dollars for FY 75-77 can be used for any urban public transportation purpose, including transit operating assistance.
3. \$700 million of the General Fund authorizations for each FY (1975-1980) will be reserved for direct urban mass transit capital grants. All other funds will be apportioned by formula.
4. Apportioned dollars in FY 1978-1980 can be used for urban highway and public transit capital and transit operating assistance (up to 50% of total).
5. Local sharing will be on a 20/80 percent basis, as is current UMTA policy.

Table 2

SMALL URBAN AND RURAL PROGRAM

(Contract Authority in \$ Millions)

	<u>1975</u>	<u>1976</u>	<u>1977</u> (New)
A. Basic Rural Highway Program (Primary/Secondary Systems)	\$1,100	\$1,100	\$1,100
B. Rural Highway Public Transportation Demonstration Program	10	20	45

The major program features are as follows:

1. It provides \$1.1 billion in new authorizations for rural highways for FY 1977.
2. It permits rural highway funds to be used for bus purchases (effective 1975).
3. It adds \$45 million in new authorizations for the rural highway public transportation demonstration program and permits these funds to be used for operating subsidies (effective 1975).
4. It changes the State/Federal matching requirement to 20/80 (effective 1975).

Let me now describe how the UTAP bill is organized. The bill is divided into three titles. Title I contains amendments which carry the urban and rural highway programs through 1977. Among other things, it authorizes funds out of the Highway Trust Fund for the several Federal-aid highway programs for these years and increases the Federal share for non-Interstate projects from 70 percent to 80 percent. Title II modifies the Urban Mass Transportation program between 1975 and 1977. It adds \$1.4 billion to the funds currently available for public transportation projects, and it establishes a formula grant program for the payment of operating expenses, as well as capital investment. Title III, which becomes effective in fiscal year 1978, merges the UMTA formula grant program and the urban highway program into the Unified Transportation Assistance Program.

The UTAP bill would strengthen the transit systems by providing additional capital assistance and authorizing payments to provide operating funds for public transit systems where such payments will

result in service improvements. The amount of funds for operating expenses will be subject to a "maintenance of effort" limitation and, in addition after 1977, to a 50 percent limit on the amount of each Governor's apportionment which can be spent statewide for operating expenses.

One of the more difficult issues which we addressed in developing the UTAP proposal was selection of the appropriate distribution formula. We have proposed that urbanized area funds under the bill be distributed to the Governors on the basis of their States' population in urbanized areas. As I have stated previously, we are not entirely satisfied with an urbanized area population formula, and would be pleased to work with the Committee in developing other reasonable approaches.

I might point out that we have examined other formulas, such as those based on ridership and transit vehicle miles. Some contend that these factors are more indicative of transit needs. However, we are concerned that an unintended effect may be to place a disproportionate share of the funds in just a few areas and, therefore, deny other cities needed help. In our view, transit funds should go to both groups of cities: that is, to those which already have extensive transit systems and those which need to expand their transit systems. Thus, while we recognize that a population-based formula will not give some urban areas the amount of funds they desire, it does have the benefit of equitably helping all urban areas over 50,000.

Our actions in working out the formula question with this Committee and other interested members of the Congress will be guided by President Nixon's statement as he transmitted UTAP on February 13: "We are aware of the concerns voiced by some that our proposed formula should be altered to meet the unique problems of some of our largest cities. We intend to work closely with the Congress, elected officials and others, in examining alternative formulas."

Our proposal would also shift small urban areas (5,000-50,000 population) from the urban to the rural program authorizations. We believe this is a desirable step for two principal reasons.

1. The planning and program requirements of our small urban areas are significantly different from those of our major urban areas; we believe the needs of these areas can be met more effectively through the creation of a combined rural and small urban program.

2. This shift will be programmatically consistent with the apparent Congressional objective of providing equal funding for urban and rural program authorizations. By including small urban areas in the rural program, the bills relative rural/urban assessments of rural/urban needs would support this Congressional objective.

If this recommended change is enacted, we would modify our current fiscal year 1975 budget plans to reflect an even rural/urban funding allocation.

Another important feature of UTAP is its creation of a unified transportation program for urbanized areas. This is accomplished by establishing a transit formula grant program for urbanized areas in 1975 modelled after our urban highway program, which will operate concurrently with it through 1977. Beginning in fiscal year 1978, the transit formula program will merge with the urban system and urban extension programs at a combined authorization level of \$2 billion per year. By establishing a unified delivery system, a unified formula, and unified project procedures for these programs, we will complete the work initiated by the Federal-Aid Highway Act of 1973 toward providing urbanized areas with flexibility in their transportation investment decisions.

There are two aspects of the bill regarding intergovernmental relations that I would like to mention. Beginning in 1978 the bill vests the Governor, instead of the State highway department, with the allocated funds. We think that giving allocated funds to the Governor will help avoid the possibility of unbalanced competition for funds at the State and local levels between public transportation and highway interests. Also, the bill requires that certain transportation project sums be earmarked for use in urbanized areas of 400,000 or more population. We have proposed the 400,000 level because the 57 areas of this size are likely to have a level of need

that requires a continuing flow of funds. Furthermore, earmarking for more areas would make it difficult to accumulate enough money for large projects in certain parts of the State.

Next, the bill continues the UMTA discretionary grant program. Funds under this program will be available only for mass transportation capital projects. Between 1975 and 1977 this program will be funded from authorizations contained in our proposed title I of the UMTA Act; subsequently, we propose the transfer of the statutory provisions governing it into a new chapter 5 of title 23. Maintaining a capital discretionary program will allow us to direct capital to those larger projects in need of more funds than would be available under the formula program.

The small urban and rural transportation program is another important element of UTAP. Our bill would extend the two-year rural highway public transportation demonstration program authorized by the Federal-Aid Highway Act of 1973 for an additional year, authorize an additional \$45 million for it, and expand its coverage to include small urban areas (5,000 - 50,000 population). The bill also adds the payment of operating expenses as an eligible demonstration program expenditure. To further strengthen rural and small urban public transportation systems, the bill makes primary and secondary system funds available for the purchase of buses in these areas.

Several other provisions in the bill are worth mentioning. We have proposed modification of the statutory provisions regarding transportation for the elderly and handicapped. Section 108 of the bill would direct the Secretary to require that any public transportation rolling stock or passenger loading facility improved or constructed after June 30, 1974, with Urban Mass Transportation or Federal-Aid Highway funds, be designed with practical and reasonable features which allow their utilization by elderly and handicapped persons. This section further provides that a recipient of public transportation funds may satisfy this requirement by providing alternative transportation service sufficient to assure that the elderly and handicapped have transportation service available which meets standards to be promulgated by the Secretary. We believe this explicit statutory requirement will help us meet the Congressional intent of mobility for the elderly and handicapped set forth in current statutes, while providing greater flexibility to local officials as to the best means for meeting these goals in light of local situations. Moreover, its applicability to public transportation projects financed with both UMTA and highway funds would establish parity between the two programs.

On a smaller point, through a drafting error, our bill inadvertently proposes repeal of the UMTA Act provision authorizing grants to private non-profit corporations and associations to assist them in providing transportation services for the elderly and

handicapped where regular public transportation services are not available, sufficient or appropriate. We did **not** intend to delete this authority, and I ask that the Committee consider as part of the Department's bill the corrected language, **which**, along with other minor technical modifications, we will shortly submit to the Committee.

As part of our efforts to reduce the amount of Federal review of highway and public transportation projects planned and carried out by the States, we have proposed that, beginning in fiscal year 1978, the certification acceptance procedures permitted by section 117 of title 23 be expanded to cover the National Environmental Policy Act and section 4(f) of the Department of Transportation Act for all but Interstate projects. Under section 307 of our bill, a Governor would certify to the Secretary that his State has enacted State laws at least equivalent to NEPA and section 4(f) and has established an agency suitably equipped to carry them out. The Secretary would be authorized to accept this certification if he found that the above requirements had been met. Before deciding whether to accept a Governor's certification regarding NEPA, the Secretary would consult with the Council on Environmental Quality, which has the primary responsibility for that Act. If certified, the Governor would be subject to the same judicial remedies and Federal court jurisdiction as the Secretary otherwise would be.

The bill also modifies our planning programs in a number of respects, following the advances made in the 1973 Highway Act. A significant achievement in that legislation is that urban planning funds were made available to metropolitan planning organizations responsible for urban transportation planning in areas of 50,000 or more. In recent months we have taken actions to encourage the designation of a single planning agency in all such urbanized areas for all modes of transportation. The UTAP bill moves further in this direction by proposing statutory changes, which, for the period 1975-77, would establish an urban planning program for the UMTA program similar to the recently enacted 1/2 percent urban highway planning program. In addition, section 205 would establish a formula distribution program under the UMTA Act and provide for the pass through of transit planning funds to local planning agencies. This proposal logically leads to the merger of the separate highway planning and transit planning programs in the 1978-1980 period. Thus, our legislation strongly endorses the planning approach advanced in the 1973 Highway Act. Beginning in 1978, with adequate funding provided for urban planning, we have redefined the uses of the traditional 1-1/2 percent planning funds to focus them more directly on statewide surface transportation problems. Taken together, we believe that the proposals contained in this bill will materially improve transportation planning at the State and local levels.

This concludes my prepared testimony, Mr. Chairman. My colleagues and I now will be happy to answer any questions you or other Committee members may have.