

PREPARED TESTIMONY OF ROBERT E. PATRICELLI, ADMINISTRATOR,  
URBAN MASS TRANSPORTATION ADMINISTRATION, BEFORE THE HOUSE  
PUBLIC WORKS COMMITTEE, JUNE 2, 1976.

Mr. Chairman and Members of the Committee:

Thank you for your invitation to appear and present the views of the Department of Transportation on H.R. 3155 and S. 662, bills which deal with several important issues affecting the operation of the mass transportation program.

The bills would amend the Urban Mass Transportation Act of 1964 in several respects. I would like to discuss each of the proposed amendments in turn by taking as my reference H.R. 3155, the bill introduced by Chairman Howard in February of last year. However, before turning to the pending bill, I would like to take this opportunity to discuss the very serious problem of the escalating cost of transit operations. Since provision of operating assistance to non-urbanized areas is perhaps the most significant element of H.R. 3155, it would be useful first to review our experience on the provision of that assistance in urbanized areas and the current trends in transit operating deficits.

On several occasions the Department has already expressed its concern about the explosive growth of transit operating

deficits. These deficits, according to data from the American Public Transit Association, have grown from \$11 million in 1965 to \$1.7 billion in 1975. In the last four years alone, transit operating deficits increased by more than 300 percent.

The rise in operating deficits is a result of rapid increase in operating expenditures. While farebox revenues grew only by 17 percent in the past five years, total operating expenses rose by 87 percent. During the same period payroll costs, which typically constitute some 70-80 percent of total transit operating expenses, increased by 76 percent. Wage rates in the transit industry have grown by 52 percent between 1970 and 1975, substantially above the increase in the cost of living as measured by the Consumer Price Index over the same 5 year period (43 percent), or the rate of growth of wages in the private economy.

An especially striking aspect of this trend has been the decline in transit operating efficiency and productivity. Total operating costs per vehicle mile rose from \$1.00 in 1970 to \$1.78 in 1975, for an increase of 78 percent. Personnel costs per vehicle mile increased from 68¢ in 1970 to \$1.12 in 1975, for an increase of 65 percent. And personnel costs per revenue passenger increased by 85 percent over the same period. Looking at it another way,

while transit vehicle miles--a common measure of the amount of service delivered--increased by only 6 percent over the past five years, the cost of providing that service grew 13 times as fast, or 78 percent.

While rapid cost escalation is not unique to the transit industry, we believe that these trends of steadily declining transit efficiency and mounting operating deficits undercut the basic role of public transportation, and must be arrested if the long term financial stability of mass transit operations in this country is to be preserved.

While the causes of the declining productivity are complex and the problem escapes quick and easy solution, we believe that the Congress and the Executive Branch must both make a determined effort to address the situation. To this end we recommend that the Committee consider the following set of proposals:

1. First, we recommend that the Congress amend the UMT Act to limit to a maximum of 50 percent the use of each urbanized area's formula apportioned Section 5 funds for operating expenses. Under such an amendment, the Secretary should have the discretion to waive the limitation in any community which has already committed the formula grant funds to operation by binding referendum.

While we generally agree with the need to maximize local freedom of choice in the use of formula grant money, we have been concerned about the fact that these funds are being used almost exclusively to subsidize operating deficits. During the first 12 months of operation of the formula grant program some 94 percent of the funds granted were 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 efficiency.

The proposed limitation, in our opinion, will not only foster a more responsible financial management and operation, but also will help to shelter some formula grant money 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 calendar year 1975 levels.

The amount available in fiscal year 1977 (\$325) would still be roughly equal to the amount actually used for operating assistance during the first 12 months of the program (\$310), and the amount available in 1980 (\$450) would exceed the 1975 amount by \$140 million.

2. Second, we recommend that the Congress take prompt action to repeal Section 3(h) of the UMT Act of 1964 as amended, the so-called "Beame Shuffle".

This Section permits a local transit authority to transfer up to one-half of any capital grant for the payment of operating expenses, provided that the Secretary finds that effective arrangements have been made to repay this amount to the capital project from State or local sources within two fiscal years following the year of the initial grant.

The provision, so far used only by New York for the transfer of \$204 million from capital to operating uses, encourages localities to engage in the dubious practice of financing current operating deficits out of the capital budget account. It is an example of the kind of budgetary practice which has plunged New York into its current fiscal crisis and does not, in our judgment, belong in Federal law. So long as the provision exists, it will be the source or constant temptation for other areas to use.

Operating Subsidies in Areas Other than Urbanized Areas

P.L. 93-503 required the Secretary of Transportation to set aside not more than \$500 million through FY 1980 in Section 3 capital grant funds for assistance in "areas other than urbanized areas," i.e., areas with populations of less than 50,000. Section 1 of H.R. 3155 would authorize the use of up to one-half of this amount--or \$250 million--for operating expenses.

Last June former Administrator Herringer, testifying on behalf of the Department before the Senate Banking Committee on a similar bill, S. 662, requested a one-year delay in the extension of the operating assistance to non-urbanized areas.

The reason for the requested delay was our feeling that there were still substantial uncertainties about the scope and magnitude of the small town and rural transportation problem, and that the wisest course was to study the results of the Rural Highway Public Transportation Demonstration Program (the so-called Section 147 program) before deciding what legislative changes were appropriate.

The first meaningful results from the rural demonstration program, however, will not be available until July, 1977. Even then they will be fragmentary because the evaluation will be based only on one year's operational experience of a small segment of non-urbanized areas. Thus, we think

that it is premature to move at this time to provide operating assistance to non-urbanized areas, given the absence of the demonstration results. However, if the Congress feels that it is necessary now to take this step, the Department believes the following explicit conditions are necessary to make such legislation acceptable to the Administration:

First, that not more than 50 percent of the funds set aside for non-urbanized areas be spent on such operating assistance. This provision is now included in H.R. 3155.

Second, that at the same time and in the same legislation, Congress similarly limit to 50 percent the Section 5 funding made available to urbanized areas which can be used for operating assistance (with a waiver possibility for areas which have already committed to operating assistance use of their full formula allocation by binding referendum); and

Third, that the Congress at the same time and in the same legislation repeal Section 3(h), the Beame shuffle, effective beginning with Fiscal Year 1977.

Secretary Coleman, in his Statement of National Transportation Policy, called for a rural transportation policy and program, coordinated with other Federal efforts in rural development, as part of a broader national policy on rural and urban growth. Rural public transportation programs could encourage

community development, help meet the problem of rural poverty by facilitating access to employment, education and better medical services, and provide improved mobility to the 85 million citizens, or nearly 42 percent of our population, who still live in small towns and the countryside.

Indeed, the problem of rural residents who do not have access to automobiles are often more severe than those of transit-dependent individuals in metropolitan areas. Many communities are without service at all, and where transit service does exist the quality is often poor. Moreover, travel requirements are harder to satisfy because of the relative isolation of many rural communities and the long distances between origins and destinations in sparsely settled communities.

Certain small cities and rural areas presently operate various types of public transportation service. The Department has taken advantage of the existence of these operations to assess the problems of non-urbanized public transportation through two investigations. One was a series of case studies of transit operation in thirteen small cities representing a variety of community settings, service objectives, financing mechanisms and institutional environments. The results of these case studies are reported in a report entitled "Small City Transit." The other was a study of rural public transportation service, reported in a document "Rural Transit Operations and Management." I am submitting a copy of each report for the Committee's information.

Through these studies we now believe that public transportation can promote certain important social objectives in non-urbanized areas. It can provide increased mobility to elderly citizens and children who often constitute an important proportion of total population in small communities. It can knit a community closer together and contribute to a feeling of social cohesiveness. It can reduce the need for downtown parking. And, in one suburban community at least, it has already led to a reduction in second automobile ownership.

Recognizing that a number of questions concerning the transportation needs in small urban and rural areas still remain, we would propose to minimize the risk of making unwise decisions by building into the administrative process certain safeguards that would protect the Federal resources against wasteful, inefficient and duplicative use.

These safeguards would take several forms. First, we would intend to make full use of the provision of Section 5(d)(2) of the UMT Act of 1964 which authorizes the Secretary to promulgate appropriate requirements concerning transit efficiency as a condition of granting operating assistance.

Second, we would propose to implement any operating assistance program for non-urbanized areas incrementally. During each of the first two years of the program we would devote only a limited portion of the available funds to such assistance. At the end of this two year trial period, we would assess the effectiveness of the program and the delivery mechanism and revise the procedures as necessary.

Third, we would intend to coordinate the delivery of our assistance closely with the on-going programs of other Federal agencies, notably those of the Department of Health, Education and Welfare.

Fourth, the local matching share requirement would militate against localities submitting spurious or inflated requests for operating grants.

Finally, by way of amendment, we would suggest putting a period after the word "expenses" in line 2, page 2, of H. R. 3155 and substituting the language of S.662 as follows: "Grants for assistance in other than urbanized areas shall be subject to such terms, conditions, requirements and provisions (similar as may be appropriate to those applicable to grants under Section 5) as the Secretary may determine to be necessary or appropriate for non-urbanized areas."

In other words, we would suggest deleting reference to the various subsections of Section 5 in H. R. 3155. These provisions were primarily aimed at the problems of major urbanized areas and would unnecessarily encumber the effective administration of the non-urbanized area program. The type of substitute language we are proposing was incorporated in Section 16(b)(2) of the UMT Act, resulting in greatly increased flexibility of administration of that provision in respect to small scale transit operations.

#### Grants for Training Programs

Section 2 of H. R. 3155 would amend Section 10 of the UMT Act of 1964 to broaden the Department's authority to make training grants to employees of transit systems. The Department favors enactment of this amendment. The existing provision contains a number of restrictions which have hampered the effectiveness of the training grant program. The law sets a limit of one hundred grants per year; it restricts the percentage of grants that may be awarded in any one State; and it requires that grants be made only for training received in "institutions of higher education offering programs of graduate study". However, the training needs of transit personnel need not always be met through courses offered by graduate schools. Many kinds of technical training of value to the transit systems can be conducted in trade schools and other technical institutions not accredited as universities.

The bill would remove the present limitations. The Department would be able to make its own determination as to the number and distribution of training grants, within the limits of its appropriations, and would have the flexibility to make grants for training at all appropriate institutions.

#### Expanded Definition of Construction

Section 3 of H. R. 3155 would add a definition of the term "construction" to Section 12 of the UMT Act of 1964 as amended, thus making it applicable to all programs authorized by the Act. At present only Section 5 contains a definition of "construction", causing some confusion as to whether different elements of construction are eligible under the different programs.

As a technical point, we would recommend deletion of the existing definition of construction in Section 5(a)(1) of the Act if Section 12 is amended. The presence of two definitions of "construction" with very slight differences in wording could only compound the confusion.

### Elderly and Handicapped Provision

I would like to turn now to Section 4 of the bill, which deals with the transportation needs of elderly and handicapped persons. The Department is in agreement with the basic direction of this section. We agree with the need to make transit facilities and vehicles more accessible to the elderly and handicapped; we also agree that there should be strong participation by elderly and handicapped persons in the process for the planning and development of accessible transit systems. However, we do not believe it is necessary to amend section 16 at this time.

As you may know, on April 30, 1976, UMTA issued formal regulations and advisory information on transportation for elderly and handicapped persons. I am submitting a copy of these regulations with this testimony. This comes after more than a year of careful and intense effort at developing a workable approach to the goals of accessible transportation for elderly and handicapped persons.

We feel that these regulations represent solid progress toward achieving this goal. The issuance we published on April 30 takes a three pronged approach:

1. The UMTA/FHWA regulations on the urban transportation planning process issued last fall, contain a specific provision which requires that the planning process include "special efforts" to plan public mass transportation facilities and services that can be

utilized by elderly and handicapped persons. The rules we promulgated on April 30 elaborate on that requirement and emphasize the requirement that elderly and handicapped persons--including wheelchair users and semiambulatory handicapped persons--be involved in the planning process. The rules establish a presumption that effective project development cannot occur without the assistance and cooperation of such persons, including wheelchair users and semiambulatory persons, and of public and private health welfare agencies and handicapped consumer groups.

2. Effective with transportation improvement programs submitted after September 30, 1976, UMTA will require such programs to include projects designed to benefit elderly and handicapped persons, specifically including wheelchair users and those with semi-ambulatory capabilities. The advisory information which accompanies the new programming regulation gives concrete examples of the type of projects, or level of effort, which will be acceptable.
3. The new regulations also establish detailed accessibility standards for fixed facilities, buses, rapid rail vehicles, and light rail vehicles--requirements such as improved

interior handrails and stanchions, nonslip flooring, lighting in the stepwell, priority seating signs, warning strips next to boarding platforms, and other hazard warnings in buildings. For the new design buses which are about to come on the market, the regulations require that front step risers not exceed 8 inches and that manufacturers offer a wheelchair accessibility option.

The comments we received on our proposed regulations revealed substantial disagreement over the best type or mix of services for wheelchair users and semiambulatory handicapped persons. Given present knowledge, we cannot say that one type of service--accessible full-size buses, specialized services, or a combination--is best for all communities. Therefore, a basic feature of our final regulations--a feature we consider important and sound, given present uncertainties--is to leave the choice of particular types of services to the local level. However, we will not approve token efforts, and the issuance we published on April 30 gives concrete examples of appropriate levels of effort.

As stated above, our planning guidance emphasizes the requirement that elderly and handicapped persons--including wheelchair users and semiambulatory handicapped persons--be involved in the planning process. However, we consciously declined to include a specific requirement for a local elderly and handicapped advisory committee, for we feel that the appropriate Federal role in this case is to require an outcome--i.e. involvement of elderly and handicapped persons--and leave the particular mechanism by which this is to be accomplished to local determination.

We have also considered the need to establish a National Advisory Council on Accessibility of Mass Transportation. However, because the Rehabilitation Act established a Architectural and Transportation Barrier Compliance Board whose functions appear to be similar to those suggested in the Bill, we do not see the need for a second committee.

Both UMIA and the Congress have the same goal: assuring the availability of mass transportation which can be effectively utilized by elderly and handicapped persons. In the long and complex task of developing these regulations, we have been mindful of the concerns of Congress on this subject including the specific provisions of H.R. 3155 and S. 662, and we have tried to incorporate these concerns into our regulations.

The specific provisions of H.R. 3155 and S. 662, while similar in goals and overall approach to the UMIA regulations, contain many differences in emphasis and detail. For this reason we would respectfully ask the Committee not to modify the language of Section 16 at this time except as proposed further in my testimony or until there has been operating experience under the new regulation. I think you will agree, after reviewing the regulations, that we have taken a long step toward the goal of more effective transportation services for the elderly and handicapped. I hope that the Committee will allow these regulations an opportunity to demonstrate their ability to accomplish this goal.

### Loan Forgiveness

Section 5 of this bill allows the Secretary of Transportation to convert prior capital assistance loans to grants (or to forgive principal and interest on a prior loan in lieu of a cash grant). This provision applies to the only two places where we have made capital assistance loans--the State of Rhode Island, and the City of Philadelphia.

Because of problems of matching shares and availability of grant funds at the time, they were forced to accept capital loans instead of grants. The legislation is designed to equalize their obligations and benefits with other recipients of Federal mass transit aid, and should, therefore, provide for the forgiveness only of the Federal share that would have been awarded had the amount been a grant.

### Elimination of Liquidation Schedule

Section 6 eliminates the old liquidations schedule in Section 4(c) of the Act and establishes a requirement that the Secretary submit reports to Congress on the estimated cost of capital grants for the years 1977-1983. We think this requirement is unnecessary. The Department has always responded to Congressional requests for information and has every intention of doing so in the future.

years 1982-84.

Uniform Terms and Conditions Under Section 16(b)

Finally, on a subject not included in the pending bill, we recommend that grants under Section 16(b) (1) be made subject to the same provision as grants under 16(b) (2), as far as applicable terms and conditions are concerned. In other words, we believe that the Secretary should be given discretion in determining the terms and conditions of all grants to assist in the provision of transportation services for elderly and handicapped persons. The goal of Section 16(b) is speedy and effective service for elderly and handicapped persons; whether the operator is a public body or a private non-profit organization should not make a difference in our requirements.

Certain of the terms, conditions and requirements applicable under Section 3(a) have little relevance to the type of services that are called for under Section 16(b). With the increased emphasis on specialized services called for by our new regulations on transportation for elderly and handicapped persons, it is important not to burden such services with unnecessary requirements that would contribute to less efficient and less productive operation. We believe that the proposed amendment would be a step in the right direction.

This concludes my prepared testimony. I will be happy to answer any questions the Committee may have.