

TESTIMONY OF  
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BEFORE THE SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY  
AND THE DISTRICT OF COLUMBIA  
OF THE SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

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Mr. Chairman:

I am pleased to appear before this Subcommittee to testify concerning S. 828 and H.R. 3951, the "National Capital Transportation Amendments of 1979." These are exciting times for public transportation in the United States. Last October the Congress enacted a series of amendments to the Urban Mass Transportation Act of 1964 (UMT Act) to extend and expand the national transit assistance program. The Washington, D.C. metropolitan area receives increased planning, capital, and operating assistance grants under the extended UMT Act, in the same manner as other major metropolitan areas throughout the country.

These are also exciting times because of what we see on the horizon for public transportation. The President, in his speech to the Nation in July, announced substantial new support for public transit. Over the next ten years, we will oversee the investment of 50 billion dollars for transit capital projects. This compares to 15 billion dollars over the last ten years. Within this investment level, we will provide for the 1.7 billion dollar capital authorization of S. 828 and H.R. 3951. I would be remiss, however, if I did not emphasize that this proposed level of

national commitment to public transit is contingent on the passage of the Windfall Profits Tax. Without this tax, our ability to provide for our energy security is greatly decreased and our task to turn this authorization into annual appropriations will be more difficult.

President Carter summarized the role that he sees for public transit in a recent speech before the American Public Transit Association. He said:

"Better mass transit will help us attack a whole range of critical, interrelated problems -- not just energy, but also inflation, unemployment, the health of our environment and the vitality of our cities.

Public transit means cleaner air. It means less noise. It means stronger, more livable cities. It means more mobility and more opportunity for everybody, especially those who need it the most -- the young, the old, the handicapped, minorities and the poor.

And public transit means jobs. The energy mass transit initiative I have proposed will put Americans to work. I am not talking about a few hundred jobs for bureaucrats and administrators, but an average of 40,000 jobs a year, at all levels of skill, throughout the 1980s."

I think that is an eloquent statement on why this Administration supports public transit.

In this context, I am pleased to discuss the provisions of S. 828 and H.R. 3951. We have made substantial progress with the Washington Metropolitan Area Transit Authority (WMATA) in developing the tools that we need to meet our joint goal of a 101-mile rail system in our Nation's capital. Earlier this year we reached agreement on a construction program to be undertaken with the funds remaining from previous withdrawals of

interstate highways. Just last week, Secretary Goldschmidt met with members of the WMATA Board and cosigned the Interim Bond Agreement with WMATA that sets out the mechanism for the orderly payment of interest and principal on the \$997 million of construction bonds that have been issued by WMATA. The agreement process was long and complicated. However, I believe that the tremendous amount of work done by the WMATA Board and staff, the local jurisdictions and the states has borne fruit and I am confident that each of the local governments involved will meet its commitment outlined in the agreement to create a stable and reliable source of local funding to service the local share of the bonds. I want to underscore today the message that we are giving to the local governments and to the states of Maryland and Virginia. This Administration stands ready to provide our share in meeting our mutual goals and now it is the responsibility of our state and local partners to come forward with the stable and reliable source of revenues which will guarantee the non-Federal share of this important regional investment.

Two bills are currently before this Subcommittee, S. 828 and H.R. 3951. S. 828 was introduced on March 29, 1979. It includes many of the same provisions as H.R. 3951, the bill that passed the House on July 16, 1979. The most serious problem that the Administration sees with S. 828 is that it fails to make Federal capital payments contingent on the creation of a stable and reliable source of local funds. H.R. 3951 corrects this serious defect.

H.R. 3951 has four substantive sections. Section 2 would authorize a total of 1.7 billion dollars for continued construction of the Metrorail system after the local jurisdictions exhaust funds available from the withdrawal of interstate highway segments under the provisions of 23 U.S.C. §103(e)4. The local jurisdictions have demonstrated their commitment by withdrawing over 1 billion dollars worth of highways and using Federal general fund money to help build the Metrorail system. The Administration supports the authorization of additional funds for Metrorail construction included in H.R. 3951 and the separate authorization that is contained in Section 2 of the bill. However, we wish to make it very clear that appropriations under this authorization process will be considered within the context of our nation's total transportation needs. By this I mean that the Administration will integrate WMATA's need for capital funding with the transportation needs of the other areas of the country and the total resources available to meet those needs. Since enactment of the Energy Security Trust Fund would create a new source of capital funding, its enactment would reduce demands on the general fund for capital projects. WMATA could, therefore, expect less competition for general fund revenues for capital construction if the Energy Security Trust Fund is enacted. I hope that the members of this Committee will support the enactment of the Energy Security Trust Fund. As a further comment on Section 2, we recommend that the authorization be in a lump sum amount of 1.7 billion dollars with the authorizations for annual appropriations beginning in 1982. The lump sum authorization will provide the flexibility to

The next substantive section is Section 4 which would create an authorization for the Secretary to make special payments to WMATA for operating costs that could total 197.7 million dollars over the lifetime of the Act. The Administration opposes the creation of such a fund. First, the provision does not require either a local matching share or even a maintenance of current levels of local contributions. In effect, Federal funds could displace local funds and reduce the local incentive to operate the system efficiently. Moreover, the Administration has already supported authorization and appropriation levels under the Urban Mass Transportation Act which increased the amounts of operating assistance available to WMATA from 17.8 million dollars in 1978 to 25 million dollars in 1979 -- an increase of over 30%. WMATA's operating assistance in 1980 will be increased further over the amount available in 1979. We believe that it is not fiscally responsible or equitable to other areas of the country, which are also experiencing fiscal pressures, to add special payments of 20 million dollars a year or more to the Federal operating assistance that WMATA is already receiving. We also do not want a special WMATA operating assistance program because that might create the possibility of a backlash from other transit communities that do not have special Federal operating assistance. We believe that WMATA's Federal operating subsidies should be governed by the provisions of the UMT Act, just as are the subsidies of all of the other transit systems in this country.

The final provision of H.R. 3951, Section 5, would make the Secretary's contributions for capital and operating expenses contingent on the local

governments providing a "stable and reliable source of revenue(s)." We strongly endorse this principle but we would recommend that local governments be permitted to include stable and reliable revenues from state governments within their local contribution. We would also suggest that the "stable and reliable source of revenue(s)" be required for the local share of the cost of operating the entire transit system, not just the rapid rail system, since the fare structure of the rail system is not independent of the bus system and since the rail system cannot operate properly without an adequate bus system. We also have some technical changes that are based on changes to the bond agreement which we will furnish to the Committee.

Mr. Chairman, that concludes my statement. The Administration supports most of the concepts of the bill passed by the House. With the specific changes that I have outlined today --

- lump sum capital authorization;
- stable and reliable local revenues for all transit costs;
- keep the WMATA bond interest taxable;
- delete the special operating assistance; and
- related changes

the bill will be fully acceptable to us and I urge speedy action upon it. I would be glad to answer any questions which the Committee may have.