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93D CONGRESS }  
2d Session }

HOUSE OF REPRESENTATIVES

{ REPORT  
No. 93-1427

## URBAN MASS TRANSPORTATION ASSISTANCE ACT OF 1974

OCTOBER 3, 1974.—Ordered to be printed

Mr. PATMAN, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany S. 386]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

*That this Act may be cited as the "National Mass Transportation Assistance Act of 1974".*

#### FINDINGS

*SEC. 2. The Congress finds that—*

*(1) over 70 per centum of the Nation's population lives in urban areas;*

*(2) transportation is the lifeblood of an urbanized society and the health and welfare of that society depends upon the provision of efficient economical and convenient transportation within and between its urban area;*

*(3) for many years the mass transportation industry satisfied the transportation needs of the urban areas of the country capably and profitably;*

*(4) in recent years the maintenance of even minimal mass transportation service in urban areas has become so financially burdensome as to threaten the continuation of this essential public service;*



(5) the termination of such service or the continued increase in its cost to the user is undesirable, and may have a particularly serious adverse effect upon the welfare of a substantial number of lower income persons;

(6) some urban areas are now engaged in developing preliminary plans for, or are actually carrying out, comprehensive projects to revitalize their mass transportation operations; and

(7) immediate substantial Federal assistance is needed to enable many mass transportation systems to continue to provide vital service.

## TITLE I—INCREASED MASS TRANSPORTATION ASSISTANCE

### AUTHORIZATION

SEC. 101. (a) The first sentence of section 4(c) of the Urban Mass Transportation Act of 1964 is amended by striking out "\$6,100,000,000" and inserting in lieu thereof "\$10,925,000,000".

(b) Section 4(c) of such Act is further amended by adding at the end thereof the following new sentence: "Of the total amount available to finance activities under this Act (other than under section 5) on and after the date of the enactment of the National Mass Transportation Assistance Act of 1974, not to exceed \$500,000,000 shall be available exclusively for assistance in areas other than urbanized areas (as defined in section 5(a)(3))."

### TRANSPORTATION PLANNING

SEC. 102. Section 3(a) of the Urban Mass Transportation Act of 1964 is amended—

(1) by inserting "(1)" after "SEC. 3. (a)";

(2) by redesignating clauses (1) and (2) of the third sentence as clauses (A) and (B) respectively;

(3) by striking out the sixth and seventh sentences; and

(4) by adding at the end thereof the following:

"(2) It is declared to be in the national interest to encourage and promote the development of transportation systems, embracing various modes of transport in a manner that will serve the States and local communities efficiently and effectively. To accomplish this objective the Secretary shall cooperate with the States in the development of long-range plans and programs which are properly coordinated with plans for improvements in other affected forms of transportation and which are formulated with due consideration to their probable effect on the future development of urban areas of more than fifty thousand population. The development of projects in urbanized areas under this section shall be based upon a continuing, cooperative, and comprehensive planning process covering all modes of surface transportation and carried on by the States and the governing bodies of local communities in accordance with this paragraph. The Secretary shall not approve any project in an urbanized area after July 1, 1976, under this section unless he finds that such project is based on a continuing comprehensive transportation planning process carried on in conformance with the objectives stated in this paragraph."

## FORMULA GRANT PROGRAM

SEC. 103. (a) The Urban Mass Transportation Act of 1964 is amended by striking out section 5 and inserting in lieu thereof the following new section:

### "URBAN MASS TRANSIT PROGRAM

"SEC. 5. (a) As used in this section—

"(1) the term 'construction' means the supervising, inspecting, actual building, and all expenses incidental to the acquisition, construction, or reconstruction of facilities and equipment for use in mass transportation, including designing, engineering, locating, surveying, mapping, acquisition of rights-of-way, relocation assistance, and acquisition and replacement of housing sites;

"(2) the term 'Governor' means the Governor, or his designate, of any one of the fifty States or of Puerto Rico, and the Mayor of the District of Columbia; and

"(3) the term 'urbanized area' means an area so designated by the Bureau of the Census, within boundaries which shall be fixed by responsible State and local officials in cooperation with each other, subject to approval by the Secretary, and which shall at a minimum, in the case of any such area, encompass the entire urbanized area within the State as designated by the Bureau of the Census.

"(b) The Secretary shall apportion for expenditure in fiscal years 1975 through 1980 the sums authorized by subsection (c). Such sums shall be made available for expenditure in urbanized areas or parts thereof on the basis of a formula under which urbanized areas or parts thereof will be entitled to receive an amount equal to the sum of—

"(A) one-half of the total amount so apportioned multiplied by the ratio which the population of such urbanized area or part thereof, as designated by the Bureau of the Census, bears to the total population of all the urbanized areas in all the States as shown by the latest available Federal census; and

"(B) one-half of the total amount so apportioned multiplied by a ratio for that urbanized area determined on the basis of population weighted by a factor of density, as determined by the Secretary.

As used in the preceding sentence, the term 'density' means the number of inhabitants per square mile.

"(2) The Governor, responsible local officials and publicly-owned operators of mass transportation services, in accordance with the procedures required under section (g)(1), with the concurrence of the Secretary, shall designate a recipient to receive and dispense the funds apportioned under paragraph (1) that are attributable to urbanized areas of two hundred thousand or more population. In any case in which a statewide or regional agency or instrumentality is responsible under State laws for the financing, construction and operation, directly, by lease, contract or otherwise, of public transportation services, such agency or instrumentality shall be the recipient to receive and dispense such funds. The term 'designated recipient' as used

in this Act shall refer to the recipient selected according to the procedures required by this paragraph.

"(3) Sums apportioned under paragraph (1) not made available for expenditure by designated recipients in accordance with the terms of paragraph (2) shall be made available to the Governor for expenditure in urbanized areas or parts thereof in accordance with the procedures required under subsection (g) (1).

"(c) (1) To finance grants under this section, the Secretary may incur obligations on behalf of the United States in the form of grants, contracts, agreements, or otherwise in an aggregate amount not to exceed \$3,975,000,000. There are authorized to be appropriated for liquidation of the obligations incurred under this paragraph not to exceed \$300,000,000 prior to the close of fiscal year 1975; not to exceed \$500,000,000 prior to the close of fiscal year 1976; not to exceed \$650,000,000 prior to the close of fiscal year 1977; not to exceed \$775,000,000 prior to the close of fiscal year 1978; not to exceed \$850,000,000 prior to the close of fiscal year 1979; and not to exceed \$900,000,000 prior to the close of fiscal year 1980. Sums so appropriated shall remain available until expended.

"(2) Sums apportioned under this section shall be available for obligation by the Governor or designated recipient for a period of two years following the close of the fiscal year for which such sums are apportioned, and any amounts so apportioned remaining unobligated at the end of such period shall lapse and shall be returned to the Treasury for deposit as miscellaneous receipts.

"(d) (1) The Secretary may approve as a project under this section, on such terms and conditions as he may prescribe, (A) the acquisition, construction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service, and (B) the payment of operating expenses to improve or to continue such service by operation, lease, contract, or otherwise.

"(2) The Secretary shall issue such regulations as he deems necessary to administer this subsection and subsection (e), including regulations regarding maintenance of effort by States, local governments, and local public bodies, the appropriate definition of operating expenses, and requirements for improving the efficiency of transit services.

"(e) The Federal grant for any construction project under this section shall not exceed 80 per centum of the cost of the construction project, as determined under section 4(a) of this Act. The Federal grant for any project for the payment of subsidies for operating expense project. The remainder shall be provided in cash, from sources other than Federal funds or revenues from the operation of public mass transportation systems. Any public or private transit system funds so provided shall be solely from undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital.

"(f) Federal funds available for expenditure for mass transportation projects under this section shall be supplementary to and not in substitution for the average amount of State and local government funds and other transit revenues such as advertising, concessions, and property leases, expended on the operation of mass transportation service in the area involved for the two fiscal years preceding the fiscal

year for which the funds are made available; but nothing in this sentence shall be construed as preventing State or local tax revenues which are used for the operation of mass transportation service in the area involved from being credited (to the extent necessary) toward the non-Federal share of the cost of the project for purposes of the preceding sentence.

"(g) (1) It is declared to be in the national interest to encourage and promote the development of transportation systems, embracing various modes of transport in a manner that will serve the States and local communities efficiently and effectively. To accomplish this objective the Secretary shall cooperate with the States in the development of long-range plans and programs which are properly coordinated with plans for improvement in other affected forms of transportation and which are formulated with due consideration to their probable effect on the future development of urban areas of more than fifty thousand population. The development of projects in urbanized areas under this section shall be based upon a continuing, cooperative, and comprehensive planning process covering all modes of surface transportation and carried on by the States and the governing bodies of local communities in accordance with this paragraph. The Secretary shall not approve any project in an urbanized area after July 1, 1976, under this section unless he finds that such project is based on a continuing comprehensive transportation planning process carried on in conformance with the objectives stated in this paragraph.

"(2) The Governor or designated recipient shall submit to the Secretary for his approval a program of projects for utilization of the funds authorized, which shall be based on the continuing comprehensive planning process of paragraph (1). The Secretary shall act upon programs submitted to him as soon as practicable, and he may approve a program in whole or in part.

"(3) An applicant for assistance under this section (other than a Governor) shall submit the program or programs to the Governor of the State affected, concurrently with submission to the Secretary. If within thirty days thereafter the Governor submits comments to the Secretary, the Secretary shall consider such comments before taking final action on the program or programs.

"(h) (1) The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. The Secretary shall act upon such surveys, plans, specifications, and his entering into a grant or contract agreement with respect to any such project shall be a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.

"(2) In approving any project under this section, the Secretary shall assure that possible adverse economic, social, and environmental effects relating to the proposed project have been fully considered in developing the project, and that the final decisions on the project are made in the best overall public interest, taking into consideration the need for fast, safe, and efficient transportation, public services, and conservation of environment and natural resources, and the costs of eliminating or minimizing any such adverse effects, including—

"(A) air, noise, and water pollution;

“(B) destruction or disruption of manmade and natural resources, esthetic values, community cohesion, and the availability of public facilities and services;

“(C) adverse employment effects, and tax and property value losses;

“(D) injurious displacement of people, businesses, and farms; and

“(E) disruption of desirable community and regional growth.

“(i) Upon submission for approval of a proposed project under this section, the Governor or the designated recipient of the urbanized area shall certify to the Secretary that he or it has conducted public hearings (or has afforded the opportunity for such hearings) and that these hearings included (or were scheduled to include) consideration of the economic and social effects of such project, its impact on the environment, including requirements under the Clean Air Act, the Federal Water Pollution Control Act, and other applicable Federal environmental statutes, and its consistency with the goals and objectives of such urban planning as has been promulgated by the community. Such certification shall be accompanied by (1) a report which indicates the consideration given to the economic, social, environmental, and other effects of the proposed project, including, for construction projects, the effects of its location or design, and the consideration given to the various alternatives which were raised during the hearing or which were otherwise considered, and (2) upon the Secretary's request, a copy of the transcript of the hearings.

“(j) (1) The Secretary may discharge any of his responsibilities under this action with respect to a project under this section upon the request of any Governor or designated recipient of the urbanized area by accepting a certification by the Governor or his designee, or by the designated recipient of the urbanized area, if he finds that such project will be carried out in accordance with State laws, regulations, directives, and standards establishing requirements at least equivalent to those contained in, or issued pursuant to, this section.

“(2) The Secretary shall make a final inspection or review of each such project upon its completion and shall require an adequate report of its estimated and actual cost, as well as such other information as he determines to be necessary.

“(3) The Secretary shall promulgate such guidelines and regulations as may be necessary to carry out this subsection.

“(4) Acceptance by the Secretary of a certification under this section may be rescinded by the Secretary at any time if, in his opinion, it is necessary to do so.

“(5) Nothing in this section shall affect or discharge any responsibility or obligation of the Secretary under any other Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), section 4(f) of the Department of Transportation Act (49 U.S.C. 1653(f)), title VI of the Civil Rights Act of 1964 (42 U.S.C. 200(d) et seq.), title VIII of the Act of April 11, 1968 (Public Law 90-284, 42 U.S.C. 3601 et seq.), and the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).

“(k) (1) As soon as practicable after the plans, specifications, and estimates for a specific project under this section have been approved,

the Secretary shall enter into a formal project agreement with the Governor, his designee or the designated recipient of the urbanized area. Such project agreement shall make provision for non-Federal funds required for the State's or designated recipient's pro rata share of the cost of the project.

“(2) The Secretary may rely upon representations made by the applicant with respect to the arrangements or agreements made by the Governor or the designated recipient where a part of the project involved is to be constructed at the expense of, or in cooperation with, local subdivisions of the State.

“(3) The Secretary is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant or contract made pursuant to this section, on such terms and conditions as he may prescribe.

“(l) The Secretary shall not approve any project under this section unless he finds that such project is needed to carry out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and is necessary for the sound, economic, and desirable development of such area, and that the applicant or responsible agency has the legal, financial, and technical capacity to carry out the proposed project. A project under this section may not be undertaken unless the responsible public officials of the urbanized area in which the project is located have been consulted and, except for projects solely to pay subsidies for operating expenses, their views considered with respect to the corridor, location, and design of the project.

“(m) The Secretary shall not approve any project under this section unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged elderly and handicapped persons during nonpeak hours for transportation utilizing or involving the facilities and equipment of the project financed with assistance under this section will not exceed one-half of the rates generally applicable to other persons at peak hours, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise.

“(n) (1) The provisions of section 13(c) and section 3(e) (4) shall apply in carrying out mass transportation projects under this section.

“(2) The provision of assistance under this section shall not be construed as bringing within the application of chapter 15 of title 5, United States Code, any nonsupervisory employee of an urban mass transportation system (or of any other agency or entity performing related functions) to whom such chapter is otherwise inapplicable.”

(b) Section 4(a) of such Act is amended by striking out “Except as specified in section 5, no” and inserting in lieu thereof “No”.

#### ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

SEC. 104. (a) The first sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting “(1)” after “financing”, and by inserting before the period at the end thereof the

following: “, and (2) the establishment and organization of public or quasi-public transit corridor development corporations or entities”.

(b) The second sentence of section 3(a) of such Act is amended to read as follows: “Eligible facilities and equipment may include personal property including buses and other rolling stock and real property including land (but not public highways), within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for any efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use.”

#### COORDINATION OF URBAN MASS TRANSIT PROGRAMS WITH MODEL CITIES PROGRAMS

SEC. 105. Section 103(a) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and

(2) by inserting after paragraph (3) the following new paragraph:

“(4) any program which includes a transportation component as a project or activity to be undertaken meets the requirements of section 3(e) of the Urban Mass Transportation Act of 1964;”.

#### PROCUREMENT

SEC. 106. The fifth sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting before the period at the end thereof the following: “, nor shall any grant or loan funds be used to support procurements utilizing exclusionary or discriminatory specifications”.

#### INVESTIGATION OF SAFETY HAZARDS IN URBAN MASS TRANSPORTATION SYSTEMS

SEC. 107. The Secretary of Transportation shall investigate unsafe conditions in any facility, equipment, or manner of operation financed under this Act which creates a serious hazard of death or injury for the purpose of determining its nature and extent and the means which might best be employed to eliminate or correct it. If the Secretary determines that such facility, equipment, or manner of operation is unsafe, he shall require the State or local public body or agency to submit to the Secretary a plan for correcting the unsafe facility, equipment, or manner of operation, and the Secretary may withhold further financial assistance to the applicant until such plan is approved or implemented.

#### FARES FOR ELDERLY AND HANDICAPPED PERSONS

SEC. 108. Nothing contained in this title shall require the charging of fares to elderly and handicapped persons.

#### SCHOOL BUS OPERATIONS

SEC. 109. (a) Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof (immediately after subsection (f)) the following new subsection:

“(g) No Federal financial assistance shall be provided under this Act for the construction or operation of facilities and equipment for use in providing public mass transportation service to any applicant for such assistance unless such applicant and the Secretary shall have first entered into an agreement that such applicant will not engage in schoolbus operations, exclusively for the transportation of students and school personnel, in competition with private schoolbus operators. This subsection shall not apply to an applicant with respect to operation of a schoolbus program if the applicant operates a school system in the area to be served and operates a separate and exclusive schoolbus program for this school system. This subsection shall not apply unless private schoolbus operators are able to provide adequate transportation, at reasonable rates, and in conformance with applicable safety standards; and this subsection shall not apply with respect to any State or local public body or agency thereof if it (or a direct predecessor in interest from which it acquired the function of so transporting schoolchildren and personnel along with facilities to be used therefor) was so engaged in schoolbus operations any time during the twelve-month period immediately prior to the date of the enactment of this subsection. A violation of an agreement under this subsection shall bar such applicant from receiving any other Federal financial assistance under this Act.”

(b) The first sentence of section 3(f) of such Act is amended by striking out “purchase of buses” each place it appears and inserting in lieu thereof “purchase or operation of buses”.

#### ALTERNATE USE OF CAPITAL GRANTS

SEC. 110. Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof (after the new subsection added by section 109 of this Act) the following new subsection:

“(h) Notwithstanding any other provision of this Act, or of any contract or agreement entered into under this Act, up to one-half of any financial assistance provided under this Act (other than under section 5) to any State or local public body or agency thereof for the fiscal year 1975 or any subsequent fiscal year may, at the option of such State or local public body or agency, be used exclusively for the payment of operating expenses (incurred in connection with the provision of mass transportation service in an urban area or areas) to improve or to continue such service, if the Secretary finds (in any case where the financial assistance to be so used was originally provided for another project) that effective arrangements have been made to substitute and, by the end of the fiscal year following the fiscal year for which such sums are used, make available (for such other project) an equal amount of State or local funds (in addition to any State or local funds otherwise required by this Act to be contributed toward the cost of such project). Any amounts used for the payment of operating expenses pursuant to this subsection shall be subject to such terms and conditions (including the requirement for local matching contributions), required for the payment of operating expenses under other provisions of this Act, as the Secretary may deem necessary and appropriate.”

## DATA AND FINANCIAL REPORTING SYSTEMS

SEC. 111. Section 15 of the Urban Mass Transportation Act of 1964 is amended by striking out the entire section and inserting in lieu thereof the following:

## "REPORTING SYSTEM

"SEC. 15. (a) The Secretary shall by January 10, 1977, develop, test, and prescribe a reporting system to accumulate public mass transportation financial and operating information by uniform categories and a uniform system of accounts and records. Such systems shall be designed to assist in meeting the needs of individual public mass transportation systems, Federal, State, and local governments, and the public for information on which to base planning for public transportation services, and shall contain information appropriate to assist in the making of public sector investment decisions at all levels of government. The Secretary is authorized to develop and test these systems in consultation with interested persons and organizations. The Secretary is authorized to carry out this subsection independently, or by grant or contract (including working arrangements with other Federal, State, or local government agencies). The Secretary is authorized to request and receive such information or data as he deems appropriate from public or private sources.

"(b) After July 1, 1978, the Secretary shall not make any grant under section 5 unless the applicant for such grant and any person or organization to receive benefits directly from that grant are each subject to both the reporting system and the uniform system of accounts and records prescribed under subsection (a) of this section."

## TITLE II—FARE-FREE MASS TRANSPORTATION

## DEMONSTRATIONS

SEC. 201. The Secretary of Transportation (hereinafter referred to as the "Secretary") shall enter into such contracts or other arrangements as may be necessary for research and the development, establishment, and operation of demonstration projects to determine the feasibility of fare-free urban mass transportation systems.

SEC. 202. Federal grants or payments for the purpose of assisting such projects shall cover not to exceed 80 per centum of the cost of the project involved, including operating costs and the amortization of capital costs for any fiscal year for which such contract or other arrangement is in effect.

SEC. 203. The Secretary shall select cities or metropolitan areas for such projects in accordance with the following:

(1) to the extent practicable, such cities or metropolitan areas shall have a failing or nonexistent or marginally profitable transit system, a decaying central city, automobile-caused air pollution problems, and an immobile central city population;

(2) several projects should be selected from cities or metropolitan areas of differing sizes and populations;

(3) a high level of innovative service must be provided including the provision of crosstown and other transportation service to the extent necessary for central city residents and others to reach employment, shopping, and recreation; and

(4) to the extent practicable, projects utilizing different modes of mass transportation shall be approved.

SEC. 204. The Secretary shall study fare-free systems assisted pursuant to this title, and other financially assisted urban mass transportation systems providing reduced fares for the purpose of determining the following:

(1) the effects of such systems on (i) vehicle traffic and attendant air pollution, congestion, and noise, (ii) the mobility of urban residents, and (iii) the economic viability of central city business;

(2) the mode of mass transportation that can best meet the desired objectives;

(3) the extent to which frivolous ridership increases as a result of reduced fare or fare-free systems;

(4) the extent to which the need for urban highways might be reduced as a result of reduced fare or fare-free systems; and

(5) the best means of financing reduced fare or fare-free transportation on a continuing basis.

SEC. 205. The Secretary shall make annual reports to the Congress on the information gathered pursuant to section 204 of this title and shall make a final report of his findings, including any recommendations he might have to implement such findings, not later than June 30, 1975.

SEC. 206. In carrying out the provisions of this title, the Secretary shall provide advisory participation by interested State and local government authorities, mass transportation systems management personnel, employee representatives, mass transportation riders, and any other persons that he may deem necessary or appropriate.

SEC. 207. There are hereby authorized to be appropriated not to exceed \$20,000,000 for each of the fiscal years ending on June 30, 1975, and June 30, 1976, respectively, to carry out the provisions of this title.

## TITLE III—RAILROAD GRADE CROSSINGS

SEC. 301. The Secretary of Transportation shall enter into such arrangements as may be necessary to carry out a demonstration project in Hammond, Indiana, for the relocation of railroad lines for the purpose of eliminating highway railroad grade crossings. The Federal share payable on account of such project shall be that provided in section 120 of title 23, United States Code.

SEC. 302. There are authorized to be appropriated to carry out this title not to exceed \$14,000,000, except that two-thirds of all funds expended under authority of this section in any fiscal year shall be appropriated out of the Highway Trust Fund.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the Senate bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the Senate bill, insert the following: "An Act to amend the Urban Mass Transportation Act of 1964 to provide increased assistance for mass transportation systems."

And the House agree to the same.

WRIGHT PATMAN,  
JOSEPH G. MINISH,  
TOM S. GETTYS,  
JIM HANLEY,  
PETE STARK,  
EDWARD KOCH,  
WILLIAM COTTER,  
ANDREW YOUNG,  
JOE MOAKLEY,  
GARRY BROWN,  
WILLIAM B. WIDNALL,  
STEWART B. MCKINNEY,

*Managers on the Part of the House.*

JOHN SPARKMAN,  
WILLIAM PROXMIRE,  
HARRISON WILLIAMS,  
JOHN TOWER,  
ED. BROOKE,

*Managers on the Part of the Senate.*

#### JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

#### STATEMENT OF FINDINGS

The short title of the House amendment was cited as the "Urban Mass Transportation Assistance Act of 1974". The Senate short title of the bill was cited as the "Emergency Commuter Relief Act". The conference report cites the bill as the "National Mass Transportation Act of 1974".

The House amendment contained no Congressional statement of findings. The Senate bill contained seven statements of findings which outlined the importance and necessity of quality urban mass transportation for the United States. The conference report contains the Senate findings.

#### INCREASED MASS TRANSPORTATION ASSISTANCE

On September 25, 1974, the conferees on the bill, S. 386, conducted a public hearing to explore means of improving and modifying S. 386, the Emergency Urban Mass Transportation Act. At these hearings, witnesses, including members of Congress, Governors, Mayors, transit industry officials, labor representatives, business and community leaders, and the Administration testified on the need for a long-term comprehensive mass transit program this year. In particular, the Administration testified that they would oppose legislation that was not a long-term comprehensive bill. The Administration also raised additional objections to S. 386 as it was reported to the House on February 26, 1974 (House Report 93-813). During discussions with members of the conference committee and in a letter dated July 26, 1974, to House Minority Leader John Rhodes, Secretary Brinegar stated that S. 386 had the following "critical weaknesses":



- (1) it effectively eliminates participation by State governments in planning and executing public transportation programs;
- (2) the formula for distributing funds in S. 386 is unsound; and
- (3) the funding authorizations in S. 386 are out of line with the need to fight inflation.

In addition, the Administration argued for a long-range bill in order to deal comprehensively and effectively with the mass transportation needs of the country. In an effort to accommodate the Administration and in the spirit of cooperation with the new President, the conferees agreed to make major modifications in this conference report.

#### AUTHORIZATIONS

The conference report amended section 4(c) of the Urban Mass Transportation Act of 1964 by striking \$6.1 billion and inserting \$10,925,000,000. Of this \$3.1 billion was obligated as of the end of Fiscal Year 1974. \$3 billion is previously authorized authority. Thus, this conference report provides \$4,825,000,000 of new authority. This provides for a 6-year capital program of \$7,825,000,000 available for obligations of which \$500 million will be reserved for a new rural public transportation capital assistance program. By combining the existing authority and the new authority in this conference report, approximately \$1.2 billion on the average per year will be authorized for the existing capital grant program. The obligation for Fiscal Year 1974 for this program was \$1.2 billion and the estimate for 1975 is \$1.350 billion. Thus, no substantial major increases are anticipated in the existing capital grant program. This conference report will have little or no budgetary impact during Fiscal Year 1975.

#### TRANSPORTATION PLANNING

All projects approved under the existing capital grant program have had to be in compliance with regional comprehensive plans. In many urbanized areas in this country, regional planning has not been coordinated with state transportation planning. A new section would be added to the capital grant program which would provide for long-term coordination of mass transit planning and the Governors, along with local officials, would be required to develop long-range plans to improve and coordinate all forms of transportation within urbanized areas as a condition to receiving Federal funds. This addition would add Governor participation to the planning requirements which are not now required under existing law.

#### FORMULA GRANT PROGRAM

A new formula grant program is authorized by this conference report. \$3,975,000,000 is authorized in the next 6 years with the following liquidation schedule provided:

	<i>Million</i>		<i>Million</i>
1975 -----	\$300	1978 -----	\$775
1976 -----	500	1979 -----	850
1977 -----	650	1980 -----	900

These funds would be available to be allocated to states or urbanized areas on a formula basis and would be available to finance capital projects or pay operating costs of public transportation systems.

This multiple purpose of these funds and the development levels of funding are very similar to the formula grant program embodied in the Administration's UTAP proposal.

One of the bases of criticism of the original S. 386 was the distribution formula. The use of revenue passenger and vehicle miles as factors in the formula were criticized because they were not reliably ascertainable numbers and were potentially susceptible to manipulation. Therefore, the conference adopted the factors of population and population weighted by density that are based upon the 1970 census figures. The 50 percent population and 50 percent population weighted by density factor formula was initially recommended by the Administration.

In urbanized areas of 200,000 population, a designated recipient will be selected by the Governor, local officials, and officials of the transportation authority. In any case in which a State agency is responsible under State law for financing, construction, and operation, directly by lease, contract, or otherwise public transportation services, the Secretary shall designate such State agency as the designated recipient to receive and dispense funds apportioned. In urbanized areas under 200,000 population, the State will be the recipient of these funds.

The apportioned funds, if used by the Governor or designated recipient for capital purposes, shall be on an 80 percent Federal share. Where the Governor or designated recipient uses these funds to pay operating expenses, they shall be on a 50 percent share basis.

The conference report would make the charter bus restrictions in section 3 of the Urban Mass Transportation Act of 1964 applicable to grants under this section. To be eligible for grants under this provision, the recipient must continue to maintain State and local operating and capital funds, and the transit system must maintain other revenues such as advertising, concessions, and property leases. This maintenance of effort provisions is to be a two-year average of the total of State and local funds used to finance operating costs and other non-farebox income. The State and local revenues and other incomes can be used as local matching share but that revenues gained by farebox shall not be eligible.

Mass transportation systems receiving assistance under this provision must charge half fares to the elderly and the handicapped during nonpeak hours. In the case of areas served by privately owned public transportation systems, the applicant will be the Governor or designated recipient who by lease contract or otherwise shall make the funds available to these privately-owned public transportation systems.

The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. In addition, the Governor or the designated recipient must certify to the Secretary that he has conducted public hearings or afforded the opportunity for such hearings.

The conferees recognize that in order to minimize the deficits now being incurred, all possible efficiencies of operation should be encouraged. There is also a need to improve the operating systems and eliminate inefficiencies in them. The conferees desire that no part of this conference report shall be construed to limit or alter the responsibility of each recipient of assistance from initiating and implementing all necessary and desirable efficiencies.

## SCHOOL BUS OPERATIONS

Recipients under the existing capital grant program who have not engaged in school bus operations are not eligible to do so. A similar restriction for recipients of formula grant funds under section 5 is provided.

## ALTERNATE USE OF CAPITAL GRANT PROGRAM

Up to one-half of any financial assistance provided under the discretionary capital grant provisions of the Urban Mass Transportation Act of 1964 may be used, at the option of the grantee, for the payment of operating expenses if the Secretary finds that effective arrangements have been made to make available an equal amount of State or local funds for completion of the project for which the Federal funds were to have been used. Where a grantee chooses to use funds for operating rather than capital assistance under this provision, the terms and conditions applicable to other operating expense projects under the Act (including local share and maintenance of effort) shall be applied to projects under this subsection. The substitute funds must actually be made available to the project no later than the end of the fiscal year following the fiscal year for which the sums were used for operating expenses.

## DATA AND FINANCIAL REPORTING SYSTEMS

Governors designated recipients or public transportation systems who are beneficiaries of funds apportioned under section 5 shall be required to adopt and operate a uniform reporting system.

The Secretary has until January 10, 1977, to devise such a uniform reporting system. After July 1, 1978, all recipients of beneficiaries of grants must be participants in this national system of uniform accounts. In addition, the establishment of a new formula grant program will insure an equitable distribution of funds among the various cities and States throughout our Nation as does the new rural capital grant program. Therefore, in the opinion of the conferees, section 15 of the present Act is unnecessary; and, thus, the conference committee deleted this section.

## ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

The House amendment contained a provision making eligible for capital grants quasi-public transit corridor corporations and would expand the definition of facilities eligible for such grants to include station sites and transit corridors. The Senate bill contained no similar provision. The conference report contains the House provision.

## COORDINATION OF URBAN MASS TRANSPORTATION PROGRAMS WITH MODEL CITY PROGRAMS

The House amendment contained a provision requiring that model city transit programs must comply with the labor provisions of the Urban Mass Transportation Act. The Senate bill contained no similar provision. The conference report retains the House provision.

## SOLE SOURCE PROCUREMENTS

The House amendment contained a provision prohibiting, except in unusual circumstances, sole source procurements utilizing exclusionary or discriminatory specifications. The Senate bill contained no similar provision. The conference report contains the House provision with an amendment that strikes out the reference to sole source procurements, but would retain the prohibition on exclusionary or discriminatory specifications.

## INVESTIGATION OF SAFETY HAZARDS

The House amendment contained a provision directing the Secretary of Transportation to conduct investigations into unsafe conditions in any facility, equipment, or operation financed under the Act which creates serious safety hazards and would direct the Secretary to require mass transit systems to submit a plan for correcting any unsafe conditions and directs him to withhold further financial assistance until such plan is approved or implemented. The Senate bill contained no similar provision. The conference report retains the House provision.

## FARES FOR ELDERLY AND HANDICAPPED

The House amendment contained a clarification with regard to the fares for elderly and handicapped persons. The clarification specified that fares for such persons may be lower than one-half the regular fare. The Senate bill contained no similar provision. The conference report contains the House provision.

## TITLE II—DEMONSTRATION PROJECTS FOR FREE FARES

The Senate bill contained provisions authorizing the Secretary of DOT to enter into contracts or other arrangements for research, development, establishment, and operation of demonstration projects to determine feasibility of free fare urban mass transit systems. Federal grants for such payments shall cover not to exceed 80 percent of the cost of the project. This provision authorizes not to exceed \$20 million for fiscal year 1974 and \$20 million for fiscal year 1975.

## TITLE III—RAILROAD GRADE CROSSINGS

Title III of the conference report would authorize an appropriation not to exceed \$14 million to be used to carry out a demonstration program in Hammond, Indiana, for the relocation of railroad lines for the purpose of eliminating highway railroad grade crossings.

WRIGHT PATMAN,  
 JOSEPH G. MINISH,  
 TOM S. GETTYS,  
 JIM HANLEY,  
 PETE STARK,  
 EDWARD KOCH,  
 WILLIAM COTTER,  
 ANDREW YOUNG,  
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*Managers on the Part of the House.*

JOHN SPARKMAN,  
 WILLIAM PROXMIRE,  
 HARRISON WILLIAMS,  
 JOHN TOWER,  
 ED. BROOKE,

*Managers on the Part of the Senate.*



## URBAN MASS TRANSPORTATION

FEBRUARY 26, 1974.—Ordered to be printed

Mr. PATMAN, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany S. 386]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

*That this Act may be cited as the "Emergency Urban Mass Transportation Assistant Act of 1974".*

#### TITLE I—EMERGENCY COMMUTER RELIEF

##### FINDINGS

SEC. 101. *The Congress finds—*

(1) *that over 70 per centum of the Nation's population lives in urban areas;*

(2) *that transportation is the lifeblood of an urbanized society and the health and welfare of that society depends upon the provision of efficient economical and convenient transportation within and between its urban areas;*

(3) *that for many years the mass transportation industry satisfied the transportation needs of the urban areas of the country capably and profitably;*



(4) that in recent years the maintenance of even minimal mass transportation service in urban areas has become so financially burdensome as to threaten the continuation of this essential public service;

(5) that the termination of such service or the continued increase in its cost to the user is undesirable, and may have a particularly serious adverse effect upon the welfare of a substantial number of lower income persons;

(6) that some urban areas are now engaged in developing preliminary plans for, or are actually carrying out, comprehensive projects to revitalize their mass transportation operations; and

(7) that immediate substantial Federal assistance is needed to enable many mass transportation systems to continue to provide vital service.

URBAN MASS TRANSIT PROGRAM; ASSISTANCE TO MEET OPERATING EXPENSES

SEC. 102. (a) The Urban Mass Transportation Act of 1964 is amended by striking out section 5 and inserting in lieu thereof the following new section:

"URBAN MASS TRANSIT PROGRAM.

"SEC. 5. (a) As used in this section—

"(1) the term 'construction' means the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of facilities and equipment for use in mass transportation, including designing, engineering, locating, surveying, mapping, acquisition of rights-of-way, relocation assistance, and acquisition and replacement of housing sites;

"(2) the term 'Governor' means the Governor, or his designate, of any one of the fifty States or of Puerto Rico, and the Mayor of the District of Columbia; and

"(3) the term 'urbanized area' means an area so designated by the Bureau of the Census, within boundaries which shall be fixed by responsible State and local officials in cooperation with each other, subject to approval by the Secretary, and which shall at a minimum, in the case of any such area, encompass the entire urbanized area within the State as designated by the Bureau of the Census.

"(b) (1) Upon the enactment of the Emergency Urban Mass Transportation Assistance Act of 1974, the Secretary under regulations appropriate thereto shall apportion the sums authorized by subsection (c) for apportionment in the fiscal years 1974 and 1975 to urbanized areas in various States on the basis of a formula under which each urbanized area or part thereof will be entitled to receive an amount equal to the sum of—

"(A) one-half of the total amount so apportioned multiplied by the ratio which the population of such urbanized area or part thereof, as designated by the Bureau of the Census, bears to the total population of all the urbanized areas in all the States as shown by the latest available Federal census;

"(B) one-fourth of such total amount multiplied by the ratio which the total number of revenue passengers carried by mass transportation systems in such urbanized area or part thereof bears to the total number of such passengers carried by mass transportation systems in all the urbanized areas in all the States; and

"(C) one-fourth of such total amount multiplied by the ratio which the total mass transportation vehicle miles traveled in such urbanized area or part thereof bears to the total mass transportation vehicle miles traveled in all the urbanized areas in all the States.

"(2) In any urbanized area in which at least 75 per centum of the population is served by a public transit authority or by a local public body providing transit services, a designated recipient of the urbanized area shall receive the funds apportioned under paragraph (1). The Secretary, after consultation with the transit authority or the local public body providing such services, and with other State and local public bodies providing financial support to the transit authority or public body, shall designate such recipient.

"(3) Where a recipient is not designated under paragraph (2), funds apportioned for use in any urbanized area shall be made available to the Governor of the State in which such area or part thereof is located for use in such area or part thereof, for expenditure on project development or distribution to a public transit authority or local public body providing transit services in accordance with subsection (1) and in cooperation with appropriate local officials, including the chief elected officials of general units of local government within such urbanized area or part thereof.

"(c) (1) Sums apportioned to the designated recipient of any urbanized area or to the Governor under subsection (b) shall be available for obligation by the recipient or the Governor for a period of two years after the close of the fiscal year for which such sums are apportioned, and any amounts so apportioned remaining unobligated at the end of such period shall lapse and shall be returned to the Treasury for deposit as miscellaneous receipts.

"(2) To finance grants under this section the Secretary is authorized to incur obligations on behalf of the United States in the form of grant agreements or otherwise in amounts aggregated not to exceed \$800,000,000.

"(d) (1) The Secretary may approve as a project under this section, on such terms and conditions as he may prescribe, (A) the acquisition, construction, and improvement of facilities and equipment for use by operation or lease or otherwise, in mass transportation service, and (B) the payment of operating expenses to improve or to continue such service.

"(2) The Secretary shall issue such regulations as he deems necessary to administer this subsection and subsection (e), including regulations regarding maintenance of effort by States, local governments, and local public bodies, the appropriate definition of operating expenses, and requirements for improving the efficiency of transit services.

"(e) The Federal share payable on account of any project financed with funds made available under this section shall not exceed 80 per

centum of the cost of the project. The remainder of the cost of the project shall be provided from sources other than Federal funds. Federal funds available for expenditure for mass transportation projects under this section shall be supplementary to and not in substitution for the average amount of State and local government funds and other revenues expended on the operation of mass transportation service in the area involved for the two fiscal years preceding the fiscal year for which the funds are made available; but nothing in this sentence shall be construed as preventing State or local tax revenues which are used for the operation of mass transportation service in the area involved from being credited (to the extent necessary) toward the non-Federal share of the cost of the project for purposes of the preceding sentence.

"(f) (1) As soon as practicable after the apportionment pursuant to subsection (b) has been made for any fiscal year, any applicant desiring to avail himself of the benefits of this section shall submit to the Secretary for his approval a program, or programs, of proposed projects for the utilization of the funds authorized. The Secretary shall act upon programs submitted to him as soon as practicable, and he may approve a program in whole or in part.

"(2) An applicant for assistance under this section (other than a Governor) shall submit the program or programs to the Governor of the State effected, concurrently with submission to the Secretary. If within 30 days thereafter the Governor submits comments to the Secretary, the Secretary shall consider such comments before taking final action on the program or programs.

"(g) (1) The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. The Secretary shall act upon such surveys, plans, specifications, and estimates as soon as practicable after they are submitted, and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.

"(2) In approving the plans, specifications, and estimates for any proposed project under this section, the Secretary shall assure that possible adverse economic, social, and environmental effects relating to the proposed project have been fully considered in developing the project, and that the final decisions on the project are made in the best overall public interest, taking into consideration the need for fast, safe, and efficient transportation, public services, and conservation of environment and natural resources, and the costs of eliminating or minimizing any such adverse effects, including—

"(A) air, noise, and water pollution;

"(B) destruction or disruption of man-made and natural resources, aesthetic values, community cohesion, and the availability of public facilities and services;

"(C) adverse employment effects, and tax and property value losses;

"(D) injurious displacement of people, businesses, and farms;

and

"(E) disruption of desirable community and regional growth.

"(h) Upon submission for approval of a proposed project under this

section, the Governor or the designated recipient of the urbanized area shall certify to the Secretary that he or it has conducted public hearings (or has afforded the opportunity for such hearings) and that these hearings included (or were scheduled to include) consideration of the economic and social effects of such project, its impact on the environment, including requirements under the Clean Air Act, the Federal Water Pollution Control Act, and other applicable Federal environmental statutes, and its consistency with the goals and objectives of such urban planning as has been promulgated by the community. Such certification shall be accompanied by (1) a report which indicates the consideration given to the economic, social, environmental, and other effects of the proposed project, including, for construction projects, the effects of its location or design, and the consideration given to the various alternatives which were raised during the hearing or which were otherwise considered, and (2) upon the Secretary's request, a copy of the transcript of the hearings.

"(i) (1) The Secretary may discharge any of his responsibilities under this section with respect to a project under this section upon the request of any Governor or designated recipient of the urbanized area by accepting a certification by the Governor or his designee, or by the designated recipient of the urbanized area, if he finds that such project will be carried out in accordance with State laws, regulations, directives, and standards establishing requirements at least equivalent to those contained in, or issued pursuant to, this section.

"(2) The Secretary shall make a final inspection or review of each such project upon its completion and shall require an adequate report of its estimated and actual cost, as well as such other information as he determines to be necessary.

"(3) The Secretary shall promulgate such guidelines and regulations as may be necessary to carry out this subsection.

"(4) Acceptance by the Secretary of a certification under this section may be rescinded by the Secretary at any time if, in his opinion, it is necessary to do so.

"(5) Nothing in this section shall affect or discharge any responsibility or obligation of the Secretary under any other Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), section 4(f) of the Department of Transportation Act (49 U.S.C. 1653(f)), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000(d) et seq.), title VIII of the Act of April 11, 1968 (Public Law 90-284, 42 U.S.C. 3601 et seq.), and the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).

"(j) (1) As soon as practicable after the plans, specifications, and estimates for a specific project under this section have been approved, the Secretary shall enter into a formal project agreement with the Governor or designated recipient of the urbanized area. Such project agreement shall make provision for non-Federal funds required for the State's or designated recipient's pro rata share of the cost of the project.

"(2) The Secretary may rely upon representations made by the applicant with respect to the arrangements or agreements made by the Governor or the designated recipient where a part of the project

involved is to be constructed at the expense of, or in cooperation with, local subdivisions of the State.

"(k) (1) The Secretary may in his discretion, from time to time as the work progresses, make payments to the applicant for costs of construction incurred by him or it on a project. Such payments shall at no time exceed the Federal share of the costs of construction incurred to the date of the voucher covering such payment plus the Federal share of the value of the materials which have been stockpiled in the vicinity of such construction in conformity to plans and specifications for the project. Such payments may also be made in the case of any such materials not in the vicinity of such construction if the Secretary determines that because of required fabrication at an offsite location the materials cannot be stockpiled in such vicinity.

"(2) After completion of a project in accordance with the plans and specifications, and approval of the final voucher by the Secretary, an applicant shall be entitled to payment out of the sums apportioned to him of the unpaid balance of the Federal share payable on account of such project.

"(3) No payment shall be made under this section except for a project covered by a project agreement.

"(4) In making payments pursuant to this section, the Secretary shall be bound by the limitations with respect to the permissible amounts of such payments contained in subsection (e).

"(5) Such payments shall be made to such official or officials or depository as may be designated by the Governor or designated recipient of the urbanized area and authorized under the laws of the State to receive public funds of the State.

"(l) The Secretary shall not approve any project under this section unless he finds that such project is needed to carry out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and is necessary for the sound, economic and desirable development of such area. A project under this section may not be undertaken unless the responsible public officials of the urbanized area in which the project is located have been consulted and, except for projects solely to pay operating expenses, their views considered with respect to the corridor, location, and design of the project.

"(m) The Secretary shall not approve any project under this section unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged elderly and handicapped persons during nonpeak hours for transportation utilizing or involving the facilities and equipment of the project financed with assistance under this section will not exceed one-half of the rates generally applicable to other persons, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise.

"(n) (1) The provisions of section 13(c) and section 3(e)(4) shall apply in carrying out mass transportation projects under this section.

"(2) The provision of assistance under this section shall not be construed as bringing within the application of chapter 15 of title 5, United States Code, any nonsupervisory employee of an urban mass

transportation system (or of any other agency or entity performing related functions) to whom such chapter is otherwise inapplicable."

(b) Section 4(a) of such Act is amended by striking out "Except as specified in section 5, no" and inserting in lieu thereof "No".

#### INCREASE IN BASIC ASSISTANCE AUTHORITY

SEC. 103. (a) The third sentence of section 4(c) of the Urban Mass Transportation Act of 1964 is amended—

(1) by striking out all that follows "which amount may be increased"; and

(2) by inserting in lieu thereof "to not to exceed an aggregate of \$310,000,000 prior to July 1, 1972, not to exceed an aggregate of \$1,000,000,000 prior to July 1, 1973, not to exceed an aggregate of \$2,000,000,000 prior to July 1, 1974, not to exceed an aggregate of \$3,000,000,000 prior to July 1, 1975, not to exceed an aggregate of \$4,500,000,000 prior to July 1, 1976, not to exceed an aggregate of \$5,500,000,000 prior to July 1, 1977, and not to exceed an aggregate of \$6,100,000,000 thereafter."

(b) The first sentence of section 4(c) of such Act is amended by inserting immediately before the period at the end thereof the following: "to the extent that such amounts are or were appropriated to finance such grants and loans and have not been reserved or made available for any other purpose".

(c) The fourth sentence of section 4(c) of such Act is amended by inserting after "Act" the following: "(to the extent that such amounts are or were appropriated to finance the grants and loans described in the first sentence of his subsection and have not been reserved or made available for any other purpose)".

#### PROHIBITION AGAINST CHARGING OF EXTRA FARES ON ASSISTED TRANSIT FACILITIES

SEC. 104. Section 5 of the Urban Mass Transportation Act of 1964 (as added by section 102(a) of this Act) is amended by adding at the end thereof the following new subsection:

"(o) No financial assistance shall be provided under this section to any designated recipient or Governor unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged for transportation utilizing or involving the facilities and equipment financed with such assistance will be uniform (subject to any reasonable charges which may be made for transfers), and will not vary on the basis of length of route or distance traveled except in accordance with a zone system or other uniform system which is in effect throughout the area served by such facilities and equipment, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise."

#### ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

SEC. 105. (a) The first sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting "(1)" after "fi-

nancing", and by inserting before the period at the end thereof the following: ", and (2) the establishment and organization of public or quasi-public transit corridor development corporations or entities".

(b) The second sentence of section 3(a) of such Act is amended to read as follows: "Eligible facilities and equipment may include personal property including buses and other rolling stock and real property including land (but not public highways), within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for an efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use."

#### COORDINATION OF URBAN MASS TRANSIT PROGRAMS WITH MODEL CITIES PROGRAMS

SEC. 106. Section 103(a) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) any program which includes a transportation component as a project or activity to be undertaken meets the requirements of section 3(e) of the Urban Mass Transportation Act of 1964;"

#### PROCUREMENT

SEC. 107. The fifth sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting before the period at the end thereof the following: ", nor shall any grant or loan funds be used to support procurements utilizing exclusionary or discriminatory specifications".

#### STUDY OF RURAL TRANSPORTATION NEEDS

SEC. 108. The Secretary of Transportation shall conduct a full and complete study and investigation of the public transportation needs of rural and other nonurban areas in the United States, giving particular attention to the needs of cities, towns, and other political subdivisions (outside urban areas) having a population of 50,000 or less, and of any changes in the Federal law which would be required in order to meet such needs. The Secretary shall report his findings and recommendations to the Congress within one year after the date of the enactment of this Act.

#### INVESTIGATION OF SAFETY HAZARDS IN URBAN MASS TRANSPORTATION SYSTEMS

SEC. 109. The Secretary of Transportation shall investigate unsafe conditions in any facility, equipment, or manner of operation financed under this Act which creates a serious hazard of death or injury for the purpose of determining its nature and extent and the means which might best be employed to eliminate or correct it. If the Secretary determines that such facility, equipment, or manner of operation is unsafe, he shall require the State or local public body or agency to

submit to the Secretary a plan for correcting the unsafe facility, equipment, or manner of operation, and the Secretary may withhold further financial assistance to the applicant until such plan is approved or implemented.

#### FARES FOR ELDERLY AND HANDICAPPED PERSONS

SEC. 110. Nothing contained in this title shall require the charging of fares to elderly and handicapped persons.

#### TITLE II—FARE-FREE MASS TRANSPORTATION DEMONSTRATIONS

SEC. 201. The Secretary of Transportation (hereinafter referred to as the "Secretary") shall enter into such contracts or other arrangements as may be necessary for research and the development, establishment, and operation of demonstration projects to determine the feasibility of fare-free urban mass transportation systems.

SEC. 202. Federal grants or payments for the purpose of assisting such projects shall cover not to exceed 80 per centum of the cost of the project involved, including operating costs and the amortization of capital costs for any fiscal year for which such contract or other arrangement is in effect.

SEC. 203. The Secretary shall select cities or metropolitan areas for such projects in accordance with the following:

(1) to the extent practicable, such cities or metropolitan areas shall have a failing or nonexistent or marginally profitable transit system, a decaying central city, automobile-caused air pollution problems, and an immobile central city population;

(2) several projects should be selected from cities or metropolitan areas of differing sizes and populations;

(3) a high level of innovative service must be provided including the provision of crosstown and other transportation service to the extent necessary for central city residents and others to reach employment, shopping, and recreation; and

(4) to the extent practicable, projects utilizing different modes of mass transportation shall be approved.

SEC. 204. The Secretary shall study fare-free systems assisted pursuant to this title, and other financially assisted urban mass transportation systems providing reduced fares for the purpose of determining the following:

(1) the effects of such systems on (i) vehicle traffic and attendant air pollution, congestion, and noise, (ii) the mobility of urban residents, and (iii) the economic viability of central city business;

(2) the mode of mass transportation that can best meet the desired objectives;

(3) the extent to which frivolous ridership increases as a result of reduced fare or fare-free systems;

(4) the extent to which the need for urban highways might be reduced as a result of reduced fare or fare-free systems; and

(5) the best means of financing reduced fare or fare-free transportation on a continuing basis.



SEC. 205. The Secretary shall make annual reports to the Congress on the information gathered pursuant to section 204 of this title and shall make a final report of his findings, including any recommendations he might have to implement such findings, not later than June 30, 1975.

SEC. 206. In carrying out the provisions of this title, the Secretary shall provide advisory participation by interested State and local government authorities, mass transportation systems management personnel, employee representatives, mass transportation riders, and any other persons that he may deem necessary or appropriate.

SEC. 207. There is hereby authorized to be appropriated not to exceed \$20,000,000 for each of the fiscal years ending on June 30, 1974, and June 30, 1975, respectively, to carry out the provisions of this title.

And the House agree to the same.

That the House recede from its amendment to the title of the bill.

WRIGHT PATMAN,  
JOSEPH G. MINISH,  
TOM GETTYS,  
JIM HANLEY,  
FRANK J. BRASCO,  
EDWARD I. KOCH,  
WILLIAM COTTER,  
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*Managers on the Part of the House.*

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JOHN TOWER,  
EDWARD BROOKE,

*Managers on the Part of the Senate.*

## JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 386) the Emergency Urban Mass transportation Assistance Act of 1974, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment.

The Committee of Conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and conforming changes, the differences are noted below:

### STATEMENT OF FINDINGS

The short title of the House amendment was cited as the "Urban Mass Transportation Assistance Act of 1974". The Senate short title of the bill was cited as the "Emergency Commuter Relief Act". The conference report cites the bill as the "Emergency Urban Mass Transportation Assistance Act".

The House amendment contained no Congressional statement of findings. The Senate bill contained seven statements of findings which outlined the importance and necessity of quality urban mass transportation for the United States. The conference report contains the Senate findings.

### OPERATING ASSISTANCE

The House amendment contained a provision providing that operating assistance grants would be on a formula basis to reflect equally (1) the population of the area served by the mass transit system in relation to the total population of the U.S.A., (2) the number of revenue passengers carried by a mass transportation system in relation to the total number of passengers of mass transportation systems throughout the country, and (3) revenue vehicle miles traveled by an urban mass transit system in relation to the total number of revenue vehicle miles traveled by mass transit systems throughout the country. Operating assistance grants would be 100 percent Federal grants. The House amendment also provided that no assistance shall be provided under this provision unless the rates charged the elderly and handicapped during nonpeak hours of transportation will not exceed one-half of the rates generally applicable to other persons.

The Senate bill provided the Secretary with discretionary contract authority to allocate funds under the bill in the form of either grants or loans. However, the Secretary could not allocate more than 12½ percent of the total authorization to any one state except that 15 percent of the aggregate amount of grant funds may be used by the Secretary without regard to this limitation for grants in states where more than two-thirds of maximum amounts of funds permitted under this provision has been obligated. The Senate bill provided a grant ratio of two-thirds Federal and one-third local contribution, and prohibited financial assistance unless the applicant has submitted to the Secretary a comprehensive mass transportation plan including reasonable fare structure and the assurance that the system is providing efficient operations in accordance with regulation promulgated by the Secretary. The Senate bill provided that any grant shall not exceed twice the amount of financial assistance provided by the State or local source. The Senate bill required the submission by the applicant of an annual report describing the implementation of its mass transportation service improvement plan.

The conference report contains generally the House formula based on three factors of population, revenue passengers, and vehicle miles. The funds would be distributed according to a formula to the urbanized areas of each State. The conference report would allocate the funds under a formula based upon three factors weighted as follows: 50 percent of the population of the area served by the mass transportation system, 25 percent of the total number of revenue passengers carried by the system, and 25 percent of the total revenue vehicle miles travelled by the system. The population, passengers, and miles of each eligible recipient would be weighted against the total population, passengers, and miles of all designated recipients and the funds distributed accordingly.

The Federal share for such grants would not exceed 80 percent of the cost of the project with the remaining funds to be provided by the applicant. State or local tax revenues which are used for the operation of mass transportation service in the area involved may be credited toward the non-Federal share of the cost of the project. To be eligible for grants under this provision, the recipient must continue to maintain State and local operating and capital funds, and the transit system must maintain other revenues such as advertising, concessions, and property leases. This maintenance of effort provisions is to be a two-year average of the total of State and local funds used to finance operating costs, and State and local funds used to finance the local share of Federal capital grant funds.

The conferees agreed that every effort would be made to hold hearings as soon as possible on the Administration's mass transit proposals. Included in these hearings would be consideration of whether the contributions of local government to operating deficits should become part of the distribution formula. The conferees discussed the measurement of local taxes as a factor in the distribution formula, but because of insufficient information and the emergency situation that now exists in mass transit, a decision was deferred. The conferees agreed that the

legislation was short term and that the issue of local taxing effort would be thoroughly explored in subsequent hearings.

The conference report provides that the \$800 million will be in the form of contract authority to be used for either operating assistance or capital grants at the option of local authorities. These funds may be made available immediately for obligation during fiscal years 1974 and 1975. These funds would come solely from general treasury revenue funds and would in no part come from the highway trust fund.

The grants under this provision would be made to designated recipients in urbanized areas in which at least 75 percent of the population is served by a public transit authority, or by a local public body providing transit services. These designated recipients shall be chosen by the Secretary of Transportation after consultation with the appropriate State and local public bodies. Where such a recipient is not in existence, the funds apportioned for the urbanized area shall be available to the Governor of the State for distribution to these areas. Mass transportation systems receiving assistance under this provision must charge half fares to the elderly and the handicapped during non-peak hours. In the case of areas served by privately owned bus operators, the applicant will be the Governor or designated recipient as who shall include only those elements of population, ridership and vehicle miles it intends to seek financial assistance for. The Governor or designated recipient may add criteria to condition the pass through of the funds to the private body, but it is intended that the private operator should receive its proportionate share.

The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. In addition, the Governor or the designated recipient must certify to the Secretary that he has conducted public hearings or afforded the opportunity for such hearings.

The conferees recognize that in order to minimize the deficits now being incurred, all possible efficiencies of operation should be encouraged. There is also a need to improve the operating systems and eliminate inefficiencies in them. The conferees desire that no part of this conference report shall be construed to limit or alter the responsibility of each recipient of assistance from initiating and implementing all necessary and desirable efficiencies.

#### REALLOCATION OF CAPITAL GRANT FUNDS

The House amendment provided for the establishment of a new schedule for the disbursement of the existing \$6.1 billion in capital grant funds already authorized to be appropriated to liquidate contracts: \$310 million for fiscal year 1972; \$1 billion for fiscal year 1973; \$2 billion for fiscal year 1974; \$3 billion for fiscal year 1975; \$4.5 billion for fiscal year 1976; and \$5.5 billion for fiscal year 1977, and not to exceed \$6.1 billion thereafter. The Senate bill contains no similar provision and the conference report retains the House provision.

The House amendment contained a provision that capital grant contracts shall not be reserved or made available for any other pur-

pose than is otherwise stated in section 4(c) of the Urban Mass Transportation Act. The Senate bill contained no similar provision. The conference report retains the House provision.

#### PROHIBITION AGAINST CHARGING EXTRA FARES ON ASSISTED TRANSIT FACILITIES

The House amendment contained a provision prohibiting financial assistance under the Urban Mass Transportation Act to any mass transit system charging fares that vary on the basis of length of route or distance travelled except in accordance with a zone system or other uniform system which is in effect throughout the area served by such mass transit facility and equipment. The Senate bill contained no similar provision. The conference report retains the House provision with an amendment limiting this prohibition to those assisted under section 102 of this Act.

#### ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

The House amendment contained a provision making eligible for capital grants quasi-public transit corridor corporations and would expand the definition of facilities eligible for such grants to include station sites and transit corridors. The Senate bill contained no similar provision. The conference report contains the House provision.

#### COORDINATION OF URBAN MASS TRANSPORTATION PROGRAMS WITH MODEL CITY PROGRAMS

The House amendment contained a provision requiring that model city transit programs must comply with the labor provisions of the Urban Mass Transportation Act. The Senate bill contained no similar provision. The conference report retains the House provision.

#### SOLE SOURCE PROCUREMENTS

The House amendment contained a provision prohibiting, except in unusual circumstances, sole source procurements utilizing exclusionary or discriminatory specifications. The Senate bill contained no similar provision. The conference report contains the House provision with an amendment that strikes out the reference to sole source procurements, but would retain the prohibition on exclusionary or discriminatory specifications.

#### LIMITATION OF MASS TRANSIT FUNDING RELATED TO PUPIL TRANSPORTATION

The House amendment contained a provision prohibiting financial assistance to any eligible mass transit agency involved directly or in-

directly in transporting school children or school personnel in competition to or supplemental service concurrently provided by public transportation companies except that it would not apply with respect to a mass transit system that was so engaged at any time during the 12-month period immediately prior to the date of enactment of this provision. The Senate bill contained no similar provision and none is contained in the conference report.

#### STUDY OF RURAL TRANSPORTATION NEEDS

The House amendment contained a provision directing the Secretary of Transportation to conduct a full and complete study and investigation of the public transportation needs of rural and other non-urban areas of the United States giving particular attention to those communities having a population of 50,000 or less. The Senate bill contained no similar provision. The conference report retains the House provision.

#### INVESTIGATION OF SAFETY HAZARDS

The House amendment contained a provision directing the Secretary of Transportation to conduct investigations into unsafe conditions in any facility, equipment, or operation financed under the Act which creates serious safety hazards and would direct the Secretary to require mass transit systems to submit a plan for correcting any unsafe conditions and directs him to withhold further financial assistance until such plan is approved or implemented. The Senate bill contained no similar provision. The conference report retains the House provision.

#### ELIMINATION OF ASSISTANCE IN THE FORM OF PROJECT LOANS

The House amendment contained a provision that eliminated assistance in the form of loans under the capital grant program. The Senate bill contained no similar provision and none is contained in the conference report.

#### FARES FOR ELDERLY AND HANDICAPPED

The House amendment contained a clarification with regard to the fares for elderly and handicapped persons. The clarification specified that fares for such persons may be lower than one-half the regular fare. The Senate bill contained no similar provision. The conference report contains the House provision.

#### DEMONSTRATION PROJECTS FOR FREE FARES

The Senate bill contained provisions authorizing the Secretary of DOT to enter into contracts or other arrangements for research, development, establishment, and operation of demonstration projects to determine feasibility of free fare urban mass transit systems. Federal grants for such payments shall cover not to exceed 80 percent

of the cost of the project. This provision authorizes not to exceed \$20 million for fiscal year 1974 and \$20 million for fiscal year 1975.

WRIGHT PATMAN,  
 JOSEPH G. MINISH,  
 TOM GETTYS,  
 JIM HANLEY,  
 FRANK J. BRASCO,  
 EDWARD I. KOCH,  
 WILLIAM COTTER,  
 ANDREW YOUNG,  
 JOHN J. MOAKLEY,  
 GARRY BROWN,  
 WILLIAM B. WIDNALL,  
 LAWRENCE G. WILLIAMS,  
 STEWART MCKINNEY,

*Managers on the Part of the House.*

JOHN SPARKMAN,  
 WILLIAM PROXMIRE,  
 HARRISON A. WILLIAMS,  
 JOHN TOWER,  
 EDWARD BROOKE,

*Managers on the Part of the Senate.*



## EMERGENCY COMMUTER RELIEF ACT

JULY 31, 1973.—Ordered to be printed

Mr. WILLIAMS, from the Committee on Banking, Housing, and Urban Affairs, submitted the following

### REPORT

together with

### ADDITIONAL AND SUPPLEMENTAL VIEWS

[To accompany S. 386]

The Committee on Banking, Housing, and Urban Affairs, to which was referred the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

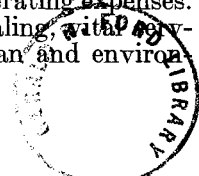
#### INTRODUCTION

The bill, S. 386, was introduced in the Senate on January 16, 1973, and referred to the Committee on Banking, Housing, and Urban Affairs. Hearings were subsequently held on February 6 and 7, 1973.

Later on, the 1973 provisions of this bill were included in the Federal Aid Highway Act of 1973 by Senate floor amendment. However, these provisions were deleted in the House-Senate conference reported on July 27, 1973.

The bill is identical to chapter VI of the Housing and Urban Development Act of 1972, S. 3248 which passed the Senate on March 2, 1972. The bill would authorize the Secretary of the Department of Transportation to make grants or loans to State and local public bodies in order to assist them in maintaining adequate transportation services and by providing financial assistance to defray operating expenses.

Recognizing that transit industry deficits are spiraling, with services being reduced, and that the solution to urban and environ-



mental problems is to require adequate mass transit services, the committee recommends passage of this bill as an urgent legislative matter.

COMMITTEE ACTION

The committee in executive session voted to amend the bill to incorporate a provision providing for a reasonable fare structure. This amendment was based on findings by the committee which indicated that in many areas of the Nation mass transit systems which lack State and local operating assistance operate at unreasonably high fare structures; 50-, 60-, and 75-cent fares are present in many areas. Inequities of unreasonably high fares are readily apparent, especially with regard to the elderly and poor who are so dependent on mass transportation systems.

The common result of high fare structures is a reduction in the number of passengers and passenger revenues which support these transportation systems. The committee feels that enactment of a Federal aid program providing operating assistance would serve the purpose of reducing unreasonably high fare structures, and particularly provide our lower income and other dependent citizens with adequate transportation services.

The committee is mindful of the fact that it is impossible to prescribe in an equitable manner a national transit fare applicable for every locality because of the varying circumstances which exist. Nevertheless, the committee, in amending the bill, established that a reasonable fare structure be prescribed for each area according to its particular local needs. The committee emphasized that determination of a reasonable fare structure should be in accordance with sound financial practices.

ASSISTANCE FOR OPERATING EXPENSES

The bill, S. 386, would amend section 3 of the Urban Mass Transportation Act of 1964 to prevent reduction of essential transportation service in the Nation's urban centers by authorizing assistance to defray operating expenses. Grants or loans, requiring at least one-third local contribution, would be provided to State or local public bodies in order to assist any mass transportation system which maintains mass transportation service in an urban area to pay operating expenses incurred as a result of providing such service. Included within the terms of such assistance are grants to State and local public bodies for debt servicing for mass transit investments.

While the passage of the Urban Mass Transportation Act of 1970 was a significant advance in Federal assistance for mass transportation, the committee has concluded that a program of capital grants cannot, by itself, alleviate the increasing financial distress faced by the growing number of municipalities which now own and operate transit systems in order to provide needed transportation services. Information received by the committee indicates that in the decade from 1961-71, the number of municipalities which were forced to initiate programs of operating assistance to transit systems increased by nearly 400 percent. Deficits incurred by transit systems in localities throughout the Nation are currently running at the rate of \$360 million a year. The following table, presented in the Department of Transportation's November 1971 report sets forth this information:

TABLE III-3

LOCAL TRANSIT OPERATING SUBSIDY PROGRAMS

TRANSIT PROPERTY (By State)	Municipality		Operating Subsidy 1969-1970	Operator Receives Operator Assistance	SOURCE OF LOCAL ASSISTANCE				Other
	Public	Private			Year Began	General Revenue	Other Electric	Property Tax	
Alabama (generic; defers to absence of any State or local assistance)	x	x							private operator under city control; guaranteed profit of \$15,000
Alaska	x	x							private operator under city contract; subsidy is \$50/day/bus
Arizona	x	x	95	None	1970	x	x	x	subsidy produces \$400,000/year for operating and capital costs
Phoenix Transit Corporation	x	x	25	86	1969	x	x	x	subsidy from six months sales tax levied in 1969 will cover losses
Tucson Transit Corporation	x	x							transit district has no setting on designated tax rate
Arkansas	x	x							private operator under contract to city; per mile basis is used to calculate subsidy
California	x	x	21	90	1970	x	x	x	receives 50% of revenues from fare box; city pays all costs except driver wages and benefits
San Francisco Municipal Transit System	x	x	80	None	1970	x	x	x	subsidy covers part of wages and cost of special route operation
Chula Vista (Artec Bus Lines)	x	x	44	291	1961	x	x	x	private operator under contract to city; \$2 head tax on employers and employees
Fresno Transit	x	x	46	291	1961	x	x	x	
Long Beach Public Transportation Company	x	x	135	56	1963	x	x	x	
Los Angeles-S. California Rapid Transit District	x	x	1,482	2,972	1970	x	x	x	
Oakland A. C. Transit	x	x	669	4,493	1960	x	x	x	
Oxnard Municipal Transit System	x	x	13	52	1961	x	x	x	
Palo Alto (Peninsula Transit Lines, Inc.)	x	x	11	114	1961	x	x	x	
Sacramento Transit Authority	x	x	118	574	1962	x	x	x	
San Bernardino Municipal Transit System	x	x	34	100	1963	x	x	x	
San Diego Municipal Transit System	x	x	41	44	1963	x	x	x	
San Jose City Lines	x	x	121	18,936	1911	x	x	x	
San Jose City Lines	x	x	34	25	1970	x	x	x	
San Jose Municipal Transit	x	x	6	16	1958	x	x	x	
San Jose Municipal Transit District	x	x	16	130	1963	x	x	x	
San Jose Municipal Transit District	x	x	46	139	1963	x	x	x	
San Jose Municipal Transit District	x	x	22	116	1972	x	x	x	
Vallejo Citizens Transit Lines	x	x	10	26	1966	x	x	x	
Colorado	x	x							
Denver Metro Transit	x	x	211	None	1971	x	x	x	
Puerto Transportation Company	x	x	22	120	1969	x	x	x	
Connecticut	x	x							
Connecticut Railway Corporation	x	x	132	2	1969	x	x	x	
Delaware	x	x							
Florida (Callejas) Citrus Transit, Inc.	x	x	19	39	1971	x	x	x	
Georgia	x	x							
Idaho	x	x							

TRANSIT PROPERTY (by State)	Ownership		Operating Deficit (thousands \$)		Operator Recovers Each Year	Year Began	General Revenue Capable/Not	Property Tax	SOURCE OF LOCAL ASSISTANCE	
	Public	Private	1969	1970					Other	
			1969	1970						
<b>Illinois</b>										
Champaign-Urbana City Lines	x	40	None	170	x	1970		x		
Chicago Transit Authority	x	4,313	2,781	Unknown	x	1965				
Greater Peoria Mass Transit District	x	61	Unknown	Unknown	x	1970		x		\$250,000 earmarked property tax
Rockford Transit Corporation	x	50	Unknown	Unknown	x	1970				
Springfield	x	129	155	155	x	1968			1/2c/\$100	
<b>Indiana</b>										
Fort Wayne Public Transportation	x	60	127	751	x	1968				
Greencastle Lafayette Bus Company	x	15	15	Unknown	x	1970		x		private operator under contract; small contribution from 4 surrounding communities
Richmond City Municipal Coach Service	x	17	76	91	x	1945				
<b>Muncie City Lines</b>	x	31	19	15	x	1955				private operator under contract; guaranteed operating ratio of 94%, maximum payment of \$30,000
<b>South Bend Public Transportation</b>	x	5	524	492	x	1968		x		
<b>Verde Route</b>	x	13	40	69	x	1965				
<b>Iowa</b>										
Burlington Transit Lines	x	9	15	30	x	1970				city pays \$1,000 month; owns garage and leases for \$1/year
Cedar Rapids Regional Transit Corporation, Inc.	x	29	30	135	x	1969		x		
Sioux City Lines	x	20	159	75	x	1969				
Waterloo-Cedar Falls Transit Company	x	31	46	58	x	1969				city owns buses; private operator in non-profit corporation
<b>Kansas</b>										
Wichita Metropolitan Transit Authority	x	49	150	165	x	1967		x		
<b>Kentucky</b>										
<b>Louisiana</b>										
Baton Rouge Bus Company	x	41	None	28	x	1970				subsidy from dedicated parking meter revenues in excess of \$300,000
Lafayette Municipal Transit System	x	12	23	50	x	1965				
Monroe	x	20	76	80	x	1961				Owned by public utility
New Orleans Public	x	498	5,727	3,864	x					
<b>Maine</b>										
Portland-Union Street Railway	x	50	23	52	x	1969				Reduced rent for city owned garage; no taxes paid; 3c per school ride
<b>Massachusetts</b>										
Boston MBTA	x	1,982	31,325	51,659	x	1969				detailed in text; city guarantees \$.92 per mile up to \$102,000; reimburses 1/2 of senior citizen fares
Brookton-Union Street Railway	x	18			x	1970				
<b>Lowell</b>										
New Bedford-Union Street Railway	x	13	None	167	x	1970				reimburses 1/2 school fare
Springfield Street Railway	x	17	None	30	x	1968				reimburses for reduced school fares
<b>Michigan</b>										
Ann Arbor Transportation Authority	x	2	230	205	x	1969				
Detroit Street Railways	x	1,172	606	5,865	x	1970				General revenue meets about \$1.5 million; remainder comes from deferring payments to pension fund (as of 6/30/70 DSR owed \$9.4 million with additional \$7 million in FY 71)
<b>Flint Transportation Authority</b>	x	91	665	837	x	1966				
<b>Grand Rapids Transit</b>	x	55	200	409	x	1965				
<b>Kalamazoo-Metro Transit</b>	x	60	200	240	x	1967				
<b>Washtenaw City Transit</b>	x	10	41	59	x	1968				

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TRANSIT PROPERTY (by State)	Ownership		Operating Deficit (thousands \$)		Operator Recovers Each Year	Year Began	General Revenue Capable/Not	Property Tax	SOURCE OF LOCAL ASSISTANCE	
	Public	Private	1969	1970					Other	
			1969	1970						
<b>Minnesota</b>										
Duluth Transit Authority	x	78	None	183	x	1971				
Twin City Area Metropolitan Transit Commission	x	633	None	None	x	1971				seven county property tax
<b>Mississippi</b>										
(Biloxi-Gulfport) Municipal Transit Lines	x	23	16	20	x	1971				deficit covered by Mississippi Coast Transit Authority
<b>Missouri</b>										
(Columbia) Municipal Lines	x	12	87	100	x	1967				
Kansas City Area Transit Authority	x	369	725	749	x	1970				1/2% sales tax earmarked for transit
Springfield City Utilities	x	66	311	393	x	1951				
<b>Montana</b>										
Bus Lines of Billings	x	3	12	12	x	1970				leased to private operator
<b>Nebraska</b>										
<b>Nevada</b>										
<b>New Hampshire</b>										
Manchester Transit Union Street Railway	x	UNK	None	59	x	1970				subsidy through school contracts and reimbursements
<b>New Jersey</b>										
Atlantic City Transportation Company	x	66	185	232	x	1970				
Clifton-Community Bus Lines	x	36	109	120	x	1970				
Coast City Coaches	x	37	None	112	x	1970				State subsidizes 75% of loss and local match 25% is met from general revenues
Newark-Public Service Coordinated Transport	x	2308	1,003	3,823	x	1970				
Paterson-Inter City Transportation Company	x	214	906	569	x	1970				
Trenton-Mercer-Metro	x	100	None	327	x	1970				
<b>New Mexico</b>										
Albuquerque Transit System	x	58	377	428	x	1966				
<b>New York</b>										
(Albany) Capital Area Transportation	x	250	320	500	x	1971				subsidy from 25c override in State mortgage transfer tax
(Binghamton) Broome County Transit	x	31	225	300	x	1968				
Utica Transit	x	66	None	120	x	1970				see Appendix
Metropolitan Transit Authority and subsidiaries	x	9,728	97,728	51,200	x	1970				
<b>North Carolina</b>										
Duke Power Company	x	64	80	119	x					
<b>North Dakota</b>										
Holiday Transportation (Fargo)	x	3	None	26	x	1970				city subsidizes up to \$1,600/month
<b>Ohio</b>										
Akron Metropolitan Regional Transit Authority	x	60	31	167	x	1970				Alcon pays 80% and five surrounding communities pay residual based on route mile formula
Springfield Bus Lines	x	10	51	1	x	1970				city subsidizes up to \$2,260/month for 9 months, \$2,600/month for 3 months
(Columbus) Regional Transit Authority	x	155	115	500	x	1971			1 mill/\$100	
<b>Oklahoma</b>										
Central Oklahoma Transportation & Parking Authority	x	60	119	149	x	1967				
Tulsa Transit Company	x	43	60	65	x	1968				
<b>Oregon</b>										
(Eugene) Lane County Mass Transit District	x	20	Unknown	593	x	1971				3% payroll tax; will produce \$700,000 first year
Portland-Tri County Metropolitan District Authority	x	234	210	2,495	x	1969				3% payroll tax; produced \$82 million for 1970
Salem Transit	x	17	100	97	x	1966				limited to \$100,000 annually

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TRANSIT PROPERTY (By State)	County		Public		Private		Prop. Size		Operating Deficit (Millions) 1970		Operating Assistance		Year Began		General Revenue		Capital/Debt		Property Tax		Other	
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private
Pennsylvania Allegheny and Logan Twp. Bus Authority Erie Metropolitan Authority Erie Metropolitan Authority Pittsburgh-Fore Authority of Allegheny County SEPTA	x	x	x	x	x	x	x	x	15	75	1969	x	x	x	x	x	x	x	x	x	x	State provides 2/3; local 1/3 from general revenue State provides 2/3; local 1/3 from general revenue State provides 2/3; local 1/3 from general revenue; county also has senior citizen reduced fare rebatement program financed from state general fund
Rhode Island Rhode Island Transit Authority	x		x		170			317	623	1971												subsidy from loan of \$1.5 million (bond issue); \$150,000 remaining
South Carolina (Columbia) S. Carolina Electric and Gas Company	x		x		86			389	570													
South Dakota Sioux Transit, Inc.	x		x		54			3	13	1969												
Tennessee Chattanooga-Southern Coach Lines Memphis Transit Authority	x		x		81			None	29	1969												city maintains operating ratio of 92; paying approximately \$20,000 month
Texas Abilene Transit Austin Transit (Columbus) City Transit System Lubbock Transit Corporation San Angelo Transit System	x		x		26			126	20	1967												surrounding committee contributes based on # of route miles; exempt from all city taxes except payroll taxes
Utah Salt Lake City-Juab Transit	x		x		300			82	391	1961												
* Vermont																						
* Virginia Washington Seattle Transit System Tacoma Transit Tacoma Transit * West Virginia West Virginia (Appleton) Fox River Bus Lines (Columbia) Metropolitan Authority Corporation Madison Bus Company Oshkosh City Transit Lines	x		x		66			1,152	5,385	1968												State subsidizes "transit tax," private operator under contract; "transit tax," "transit-tax" temporary subsidy only city parking commission subsidizes at \$2,500/month rate limit to \$12,000/year
* Wyoming					110			824	919													
					41			13	Unknown	1969												
					18			27	Unknown	1969												
					25			22	400	1970												
					25			6	12	1970												

SOURCE: National League of Cities/US Conference of Mayors, Profiles of Existing Programs to Assist Urban Mass Transit, prepared for Department of Transportation (June 1971)

The committee finds that the financial structure of the mass transit industry is certain to deteriorate further unless immediate financial assistance is made available. Without Federal aid, the transit industry will continue to experience increasing operating expenses, increasing fares, and declining ridership.

On the basis of testimony and reports received, it has become evident to the committee that increasing passenger revenues cannot meet operating expenses; that the problem is national in its dimensions; and that if mass transit is to perform an essential public service, Federal support for operating expenses is a prerequisite.

Accordingly, the committee recommends that mass transit legislation be amended to authorize grants under section 3 of the Urban Mass Transportation Act of 1964 for operating expenses as well as for capital costs. The major purpose is to assist in revitalizing the Nation's mass transportation systems by allowing States and localities to determine which systems in their jurisdiction are in need of operating assistance and, on this basis, to submit to the Secretary of Transportation a comprehensive mass transportation service improvement program to improve such service and to place mass transportation operations on a sound financial basis.

The amendment would authorize the sum of \$800 million over a 2-year period to be utilized in funding grants and loans for operating expenses. Grants would be disbursed on a two-thirds Federal, one-third local sharing basis.

Provisions of this bill would direct the Secretary of Transportation to issue such regulations as he deems necessary to administer the operating subsidy program in an equitable manner and to include in the regulations appropriate definitions of (a) operating expenses and (b) the sources of State or local financial assistance which may be considered in computing the maximum allowable Federal grant. It is expected that criteria established by the Secretary of Transportation for evaluating applications for operating assistance would be comparable to criteria employed under the existing capital grant program.

COST OF CARRYING OUT THE BILL

In compliance with section 252 of the Legislative Reorganization Act, the committee reports that the bill provides for an additional \$800 million in obligational authority, with authority for appropriations to liquidate these obligations in an amount not to exceed \$400 million prior to July 1, 1974, and a total of \$800 million prior to July 1, 1975.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.



ADDITIONAL VIEWS OF MESSRS. PROXMIRE, TOWER,  
BENNETT, AND BROCK

Although we support fully the purpose of S. 386 to assure adequate commuter service in urban areas, we do not feel that the legislation will achieve that end. The fact of the matter is that it could have the opposite result by rewarding inefficiency.

Simply offering to divide up \$400 million next year amongst the Nation's transit systems certainly will not arrest rapidly increasing deficits. These deficits are being financed by local and State governments from their tax resources and the funds they receive under general revenue sharing. This problem cannot be handled by yet another categorical grant program. Real solutions can only come from local initiatives and local pressures for efficient operations.

In addition, this is not an equitable approach to the problem. We are asking for the poorer sections of the country to finance the wealthier. For example, just five of the systems—New York, Boston, Chicago, Philadelphia, and Los Angeles—appear to be responsible for some 70 percent of the reported national operating deficit, which is some \$500 million.

A more realistic approach is taken under the present Urban Mass Transportation Capital Grant Program, which is directed at modernizing and restructuring urban transit systems so that efficient and effective operations can in fact be achieved. We support increasing the contract authority for this program which will in turn free local money for other uses including operating assistance.

WILLIAM PROXMIRE.  
WALLACE F. BENNETT.  
JOHN TOWER.  
BILL BROCK.

(8)

SUPPLEMENTAL VIEWS OF MR. TAFT

I have consistently supported legislation to provide operating subsidies for mass transit systems. In view of the environmental problems and congestion caused by automobiles, as well as the necessity to provide an alternative means of transportation for our poor, young, and elderly citizens, I believe that improving our mass transit systems must constitute a very high priority at the present time. Testimony before this committee has convinced me that the additional capital grant assistance provided in the new highway bill will not do this job sufficiently, and that additional emergency funding for mass transit systems is necessary.

Nevertheless, we will simply be throwing money down a rat hole if the subsidies provided are used to allow existing systems to continue operating exactly as they have in the past. In that respect, I consider the language in the bill requiring applicants to submit a comprehensive mass transportation service improvement plan to be extremely important. I am extremely concerned, however, that there is nothing in the bill which requires any follow-up once the plan is submitted.

If provision is not made for the Secretary of Transportation to review the progress of the subsidy recipients in this respect and take action to insure that all recipients are at least making a major "good faith" effort to implement their plans, it is all too possible that the major effect of the comprehensive plan requirement would be to occupy a few lines in the United States Code.

ROBERT TAFT, JR.

(9)

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## URBAN MASS TRANSPORTATION ASSISTANCE ACT OF 1973

APRIL 16, 1973.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

MR. PATMAN, from the Committee on Banking and Currency,  
submitted the following

### REPORT

together with

### MINORITY, SUPPLEMENTAL, ADDITIONAL, AND DISSENTING VIEWS

[To accompany H.R. 6452]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 6452) to amend the Urban Mass Transportation Act of 1964 to provide a substantial increase in the total amount authorized for assistance thereunder, to increase the portion of project cost which may be covered by a Federal grant, to authorize assistance for operating expenses, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

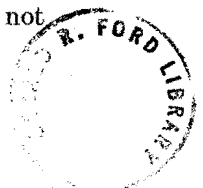
Page 6, line 3, strike out "1972" and insert in lieu thereof "1973".

Page 9, after line 2, insert the following new section:

#### ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

SEC. 6. (a) The first sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting "(1)" after "financing", and by inserting before the period at the end thereof the following: ", and (2) the establishment and organization of public or quasi-public transit corridor development corporations or entities".

(b) The second sentence of section 3(a) of such Act is amended to read as follows: "Eligible facilities and equipment may include personal property including buses and other rolling stock and real property including land (but not



public highways), within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for an efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use."

Page 9, line 5, strike out "Sec. 6," and insert in lieu thereof "Sec. 7."

Page 9, line 16, strike out "Sec. 7." and insert in lieu thereof "Sec. 8."

Page 10, line 10, strike out "Sec. 8." and insert in lieu thereof "Sec. 9."

Page 11, strike out line 14 and all that follows down through page 12, line 20, and insert in lieu thereof the following:

#### ELIMINATION OF ASSISTANCE IN FORM OF PROJECT LOANS

SEC. 10. (a) Section 3(a) of the Urban Mass Transportation Act of 1964 (as amended by section 2(a) of this Act) is amended—

(1) by striking out "or loans (directly, through the purchase of securities or equipment trust certificates, or otherwise)" in the first sentence;

(2) by striking out "or loan" in the fourth sentence; and

(3) by striking out "The Secretary may make" in the fifth sentence and inserting in lieu thereof "The Secretary is also authorized to make".

(b) Section 3(c) of such Act (as amended by section 2(b) of this Act) is amended by striking out "No loans" in the first sentence and all that follows down through "this section" in the second sentence, and insert in lieu thereof "Interest on loans made under subsection (b)".

(c) Section 3(d) of such Act is amended by striking out "or loan".

(d) Section 12(b) of such Act is amended by striking out "loan or".

(e) Section 13(a) of such Act is amended by striking out "loans or" and "loan or".

(f) Section 16(b) of such Act is amended by striking out "and loans" each place it appears, and by striking out "or loans".

Page 12, line 22, strike out "Sec. 10." and insert in lieu thereof "Sec. 11."

### URBAN MASS TRANSPORTATION ASSISTANCE ACT OF 1973

#### INTRODUCTION

The Nation's mass transit systems—from Boston to Los Angeles, Chicago, St. Louis, Seattle and scores of other cities—are clearly fast approaching a do or die situation. Dwindling revenues and passengers, along with rising costs and fares, have combined to make the public transit crisis national in scope. Despite the fact that more than 70

percent of Americans now live in urban areas, transit patronage today is less than three-quarters of what it was 15 years ago, and only a third of what it was 25 years ago.

State and local taxes are supporting transit operation in 150 cities to the extent of more than \$500 million annually, but it is apparent that this present contribution by overtaxed localities in no way guarantees a stemming of the tide of financial difficulties besetting transit operations. The self-defeating pattern of raising fares to meet increasing costs merely results in less service and more and more transit riders opting for the private automobile. It is also apparent that there are countless thousands who do not have the luxury of that choice and are totally dependent on public transit for their mobility.

While there is always great reluctance to subsidize the operations of any public service—on a local or Federal level—there is little doubt about the consequences of delay in facing the decision. The Congress recognized the possibility of Federal operating subsidies in 1970 when the Urban Mass Transit Assistance Act of 1970 directed the Department of Transportation to investigate the scope of the problem and to make appropriate recommendations on how it might best be solved.

The Department reported to the Congress in November 1971 that the problem was indeed "severe." The 1972 National Transportation Report, issued by the Secretary of Transportation, stated: "The Department supports making funds available to States and local governments for general public purposes or for general transportation purposes, including operating subsidies, so that a State or local government could determine locally how the funds would be used."

More importantly, the many locally subsidized transit operators in our largest cities have testified before this committee on how such a program might work, how much it would cost, and what the prospect is if such a program is not initiated now. It is to this prospect that the committee bill is addressed.

The spectre of the fifty cent transit fare is all too real in many of the Nation's larger cities, and the timetable for achieving it in other cities is all too predictable. Statistics have shown that as fares rise beyond the 35 cent level, a greater percentage drop in ridership results, leading to the situation where a fare increase actually produces a net loss in revenue. Many transit operations are at the point where retrieving such riders will be difficult and expensive, if not impossible.

Your committee accepts the goal of substantially increasing transit ridership—not just to rejuvenate an economically ailing industry—but, more importantly, to produce a more balanced transportation system in and around this Nation's cities. It is true that the Federal commitment to improved mass transit has increased in recent years. However, under the Administration's proposed budget for fiscal year 1974, only 6 cents of each transportation dollar would be available for mass transit, while 57½ cents would be spent for highways. The fact is that a single transit vehicle can represent between 30 and 60 individual automobiles commuting to work. If more and more cars are not merely to justify more and more highways, with the attendant problems of pollution and congestion, ecological destruction, higher relocation costs, and unwise land use, mass transit will have to become a viable commu-

tation alternative. It is not so now and it will be less so in the near future without strong public action.

It should be noted that the Clean Air Law, now scheduled to take full effect in 1975 will result in various restrictions on the use of the automobile and in a drastic alteration in commuting habits. Many communities are considering action to boost the cost of downtown parking, prohibit further construction of parking facilities, impose special auto-use taxes, and, in extreme cases, ban the auto from downtown areas altogether. The current national concern over availability of petroleum products further emphasizes the need for more and better mass transportation.

In light of the Department's studies and of the testimony on the state and prospects of many of the Nation's transit systems, it is obvious that there is a severe problem and that the Federal Government has a legitimate and justifiable role in its solution. While the Department's report suggested that there appeared to be no acceptable method to guarantee the workability of an operating subsidy program, the experience of many State and local programs of operating assistance suggests otherwise.

One hundred and forty-two communities are already providing operating assistance enabling transit systems to continue their operations.

STATE AND LOCAL OPERATING ASSISTANCE PROGRAMS FOR URBAN TRANSIT  
[Number enacted since 1965 by year]

	Before and during 1965	1966	1967	1968	1969	1970	1971	1972
Enacted during year.....	22	4	8	10	17	30	28	21
Accumulative.....		26	34	44	61	101	129	150

Contrary to the popular belief that subsidies would put the public purse in severe danger, experience shows that subsidies can produce increased ridership, lower fares, stable or declining deficits, and improved service.

With a subsidy, Atlanta dropped its mass transit fares from 40 cents to 15 cents and patronage increased by approximately 11 million passengers. In San Diego, a subsidy has lowered fares from 40 cents to 25 cents and ridership has surged 36 percent.

As a dramatic example of how subsidies may be successfully employed, we would point to the Shirley Highway Project right here in the Washington area. This project, with an average fare of 70 cents, has grown from 4,000 riders per day to 18,000 on that section of the busway where the new exclusive bus lane has been provided. The project has taken 3,000 commuter automobiles a day off Shirley Highway (I-95).

The Federal Government has been providing financial assistance to urban transit systems since the enactment of the mass transportation demonstration program in the Housing Act of 1961 and the Urban Mass Transportation Act of 1964. This program of basically providing capital grant assistance for the purchase of rolling stock, right of way, stations, and modernization of existing equipment was greatly expanded by the Urban Mass Transportation Assistance Act of 1970.

The 1970 Act increased the Federal Government's capital grant assistance to urban transit systems almost tenfold, from a program channeling to the transit systems approximately \$150 million annually to one providing approximately \$1 billion annually. The 1970 Act provided assurance of funding by the use of contract authority, rather than direct appropriations, guaranteeing a local transit system by a contractual agreement with the Secretary an amount of funds known in advance.

This expanded urban transit program provided more certainty in funding capital improvements at considerably greater funding levels, and also provided additional research and development funds. It did not, however, address itself to the increasing problems of the declining transit fare box revenues needed to enable transit systems to obtain enough revenue to continue their operations.

The massive financial failures of transit systems have mushroomed within the past few years. By 1970, 65 private urban transit companies had been taken over and operated by the local government; by 1972 more than 235 transit companies had been taken over. In almost every case the local government assumed the responsibility of subsidizing a growing annual deficit from its own tax revenues. Information provided the committee by the American Transit Association showed State and local governments providing nearly 20 percent of the total operating transit costs. The annual deficits for transit systems amounted to \$510 million in 1971, compared to only \$380 million in 1969.

The committee believes that State and local governments are providing to their maximum financial ability the money to subsidize transit operating deficits; and that it is incumbent on the Federal Government to begin to provide assistance to local communities to help meet these deficits.

#### SMALL CITIES

Too often in the past, urban mass transportation has been looked upon as a big city problem. It is true that the original Federal assistance to mass transit looked to the larger cities. The 1970 Act recognized that medium to small cities had real transit needs as well, and the Congress encouraged their participation in the program. The real crisis in urban transportation today is the almost total breakdown of private bus companies in small cities. Many small cities which had strong private bus companies as recently as a decade ago, have no bus operations at all today. Information provided the committee shows that over 100 bus companies in small cities are no longer in operation. These small local governments, in most cases, do not have the financial and taxing ability to purchase and run a bus company. Those which have assumed the operations of the private transportation system simply are unable to meet the increasing cost of subsidizing operating deficits.

Although operating deficits are greatest in our large cities, it is the large number of small and medium size cities where the problem is greatest. The number of these smaller cities trying to continue to operate a public transportation system with no future assurance of the needed local funds to continue subsidizing public transit systems is growing every day. The issue of Federal assistance for operating sub-

sidies is most critical for these smaller cities and towns. This legislation contains a provision authorized by Congressman Tom Gettys (S.C.) mandating a study of rural transportation needs by the Secretary of Transportation.

#### BACKGROUND

Recognizing that the Nation's mass transit systems are in a crisis situation and that there exists a need for greater balance in overall Federal transportation policy, the Banking and Currency Committee decided this Congress to establish a new subcommittee to deal with the problems of urban mass transportation.

On March 21 and 22, 1973, the Subcommittee conducted full day hearings on H.R. 5424, sponsored by its chairman, Representative Joseph Minish of New Jersey, and on H.R. 5919, sponsored by the ranking minority member, Representative Garry Brown of Michigan. The Subcommittee heard testimony from Mr. Frank Herringer, Administrator of the Urban Mass Transportation Administration, the U.S. Conference of Mayors-League of Cities, the National Governors Conference, the American Transit Association, the Institute of Rapid Transit, and others from the transit and roadbuilding industry.

The Subcommittee held a markup session March 29 and ordered a clean bill, H.R. 6452, reported to the full Committee. The full Banking and Currency Committee met April 10 and adopted the H.R. 6452, as amended, by a vote of 23 yeas, 4 nays.

#### PROVISIONS OF THE BILL

Section 2 of the bill amends section 3 of the Urban Mass Transportation Act to authorize grants for operating subsidies to States and local public bodies and agencies thereof. This provision would direct the Secretary of Transportation to allocate operating subsidies under a formula based upon the following three factors: population of the area served by the mass transit system, the total number of revenue passengers carried by the system, and the total revenue vehicle miles travelled by the system. The population, passengers, and miles of each eligible applicant would be weighed against the population, passengers, and miles of all eligible applicants and the funds distributed accordingly.

Your committee believes that this formula is just and equitable. It seeks to serve all systems proportionately and it would tend to prevent concentration of the operating funds in only a few very large urban areas.

The simple device of basing payments for operating assistance partially on the number of revenue passengers carried provides an incentive that, in the opinion of the committee, would help insure progressive and responsible management. As for any ill effects of such new Federal money for operations, it seems inconceivable that with fares and local funds providing from 80-85 percent of the cost of operations, the vastly smaller amount of Federal funds provided by the bill would be wasted or used injudiciously.

Federal operating assistance based on the three part formula would undoubtedly produce a certain amount of innovations, experiments and analysis of service—all geared to breathing new life into transit

systems and their service to the public. This is obviously desirable, especially if more and more commuters are to be attracted to transit and if those dependent on transit are to be adequately served. Part and parcel of such "attractiveness" is the reasonable or "stabilized" fare. The infusion of new Federal funds into transit operations would achieve any one or a combination of desirable effects: a stable or reduced fare, a lessened tax burden for local taxpayers, or expanded transit service. Given the present levels of fares, taxes and transit service, the committee hopes that all three would become possible for the users of the Nation's transit systems.

In deciding on an annual level of funding for such Federal operating assistance, your committee rejects the idea that this program would be just the beginning of an escalator for a vast new program. If the built-in incentive in the bill is correctly implemented, then it would follow that if the goal of substantially increasing ridership is met, greater transit revenues would lessen, not increase, the need for Federal operating funds.

It should be noted that while the deficit of New York City, for example, is indeed large, and its allocation under the formula similarly large, this Federal contribution would by no means meet the city's total operating deficit. On the other hand, smaller cities, would have much of their total annual deficits met by operating subsidy grants.

No assistance would be provided under this section unless the Secretary had received from the State or local body a comprehensive mass transportation service improvement program designed to improve service and to place its operations on a sound business and financial basis. The committee believes this to be a very important provision and absolutely necessary to make the new program workable.

Section 2 also directs the Secretary to issue such regulations as he deems necessary to administer the operating subsidy program in an equitable manner, and to develop criteria for evaluating applications for assistance under this new operating subsidy provision comparable to criteria employed under the capital grant program. Your committee wishes to emphasize that the establishment of the operating subsidy program shall in no way be construed as to reduce the funding of the capital grant program or to compete with the important needs and requirements under that program. In addition, it is your committee's belief that the Secretary, in choosing eligible applicants, should consider steps taken by local and State governments to provide disincentives for the use of the automobile in heavily congested urban centers.

To finance the operating subsidy program, the committee bill authorizes \$400 million for fiscal year 1973 and \$400 million for fiscal year 1974, respectively. The funding authorization is at a reasonable, even modest, level in view of the demonstrated need for assistance to the country's mass transit systems.

The committee wishes to emphasize that no part of the Act providing for operating assistance to local mass transportation systems shall be construed to authorize the Secretary to regulate, directly or indirectly, matters of labor relations which, by law or practice, have traditionally been subject to negotiation and bargaining between the operating management of the mass transportation system and its employees.

Any urban mass transportation system receiving assistance under the operating subsidy program must provide the elderly and handicapped half-fares during non-peak hours, subject to terms and conditions the Secretary may prescribe. Your committee feels that those transit systems receiving operating subsidies should provide additional benefits to the elderly and handicapped. For purposes of this provision, elderly are defined to mean individuals 62 years of age and over. The fares paid by such passengers shall be construed as revenue passengers for the purpose of the operating subsidies distribution formula.

#### INCREASE IN FEDERAL SHARE FOR CAPITAL GRANTS

Section 3 of the bill amends section 3 of the 1964 Act to increase the grant ratio from a two-thirds Federal—one third local contribution to a flat 80 percent Federal—20 percent local contribution.

Concurrent with the need to achieve a truly balanced transportation system in our Nation's cities, is the consideration of a proper Federal percentage for both the capital grants program. Since the 1970 Highway Act set new levels of Federal funding for both the Interstate and ABC highway programs—which work out to an average share of Federal funding of 80 percent—it is logical to extend the same Federal consideration to programs for mass transit. Similarly, transit programs should be available at the 80 percent level on an absolute basis, and not on an “up to” basis at the discretion of the Secretary, as they are now. Testimony received by the subcommittee emphasized the need for a fixed Federal share in order to intelligently plan for mass transit improvements. Most localities meet their share of the capital grants program through general obligation revenue bonds and they must have a clearer indication of the level of assistance they can expect from the Federal Government.

#### INCREASE IN CAPITAL GRANT FUNDS

The 1970 Act provided for contract authority for capital grants in the amount of \$3.1 billion, and provided for an updating of authorization levels after two years. Cities and transit systems which had geared up and planned for commitments, based on the promise of full contract authority being available, find themselves with a severe backlog of unmet project funding requests.

Testimony before the committee revealed that State and local governments have taxed and bonded themselves to provide about \$2.7 billion in local matching funds for the mass transit capital grant program over the next five years. If the 80 percent Federal share in this legislation is adopted, the \$2.7 billion in local funds would indicate a demand for more than \$10 billion in Federal contract authority over the next five years.

Your committee adopted an authorization for additional contract authority for the capital grant program of \$3 billion in line with the Administration's recommendation.

#### STATE AND LOCAL MASS TRANSPORTATION ADVISORY COUNCILS

Section 5 requires an applicant for Federal mass transit assistance to establish a Mass Transportation Advisory Council.

The Council, to be appointed or elected by the chief executive of the localities involved in a mass transit project, shall consist of representatives of the general public, the business and professional community, the labor force, community organizations, and at least one representative of each of the affected local governments. Membership shall reasonably reflect the composition of the ridership of the mass transit facilities to be included in a project.

The Council will function as a consultant to the State, locality, or agency responsible for mass transit operations in its area. It will possess no power to overrule, veto, modify, or otherwise change the policies or decisions of the responsible State or local body. It will, however, be permitted to review mass transit policies and decisions with respect to planning, design, and architecture; construction contracts and sub-contracts; the purchase of equipment and supplies; maintenance; related services such as concessions; hiring and training; the location of routes and stations; and fares.

#### ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

Section 6 authorizes financial assistance under the Urban Mass Transportation Act for the establishment of public or quasi-public transit corridor development corporations or entities and expands the definition of facilities and equipment eligible for financial assistance to include the area (excluding highways) within the entire zone affected by the construction and operation of transit improvements, including station sites.

The purpose of this section is to encourage more socially, economically, and environmentally sound patterns of land use in the areas immediately adjacent to transit corridors and station sites. Your committee believes this section will help prevent hodgepodge development and environmentally unsound land speculation along transit corridors and near transit stations.

#### COORDINATION OF URBAN TRANSIT PROGRAMS WITH MODEL CITIES PROGRAM

During its hearings on urban mass transportation, your committee heard considerable testimony regarding certain transportation activities being carried on under the Model Cities Program, such as special bus service routes for residents of model cities areas. In some programs, the pay scale adopted is below that required to be met by transit companies receiving the benefits of assistance under the 1964 Mass Transit Act. Section 7 requires model cities transit programs to comply with section 13(c) of the 1964 Act.

#### GRANTS FOR TECHNICAL STUDIES

Section 8 amends section 9 of the 1964 Act to expand the list of activities for which grants may be made to *include evaluation*, and to authorize the Secretary to contract for grants. It also eliminates the limitation on the amount of a *planning grant*, permitting the Secretary to increase the Federal share of planning funds from two-thirds to as high as 100 percent.

Transit planning should be in equity with highway planning. Therefore your committee feels that it is imperative that transit planning funds be available on a *100 percent basis*, as they presently are for highway planning.

Part of such a change would be restructuring of the present relationship between HUD and DOT as it relates to transit. Under present administrative procedures, HUD issues its planning certification on a project-by-project basis to the Urban Mass Transit Administration. Such a planning overview is quite properly the role of HUD, but it should apply to all transportation projects and not just to mass transit. The planning process is an essential element in achieving a balanced transportation system and HUD should provide its expertise to DOT on a departmental basis.

The results of the present system have been inordinate delays while the amount of the Federal share of the grant has been in doubt. This has been an unnecessary complication for municipalities which have been struggling to provide local matching funds through taxation or bonding. It has also resulted in HUD second-guessing UMTA on the quality of individual projects. All these hazards would be eliminated under a new Federal percentage and the new role of HUD in giving a planning overview to an area's balanced transportation needs. It would also seem desirable for HUD to accept an area's workable planning process and not try to superimpose on differing political circumstances a set of inflexible institutional standards for the planning process.

#### PROHIBITION AGAINST ASSISTANCE TO PUBLIC TRANSIT AUTHORITIES ENGAGING IN CERTAIN SCHOOL BUS OPERATIONS

Section 9 amends section 3(e) of the Act to prohibit financial assistance under the Act to any State or local public agency, subsequent to the date of enactment, which engages directly or indirectly in the transporting of school children and school personnel to and from school and school authorized functions (other than transporting such children and personnel along with other passengers as part of its regular operations), in competition with, or supplementary to, service provided by a private transportation company engaged in transporting school children and personnel. This provision would not apply to any State or local public agency that was so engaged at any time during the twelve-month period immediately prior to the date of enactment.

#### ELIMINATION OF ASSISTANCE IN THE FORM OF LOANS

Section 10 would strike the existing loan provision in the capital grant program of the Urban Mass Transportation Act. This authority has never been employed to any great extent and has fallen into almost complete disuse in recent years. In the few cases where loans have been extended, they have been subsequently paid off with an Urban Mass Transportation grant. Your committee has, however, retained the loan authority for the advanced acquisition of land.

#### STUDY OF RURAL TRANSPORTATION NEEDS

Section 11 requires the Secretary of Transportation to conduct a full and complete study and investigation of the public transportation needs of rural and other nonurban areas in the United States.

The Secretary is directed to give particular attention to the needs of cities, towns, and other political subdivisions having a population of 50,000 or less, and of changes in Federal law which would be required to meet such needs. The Secretary is further directed to report his findings and recommendations to the Congress within one year after enactment of this legislation.

#### COST OF CARRYING OUT THE BILL AND COMMITTEE VOTE

In compliance with Clause 7 of Rule XIII of the Rules of the House of Representatives, \$3 billion in contract authority for capital grants will be made available beginning in Fiscal Year 1974; \$400 million in grants for operating expenses to be authorized for Fiscal Year 1974, and \$400 million for Fiscal Year 1975.

In compliance with Clause 27 of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the record vote of the motion to report a bill. A total of 23 votes were cast for reporting; a total of 4 were cast against reporting the bill.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

#### URBAN MASS TRANSPORTATION ACT OF 1964

##### FEDERAL FINANCIAL ASSISTANCE

SEC. 3. (a) The Secretary is authorized, in accordance with the provisions of this Act and on such terms and conditions as he may prescribe, to make grants [or loans (directly, through the purchase of securities or equipment trust certificates, or otherwise)] to assist States and local public bodies and agencies thereof in financing (1) the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas and in coordinating such service with highway and other transportation in such areas, and (2) *the establishment and organization of public or quasi-public transit corridor development corporations or entities.* Eligible facilities and equipment may include *personal property including buses and other rolling stock and real property including land (but not public highways),* [buses and other rolling stock, and other real and personal property] *within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for an efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use. The Secretary is also authorized, on such terms and conditions as he may prescribe, to make grants to assist States and local public bodies and agencies thereof in the payment of operating expenses incurred in connection with the provision of mass transportation service in urban areas, allocating any funds made available for*

assistance under this sentence among the various State and local public bodies and agencies thereof in the manner provided in subsection (g): *Provided, That no assistance shall be provided under this sentence to any State or local public body or agency thereof unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged elderly and handicapped persons during nonpeak hours for transportation utilizing or involving the facilities and equipment financed with such assistance will not exceed one-half of the rates generally applicable to other persons, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise.* No grant [or loan] shall be provided under this section unless the Secretary determines that the applicant has or will have—

(1) the legal, financial, and technical capacity to carry out the proposed project; and

(2) satisfactory continuing control through operation or lease or otherwise, over the use of the facilities and equipment.

The Secretary [may] *is also authorized to make loans for real property acquisition pursuant to subsection (b) upon a determination, which shall be in lieu of the preceding determinations, that the real property is reasonably expected to be required in connection with a mass transportation system and that it will be used for that purpose within a reasonable period. No grant or loan funds shall be used for payment of ordinary governmental or nonprofit operating expenses. An applicant for assistance under this section for a project located wholly or partly in a State in which there is statewide comprehensive transportation planning shall furnish a copy of its application to the Governor of each State affected concurrently with submission to the Secretary. If, within thirty days thereafter, the Governor submits comments to the Secretary, the Secretary must consider the comments before taking final action on the application.*

\* \* \* \* \*

(c) [No loans shall be made under this section for any project for which a grant is made under this section, except—

[(1) loans may be made for projects as to which grants are made for relocation payments; and

[(2) project grants may be made even though the real property involved in the project has been or will be acquired as a result of a loan under subsection (b).]

Interest on loans made under [this section] subsection (b) shall be at a rate not less than (i) a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans adjusted to the nearest one-eighth of 1 per centum, plus (ii) an allowance adequate in the judgment of the Secretary of Transportation to cover administrative costs and probable losses under the program. No loans shall be made, including renewals or extensions thereof, and no securities or obligations shall be purchased, which have maturity dates in excess of forty years.

(d) Any application for a grant [or loan] under this Act to finance the acquisition, construction, reconstruction, or improvement of facilities or equipment which will substantially affect a community or its mass transportation service shall include a certification that the applicant—

(1) has afforded an adequate opportunity for public hearings pursuant to adequate prior notice, and has held such hearings unless no one with a significant economic, social, or environmental interest in the matter requests a hearing;

(2) has considered the economic and social effects of the project and its impact on the environment; and

(3) has found that the project is consistent with official plans for the comprehensive development of the urban area.

Notice of any hearings under this subsection shall include a concise statement of the proposed project, and shall be published in a newspaper of general circulation in the geographic area to be served. If hearings have been held, a copy of the transcript of the hearings shall be submitted with the application.

(e) (1) No financial assistance shall be provided under this Act to any State or local public body or agency thereof for the purpose, directly or indirectly, of acquiring any interest in, or purchasing any facilities or other property of, a private mass transportation company, or for the purpose of constructing, improving, or reconstructing any facilities or other property acquired (after the date of the enactment of this Act) from any such company, or for the purpose of providing by contract or otherwise for the operation of mass transportation facilities or equipment in competition with, or supplementary to, the service provided by an existing mass transportation company, unless [1] (A) the Secretary finds that such assistance is essential to a program, proposed or under active preparation, for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area, [2] (B) the Secretary finds that such program, to the maximum extent feasible, provides for the participation of private mass transportation companies, [3], (C) just and adequate compensation will be paid to such companies for acquisition of their franchises or property to the extent required by applicable State or local laws, and [4] (D) the Secretary of Labor certifies that such assistance complies with the requirements of section 13(c) of this Act.

(2) *No financial assistance shall be provided under this section to any State or local public body or agency thereof which engages directly or indirectly in the transporting of schoolchildren and school personnel to and from school and school-authorized functions, or proposes to expand present routes, schedules, service, or facilities for the purpose of providing transportation for schoolchildren and school personnel to and from school and school-authorized functions, in competition with or supplementary to the service currently provided by a private transportation company, or other person, engaged in so transporting such schoolchildren and school personnel; except that this paragraph shall not apply with respect to any State or local public body or agency thereof if it (or a direct predecessor in interest from which it acquired the function of so transporting such schoolchildren and school personnel along with facilities to be used therefor) was so*



engaged at any time during the twelve-month period immediately prior to the date of the enactment of this paragraph.

(f) No financial assistance shall be provided to any State or local public body or agency thereof for payment of operating expenses incurred in connection with the provision of mass transportation service unless the applicant State or public body or agency has submitted to the Secretary a comprehensive mass transportation service improvement plan which is approved by him and which sets forth a program meeting criteria established by the Secretary for capital or service improvements to be undertaken for the purpose of providing more efficient, economical, and convenient mass transportation service in the urban area or areas involved, and for placing mass transportation operations in such area or areas on a sound financial basis.

(g) The funds made available for assistance in the payment of operating expenses under the third sentence of subsection (a) for any fiscal year shall be allocated by the Secretary among the various States and local public bodies and agencies thereof (without regard to section 15) on the basis of a formula under which the urbanized areas of eligible applicants in any State will be entitled to receive an amount equal to the sum of—

(1) one-third of the total amount so allocated multiplied by a fraction the numerator of which is the total population of the urbanized areas of eligible applicants in that particular State, and the denominator of which is the total population of the urbanized areas of eligible applicants in all the States;

(2) one-third of the total amount so allocated multiplied by a fraction the numerator of which is the total number of revenue passengers carried by mass transportation systems in the urbanized areas of eligible applicants in that particular State and the denominator of which is the total number of such passengers carried by mass transportation systems in the urbanized areas of eligible applicants in all the States; and

(3) one-third of the total amount so allocated multiplied by a fraction the numerator of which is the total mass transportation revenue vehicle miles traveled in the urbanized areas of eligible applicants in that particular State and the denominator of which is the total mass transportation revenue vehicle miles traveled in the urbanized areas of eligible applicants in all the States.

#### LONG-RANGE PROGRAM

SEC. 4. (a) Except as specified in section 5, no Federal financial assistance shall be provided pursuant to subsection (a) of section 3 unless the Secretary determines that the facilities and equipment for which the assistance is sought are needed for carrying out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and are necessary for the sound, economic, and desirable development of such area. Such program shall encourage to the maximum extent feasible the participation of private enterprise. Where facilities and equipment are to be acquired which are already being used in mass transportation service in the urban area, the program must provide that they shall be so im-

proved (through modernization, extension, addition, or otherwise) that they will better serve the transportation needs of the area. The Secretary, on the basis of engineering studies, studies of economic feasibility, and data showing the nature and extent of expected utilization of the facilities and equipment, shall estimate what portion of the cost of a project to be assisted under section 3 cannot be reasonably financed from revenues—which portion shall hereinafter be called “net project cost”. The Federal grant for [such a project shall not extend two-thirds] any such project to be assisted under section 3 (other than a project for payment of operating expenses) shall be in an amount equal to 80 percentum of the net project cost. The remainder of the net project cost shall be provided, in cash, from sources other than Federal funds. Such remainder may be provided in whole or in part from other than public sources and any public or private transit system funds so provided shall be solely from undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital. No refund or reduction of the remainder of the net project cost shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

\* \* \* \* \*

(c) To finance grants and loans under sections 3, 7(b), and 9 of this Act (other than grants made under the third sentence of section 3(a)), the Secretary is authorized to incur obligations on behalf of the United States in the form of grant agreements or otherwise in amounts aggregating not to exceed [\$3,100,000,000,] \$6,100,000,000 less amounts appropriated pursuant to section 12(d) of this Act and the amount appropriated to the Urban Mass Transportation Fund by Public Law 91-168 to the extent that such amounts are or were appropriated to finance such grants and loans and have not been reserved or made available for any other purpose. This amount (which shall be in addition to any amounts available to finance such activities under subsection (b) of this section) shall become available for obligation upon the date of enactment of this subsection and shall remain available until obligated. There are authorized to be appropriated for liquidation of the obligations incurred under this subsection not to exceed \$80,000,000 prior to July 1, 1971, which amount may be increased [to not to exceed an aggregate of \$310,000,000 prior to July 1, 1972, not to exceed an aggregate of \$710,000,000 prior to July 1, 1973, not to exceed an aggregate of \$1,260,000,000 prior to July 1, 1974, not to exceed an aggregate of \$1,860,000,000 prior to July 1, 1975, and not to exceed an aggregate of \$3,100,000,000 thereafter] to not to exceed an aggregate of \$310,000,000 prior to July 1, 1972, not to exceed an aggregate of \$1,000,000,000 prior to July 1, 1973, not to exceed an aggregate of \$2,000,000,000 prior to July 1, 1974, not to exceed an aggregate of \$3,000,000,000 prior to July 1, 1975, not to exceed an aggregate of \$4,500,000,000 prior to July 1, 1976, not to exceed an aggregate of \$5,500,000,000 prior to July 1, 1977, and not to exceed an aggregate of \$6,100,000,000 thereafter. The total amounts appropriated under this subsection and section 12(d) of this Act shall not exceed the limitations in the foregoing schedule. Sums so appropriated shall remain available until expended.

(d) To finance grants to assist States and local public bodies and agencies thereof in the payment of operating expenses under the third sentence of section 3(a), there is authorized to be appropriated not to exceed \$400,000,000 for the fiscal year ending June 30, 1974, and \$400,000,000 for the fiscal year ending June 30, 1975. Any amount so appropriated shall remain available until expended; and any amount authorized but not appropriated for either such fiscal year may be appropriated for any succeeding fiscal year.

[(d)] (e) The Secretary shall report annually to the Congress with respect to outstanding grants or other contractual agreements executed pursuant to subsection (c) of this section. To assure program continuity and orderly planning and project development, the Secretary, after consultation with State and local public agencies, shall submit to the Congress (1) authorization requests for fiscal years 1976 and 1977 not later than February 1, 1972, (2) authorization requests for fiscal years 1978 and 1979 not later than February 1, 1974, (3) authorization requests for fiscal years 1980 and 1981 not later than February 1, 1976, and (4) an authorization request for fiscal year 1982 not later than February 1, 1978. Such authorization requests shall be designed to meet the Federal commitment specified in the first section of the Urban Mass Transportation Assistance Act of 1970. Concurrently with these authorization requests, the Secretary shall also submit his recommendations for any necessary adjustments in the schedule for liquidation of obligations.

(f) (1) No financial assistance shall be provided under this Act to any State or local public body or agency thereof, with respect to any project, unless (A) there has been established by the State or locality involved, as provided in paragraph (2), a Mass Transportation Advisory Council to advise and assist such State or local public body or agency as provided in paragraph (3), and (B) the application for such assistance has been reviewed by such Council.

(2) The Mass Transportation Advisory Council established with respect to any State or local public body or agency thereof shall include one or more members representing each of the political subdivisions to be served by the project; and each such member shall be elected, or appointed by the chief executive officer of the locality involved, unless applicable State or local law specifically provides another method for the selection or designation of such member. The Council shall consist of representatives of the general public in the area to be served by the project and representatives of the business and professional community, the labor force, community organizations, and local government in such area; but in any event the membership of the Council shall reasonably reflect the composition of the ridership of the mass transportation facilities to be included in the project.

(3) It shall be the function of the Mass Transportation Advisory Council established with respect to any State or local public body or agency thereof to advise and assist such State or local public body or agency in the establishment of policies and the making of decisions involving mass transportation service in the area involved. All policies and decisions affecting the provision of such service in that area shall be subject to the review of the Council, specifically including policies and decisions with respect to planning, design, and architecture; construction contracts and subcontracts; the purchase of equipment and sup-

plies; maintenance; related services (such as concessions); hiring and training (managerial, technical, and professional) by local agencies having responsibility for mass transportation service in the area and their contractors and subcontractors; the location of routes and stations; and fares.

\* \* \* \* \*

GRANTS FOR TECHNICAL STUDIES

SEC. 9. The Secretary is authorized [to make grants] to contract for and make grants to States and local public bodies and agencies thereof for the planning, engineering, [and designing] designing, and evaluation of urban mass transportation projects, and for other technical studies, to be included, or proposed to be included, in a program (completed or under active preparation) for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area. Activities assisted under this section may include (1) studies relating to management, operations, capital requirements, and economic feasibility; (2) preparation of engineering and architectural surveys, plans, and specifications; [and (3)] (3) evaluation of previously funded projects; and (4) other similar or related activities preliminary and in preparation for the construction, acquisition, or improved operation of mass transportation systems, facilities, and equipment. A grant or contract under this section shall be made in accordance with criteria established by the Secretary [and shall not exceed two-thirds of the cost of carrying out the activities for which the grant is made].

\* \* \* \* \*

GENERAL PROVISIONS

SEC. 12. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Secretary shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (c) (2) and (f), of the Housing Act of 1950. Funds obtained or held by the Secretary in connection with the performance of his functions under this Act shall be available for the administrative expenses of the Secretary in connection with the performance of such functions.

(b) All contracts for construction, reconstruction, or improvement of facilities and equipment in furtherance of the purposes for which a [loan or] grant is made under this Act, entered into by applicants under other than competitive bidding procedures as defined by the Secretary, shall provide that the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the contracting parties that are pertinent to the operations or activities under such contracts.

\* \* \* \* \*

(e) None of the provisions of this Act shall be construed to authorize the Secretary to regulate in any manner the mode of operation

of any mass transportation system with respect to which a grant is made under section 3 or, after such grant is made, to regulate the rates, fares, tolls, rentals, or other charges fixed or prescribed for such system by any local public or private transit agency; but nothing in this subsection shall prevent the Secretary from taking such actions as may be necessary to require compliance by the agency or agencies involved with any undertakings furnished by such agency or agencies in connection with the application for the grant, or from enforcing the limitation described in section 3(e) (2).

(f) *The provision of assistance for the payment of operating expenses under the third sentence of section 3(a) shall not be construed as bringing within the application of chapter 15 of title 5, United States Code, any nonsupervisory employee of an urban mass transportation system (or of any other agency or entity performing related functions) to whom such chapter is otherwise inapplicable.*

LABOR STANDARDS

SEC. 13. (a) The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of [loans or] grants under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Secretary shall not approve any such [loan or] grant without first obtaining adequate assurance that required labor standards will be maintained upon the construction work.

\* \* \* \* \*

PLANNING AND DESIGN OF MASS TRANSPORTATION FACILITIES TO MEET SPECIAL NEEDS OF THE ELDERLY AND THE HANDICAPPED

SEC. 16. (a) \* \* \*

\* \* \* \* \*

(b) In addition to the grants [and loans] otherwise provided for under this Act, the Secretary is authorized to make grants [or loans] for the specific purpose of assisting States and local public bodies and agencies thereof in providing mass transportation services which are planned, designed, and carried out so as to meet the special needs of elderly and handicapped persons. Grants [and loans] made under the preceding sentence shall be subject to all of the terms, conditions, requirements, and provisions applicable to grants [and loans] made under section (3) (a), and shall be considered for the purposes of all other laws to have been made under such section. Of the total amount of the obligations which the Secretary is authorized to incur on behalf of the United States under the first sentence of section 4(c), 1½ per centum may be set aside and used exclusively to finance the programs and activities authorized by this subsection (including administrative costs).

\* \* \* \* \*

SECTION 103(A) OF THE DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) any program which includes a transportation component as a project or activity to be undertaken meets the requirements of section 3(e) of the Urban Mass Transportation Act of 1964;

[4] (5) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being car-

ried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

[5] (6) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title: *Provided*, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

(d) Nothing in this section shall authorize the Secretary to require or condition the availability or amount of financial assistance authorized to be provided under this title upon the adoption by any community of a program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines to the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

## MINORITY VIEWS

Even though H.R. 6542 might never see the light of day, we feel it incumbent upon ourselves to express our opposition to various portions of this bill.

This legislation throws authority to the Secretary of Transportation which he does not want, (i.e. operating subsidies). It then ties his hands in the area where he requests discretion (i.e. mandatory federal share of capital grants). The Secretary is proclaimed as fully capable to exercise supreme wisdom when it comes to administering a nightmarishly complex program of operating subsidy grants involving the Federal government in the local decisions of an estimated 1,000 transit systems. However, the Secretary is not deemed fit to exercise discretion as to the percent of Federal contribution to the capital grant request of a much smaller number of transit systems.

That merely points out the inconsistency in this bill. We should now like to address ourselves to the merits of the provisions and explain why we oppose operating subsidies and favor allowing flexibility in determination of Federal capital grants. We will also explain our opposition to the creation of Mass Transportation Advisory Councils.

### FIRST—OPERATING SUBSIDIES

Section 2 provides for Federal grants for operating expenses of urban mass transit systems. It sets out a formula based on population, revenue passengers and vehicle miles traveled which allegedly is designed to do equity among the cities involved. Also, it allegedly has built-in incentives to encourage improvements and expansion of the transit systems. It is difficult to see how the formula proposed in this bill would do more than favor large obsolete systems with only minor encouragement for improvement and expansion.

Statistically, we find that New York City's transit systems are by far the largest and operate at a deficit greater than the combined deficits of Boston, Philadelphia and Chicago, the three cities with the next largest deficits. Approximately one-third of the \$400 million per year authorized in this bill would be required to satisfy last years deficit for New York City alone. The massiveness of the ridership factor for that system dwarfs any incentive value relative to other systems.

During hearings held before the new Mass Transit Subcommittee, witnesses admitted that the voters of their respective states had recently voted against referenda which would have aided mass transit systems. They claimed that the voters rejected them because too much of the money was slated to be spent on highway projects and not enough on mass transit. The witnesses stated that, if bond issues related solely to mass transit were proposed to the voters of their states, these bond issues would be approved. If this is true, there would be no

need for this legislation. If it is not true, then we should consider carefully why Federal taxpayers should be asked to pay for that which the local taxpayers have rejected? On the other hand, the people in the Atlanta metropolitan area have imposed a one cent sales tax upon themselves in order for the rapid transit authority to reduce fares and improve equipment.

Also, the Administration is opposed to enactment of a Federal subsidy for operating expenses and any such legislation is sure to face a Presidential veto. In testimony before the Subcommittee, Frank C. Herringer, Urban Mass Transit Administrator said that the bill requires:

“. . . 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 could immerse the Federal Government in myriad local issues relating to such matters as fare levels and structures, maintenance standards, management practices, labor work rules and practices, and the like.

“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.”

It appears to us, that providing for the Federal Government to subsidize the operations of virtually every mass transit system in the country will open the flood gates on a never-ending stream of Federal dollars without assuring a corresponding benefit to the taxpayers. We therefore reiterate our opposition to this provision of the H.R. 6542.

#### SECOND—MANDATORY FEDERAL SHARE OF CAPITAL GRANTS

Section 3 provides that Federal grants for capital improvements be a mandatory 80 percent of the cost. This rigidity should surely be rejected on its face without the necessity of going into the merits.

Such a provision will force the Department of Transportation into outright rejection of an application where performance standards of the applicant are not completely satisfactory. By having discretion in determining the Federal share, better performance by the applicant can be encouraged. Federal funds could thus be better managed and also give a wider distribution of dollars among those who need some Federal aid but do not really require full 80 percent Federal funding.

Other grant programs, such as those administered by HUD, have maximum Federal shares with the Secretary given discretion to fund the request in accordance with his judgment of the applicants ability to effectively utilize the funds. It also allows for the orderly distribution of funds to a larger number of applicants—especially smaller ones which would not receive their share if the large grant-seeking applicants were guaranteed a mandatory share of 80 percent.

For these reasons we favor providing flexibility so that capital grants would be “not more than” 80 percent.

#### THIRD—MASS TRANSPORTATION ADVISORY COUNCILS

One last point, which is disturbing to us, is the inclusion of Section 5 in the bill. This section requires that a Mass Transportation Advisory Council be established to oversee policies and services of the transit system before that system would be eligible for assistance under the Act.

In short, the section is excessively cumbersome, duplicatory and unrealistic. It creates more questions than its answers, and ties a millstone about the neck of transit systems—systems that already are in so much difficulty that they must seek Federal operating subsidies.

By way of specifics, the bill provides that no financial assistance shall be provided *unless* a Mass Transportation Advisory Council is established, and the application for such assistance has been reviewed by that Council. It further states that the Council shall include one or more members representing each of the political subdivisions served, (which could number well over a hundred) but it does not say whether such representation is to be proportional on the basis of subdivision population, investment in the system, passenger use or miles traveled, or whether one representative from each subdivision will suffice regardless of other factors.

The section also requires representatives of the general public, plus virtually all other interested groups, and insists that the membership “reflect the composition of the ridership” of the facilities, whatever that means. The Council will also “advise and assist” in all policies and decisions which will then be subject to review of the Council. This review specifically includes:

“. . . planning, design and architecture; construction contracts and subcontracts; the purchase of equipment and supplies; maintenance; related services (such as concessions); hiring and training (managerial, technical and professional) by local agencies having responsibility for mass transportation service in the area and their contractors and subcontractors; the location of routes and stations; and fares.”

This, we assert, is cumbersome. Possibly, if other more realistic safeguards of community interest were not present, it would make sense to try and establish a form of advisory council. But, even a cursory review of the statutes pertaining to Federal assistance for mass transportation activities shows the following:

1. All applications for Federal assistance must be submitted for review of an area-wide planning organization which is composed of representatives of a unit of area wide government or general local governments. (Demonstration Cities and Metropolitan Development Act, 1966); and

2. All viewpoints—national, regional, State and local are required to be considered and taken into account for all federally assisted development programs and projects. (Intergovernmental Cooperation Act 1968)

Requirements such as these inherently involve citizen participation. If anything, citizen groups are over-mobilized and ready to throw down the gauntlet over the slightest variance to their desires. To add another layer upon this would surely bring all progress to a grinding halt. In addition, other basic safeguards exist through:

(1). Application of Title VI—Nondiscrimination in Federally Assisted Programs (Civil Rights Act of 1968);

(2). Protection of public lands used as a park, recreation area, wildlife and water fowl refuge, or historic site as determined by Federal, State or local officials. (Department of Transportation Act of 1966);

(3). Environmental protection coverage on virtually all decisions affecting our surroundings (National Environmental Protection Act, 1969); and others.

Surely we do not need the Mass Transportation Advisory Council.

#### CONCLUSION

For all of the above reasons and more we feel compelled to oppose H.R. 6542 in its present form.

WILLIAM B. WIDNALL.  
J. WILLIAM STANTON.  
CHALMERS P. WYLIE.  
PHILIP M. CRANE.  
CLAIR W. BURGNER.  
ALBERT W. JOHNSON.  
BEN B. BLACKBURN.  
MARGARET M. HECKLER.  
JOHN H. ROUSSELOT.  
BILL FRENZEL.

#### ADDITIONAL VIEWS OF WILLIAM B. WIDNALL

In 1964, I played a part in getting the first Mass Transit Act adopted. I have continued in that role ever since, supporting increased authorizations and appropriations for what I regard as basic to the needs of our time and this country.

While I am quite sure that what I have done has had the considerable backing of my constituents and that of other citizens of my native state of New Jersey, I also believe that my activity has not been in the narrow, parochial sense that has characterized some legislation. I believe that the transportation problems of my district—which brought about my strong advocacy of mass transit as a solution to them—are common to all parts of the country that they have become, and are becoming even more troublesome as our population builds.

In expressing this firm conviction, I am not without misgivings. More funds for mass transit are essential. I have taken this position again and again. Beyond that I am searching for innovative ideas, not just a larger slice of the mass transit "pie" for the interests directly concerned. My principal concern is for the people who ride mass transit of necessity, that they receive the best possible service, and that they not be charged an outrageous price for it.

One of the witnesses before us mentioned "better services, increased ridership, and equitable fares" as incentives that must be present. I am in entire agreement.

I mentioned, however, my misgivings. I do not want to see us subsidize to the point that the subsidized operations gain an unfair advantage over the unsubsidized. Neither do I want advisory bodies that, coming from hundreds, even thousands, of communities within the area served, bog down in local, multi-voiced, parochial disputes that have only a peripheral relation, if any, to mass transit.

We have, as a committee, waited too long to do something about mass transit. We have not exercised our function of oversight to the degree needed. We are still short of essential knowledge. It is my fervent hope, therefore, that legislation to this end will shortly reach the floor of the House and enable us to produce workable solutions that stretch beyond the realm of wishful thinking.

WILLIAM B. WIDNALL.

SUPPLEMENTAL VIEWS OF CONGRESSMAN GARRY  
BROWN TO H.R. 6452

I would like to begin my supplemental views on this legislation by quoting the text of a letter that I have received from the Secretary of Transportation regarding his assessment of the reported bill, and then conclude with my own comments.

As the Committee completed its consideration of H.R. 6452, I asked the Secretary of Transportation to assess the features of the bill from the Department of Transportation's standpoint. He has graciously complied with that request, and, as my further remarks show, while I have some differences with the Department's position especially in regard to the question of operating subsidies, I think inclusion of the Secretary's comments at this point is appropriate.

The letter reads as follows:

THE SECRETARY OF TRANSPORTATION,  
*Washington, D.C., April 16, 1973.*

HON. GARRY BROWN,  
*U.S. House of Representatives,  
Washington, D.C.*

DEAR MR. BROWN: This letter is in response to your request for the Administration's position on H.R. 6452, the proposed "Urban Mass Transportation Assistance Act of 1973" reported recently by the House Banking and Currency Committee. The most significant feature of the bill is the establishment of a transit operating subsidy program authorized at \$400 million for each of fiscal years 1974 and 1975. As we testified before the Banking and Currency Committee, we would not find such a program acceptable. We urge that it be deleted from the bill when it comes before the full House of Representatives.

There are also several other significant features in H.R. 6452 which I wish to comment on. Specifically, these are sections which would:

Provide \$3 billion in additional contract authority for the UMTA program;

Increase the Federal share for capital grants to a mandatory 80 percent rather than the current discretionary maximum of 66 $\frac{2}{3}$  percent;

Require the establishment of mass transportation advisory councils; Prohibit assistance to local public agencies if they are involved in school transportation; and

Require a study of rural public transportation needs.

*Mass Transit Operating Subsidies.*—The Administration is aware that urban mass transit service faces severe problems which affect both the transit operator and the local community. With fare box revenues unable to finance local transit service, both local officials and private operators feel obliged to choose between cutting back on service, raising fares, or both, with the prospect of further loss in ridership. As an

option, they often provide public subsidies to preserve service or stabilize fares at levels considered desirable by the affected communities.

The basic transit ills of decreasing ridership and rapidly increasing costs are completely interwoven with our total urban problems and cannot be treated in a vacuum. The fundamental aspects of the problem needing attention are within the purview of State and local authorities, rather than the Federal Government. This would include such things as the use of traffic regulation to affect the choice of modes, land use control authority, the pricing and supply of parking facilities, and the formation of institutions capable of dealing with these subjects effectively at the metropolitan level. A Federal operating subsidy program that would mandate Federal involvement in these areas is not acceptable to the Administration.

The Federal general revenue sharing program offers one means of meeting the problems faced by mass transit. Funds from this program, which is returning at least \$6 billion a year to States and cities for a broad array of local uses, depending on local priorities, could be used for operating subsidies.

We do not believe that a categorical grant program for operating assistance will necessarily result in improved transit service. Such an approach would likely result in the substitution of Federal dollars for State and local funding and thereby significantly reduce the incentives at the local level to face up to the fundamental problems responsible for the decline of transit over the years. Removal of these incentives by providing a Federal subsidy would result in little more than pressure to increase the level of Federal funding in the years ahead.

We do not deny the seriousness of the problems caused by increasing operating losses. We are, however, convinced that a categorical grant program for operating subsidies is not a solution. In short, inclusion of such a program in the proposed legislation is not acceptable.

*Contract Authority.*—We support the provision of an additional \$3 billion in contract authority for the UMTA program. We believe that this authorization is consistent with our commitment to provide improved mass transit facilities for the Nation.

*Increase in the Federal Share for Capital Grants.*—Section 3 of the bill would amend Section 4(a) of the 1964 UMTA Act to provide that the Federal share of all capital grant projects be a mandatory 80 percent of the net project cost, rather than the current discretionary maximum of 66 $\frac{2}{3}$  percent. We oppose any mandatory level of Federal participation. Having discretion to vary the level of Federal participation permits the Department to encourage better performance by grantees without requiring outright rejection of applications when administrative criteria are not fully satisfied.

Our second major concern with this section is the proper level of the Federal share. In our proposed highway and mass transit legislation submitted to the Congress we urged the increase of the Federal share to 70 percent for mass transit capital grants. We believe that this level is sufficient to assist the States and localities, while ensuring their continued involvement. Further, it provides the same Federal share as non-Interstate highway programs, so that the Federal share will not become a determinant of local trade-off decisions between highway and mass transit capital investments.

*Mass Transportation Advisory Councils.*—Section 5 of the bill would require the establishment of transportation advisory councils. The councils would be responsible for reviewing all applications for assistance under the 1964 UMTA Act. While it is desirable to insure adequate citizen participation in local transportation decisions, we believe that present planning requirements adequately satisfy this need. Further, the administrative delays and the red tape attendant with the establishment of these councils on a national level will more than offset any benefits resulting from marginal improvement in the level of citizen participation in the planning process.

*School transportation service exclusion.*—Section 8 of H.R. 6452 would amend the 1964 Act to prohibit UMTA financial assistance to public bodies which transport persons to school or to school functions if a private operator is engaged in providing such service. Despite the exemption of public bodies which were engaged in such operations at any time in the 12 months prior to its enactment, we consider this to be an undesirable restriction and are opposed to 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, which is normally funded on a totally separate basis. However, when a locality has acquired equipment for use in urban mass transportation service, it should be permitted to use the equipment for the purpose of furnishing incidental school bus service which is compatible with its regular transit operations. Any source of revenue is important to the local transit operator, and this provision could arbitrarily foreclose a significant source of revenues for many systems.

*Rural Transportation Needs.*—Section 10 of H.R. 6452 would require a study of rural transportation needs along with legislative recommendations for meeting such needs. Last year we submitted to the Congress the National Transportation Report which fully covered this subject. Further, on February 21, 1973, we submitted to the Congress our proposed "Federal-aid Highway and Public Transportation Act of 1973", which would permit States to spend funds authorized for rural primary and secondary roads for highway related public transportation investments as well as for road construction. We do not believe that requiring further reports or legislative recommendations is necessary. We, therefore, recommend deletion of this requirement.

We would hope that when the bill comes to the floor, it will be amended along the lines I have discussed. In particular, I wish to reiterate that any bill which includes a transit operating subsidy program would not be acceptable to the Administration.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress, and enactment of H.R. 6452 as ordered reported by the Banking and Currency Committee would not be in accord with the program of the President.

Sincerely,

CLAUDE S. BRINEGAR.

My own view of the bill differs, basically, from that of Secretary Brinegar only in the area of operating subsidies. My conclusions were

reached only after a great deal of listening and thinking on the subject and, in my opinion, reflect a reasonable alternative.

The question of operating assistance for mass transit is controversial in itself and the issues posed are not adequately dealt with by Section 2 of the Committee bill. The Administration has stated its opposition to any new kind of categorical grant program and yet, as written, that is exactly what Section 2 is. On the other hand, the Administration testified before the Committee that operating assistance is an essential ingredient of a successful transit system—however, it argues such subsidy should be initiated locally. The Administrator of the Urban Mass Transportation Administration testified that no one expects mass transit to be supported exclusively from the farebox—the question, therefore, is where will the subsidy come from?

It should be noted that in the 1972 National Transportation Report, the Department of Transportation outlined the terms which would make federal funds for operating assistance workable. The report said: "The Department supports making funds available to states and local governments for general public purposes or for general transportation purposes including operating subsidies, so that a state or local government could determine locally how the funds would be used." Subsequently, the administration embodied this concept in its Transportation Special Revenue Sharing proposal.

In view of this, it seems clear there are several modifications which can be made in Section 2 to make it both more workable and more acceptable.

First, it is important that the problem of operating costs be tackled on a partnership basis among the levels of government. One hundred percent federal funds for the purpose precludes such a partnership and could well result in disincentives. Local governments should be stimulated to adopt those revenue raising measures which involve local citizens in the support transit.

It has been well documented that states and localities cannot long continue bearing the whole operating cost burden without transit service suffering. Therefore, I would suggest that local operating subsidies be matched on a dollar-for-dollar basis by the federal government. This would mean that the federal government recognizes the problem without disproportionately assuming it.

Testimony was given at the hearings that there are presently more than 150 local areas which have instituted local programs of operating assistance, totalling \$511 million a year. Testimony was also received that many more areas will be facing such decisions in the coming year. A federal program of operating assistance on a 50-50 basis would spur such local actions without placing an undue burden on the local taxpayer. Federal operating funds on a 100 percent basis, as the Committee bill provides, may well stifle such efforts.

To further clarify the message that the locality has control of the operating assistance problem, I would suggest a second modification in the Committee bill. The federal funds for operating assistance should be available for equipment needs as well. There is no overwhelming reason to make this program so strictly categorical by limiting it to operating costs—and there is good reason to give localities the kind of flexibility that leaves the operating costs and capital needs decisions squarely in their hands.



There has been evidence that the existing capital grants program which will be continued by the Committee bill, has spawned some neglect of maintenance and has accelerated equipment deterioration. Availability of capital grants has resulted in the concentration on newer and more expensive technology and has shifted some local operating funds to federally shared capital costs. Therefore, it is advisable in the provision of federal operating assistance to build in an option which relates to capital expenditures.

In a recent report to the Joint Economic Committee, William Tye of Harvard University cited the necessary relationship between capital and operating needs: "This distortion of premature replacement decisions is estimated to result in the waste of a minimum of 22 percent of the federal funds appropriated for bus replacement. A subsidy to transit operations allocated among states and localities on a transportation revenue-sharing basis available for both capital and operating expenses would avoid this costly waste."

By building into the Federal Transit Aid Program a relationship between operations and capital, funds for both needs become more productive.

The third modification I would make embodies another principle that was part of the administration proposed Special Transportation Revenue Sharing—and that is the involvement of the states.

One of the administration's objections to the proposed federal operational assistance program was that it would put the federal government into a direct operating relationship with 1,000 local transit systems and that this would involve Washington in a multitude of local fare, wage and service decisions. Federal operating funds should go only to regional authorities and in those areas where there is no regional transportation authority, operating assistance should go to the state, which would then decide how funds would be apportioned among the other areas not served by such authorities. The Committee bill would allocate operating funds directly to about 1,000 transit systems. This would mean, in urban areas not served by a regional transportation authority, that there would be no incentive for coordination, system planning and cooperation among small systems serving the same area. It is important that regional transportation authorities be established so that an area's total transportation needs can be planned and financed with maximum efficiency, coordination and economy. Where such authorities do not exist, the state is the only proper institution to decide how the remaining funds are used.

The states have increasing experience with operating subsidy programs. Two years ago only two of the ten most populous states had such programs. Now eight of the top ten have them.

To bypass the states completely, as the Committee bill would do, could well result in the diminution of state assistance. It certainly would preclude the leverage a state could have on achieving a regional approach to local transportation needs.

A fourth point goes to the formula by which operating assistance funds are allocated. I feel that greater weight should be given to the population factor so that funds will receive broad and equitable distribution. Dropping the revenue passenger and vehicle mile percentages to 25 percent would in no way decrease the incentives they are designed to provide. Raising the population factor to 50 percent would,

on the other hand, measurably increase the utility of funds to many more areas.

The last point to be made about Section 2 is that I feel that the criteria for capital and service improvements should include the utilization of local regulatory and taxing powers to lessen vehicular congestion in central city areas. There is no question but that transit's problems have increased in direct proportion to the increasing reliance on the private automobile. Such reliance has been fostered by public policy which has provided access, parking traffic practices and other measures which make automobile usage downtown much more economic and convenient.

If the federal government is to recognize the imbalance among modes of urban transportation by subsidizing transit operations, then local areas must respond by doing what they can to make the automobile a little less convenient and economical to bring into urban areas. I do not feel that criteria which relates only to the improvement of equipment and services does this.

I concur on the other sections of the bill dealing with the capital grants program. The only modification that should be made has to do with the federal share of the program. The Committee bill raises the present level to a mandatory 80 percent. While 80 percent may be a fair maximum in relation to the average share of the federal aid to highway programs, I believe that 80 percent should be an allowable ceiling. By making capital grants on an "up to 80 percent" basis, the Department of Transportation will have the necessary leverage to achieve the goals set by the Congress and to assure compliance with program criteria.

In view of the present status of the Federal-Aid Highway Act of 1973 with its mass transit Title III, it should be recognized that this Committee bill might not reach the floor. If it does, I would offer an amendment which would contain the specifics of these additional views.

Finally, Section 5 of the Committee bill would amend Section 4 of the Mass Transportation Act by requiring that State and local transit authorities must have a Mass Transportation Citizen's Advisory Council. This amendment defines the makeup of such councils and makes their existence a condition to receive assistance under the act.

Clearly the existence of community involvement in the planning and operations of transit systems is important. Most transit authorities have boards made up of community leaders. Some authorities have Citizen Advisory Committees. The makeup of the authorities must reflect local government organization and traditions. To rigidly prescribe the organization of an Advisory Council on governments is counterproductive in a system which has as its aim greater not lesser acceptance of responsibility at the local level.

Almost as a post-script, I would be remiss if I did not add that I, too, generally oppose categorical programs and feel even the compromise proposals I am suggesting is not a complete answer. Not until the whole transportation function . . . highways, railways, airways . . . are combined in a single funding system from which each community can select funds for its priority needs, will we make a real inroad on transportation problems.

GARRY BROWN.

SUPPLEMENTAL VIEWS OF THE HONORABLE  
STEWART B. MCKINNEY

I wish to associate myself with the supplemental views of Representative Garry Brown. The concepts he has proposed are essential components in the development of a sound responsible federal role in the subsidization of local mass transit systems.

The question of operating subsidies for mass transit is certainly controversial. All too often in the past when Congress has provided such assistance in other areas, we have been faced with an annual raid on the federal treasury with little or no improvement in the program and services subsidized. Understandably, past experiences with subsidies have left many Members of Congress reluctant to support operating subsidies for mass transit.

However, as an alternative to the Committee Bill, H.R. 6452, and as a refinement of Representative Brown's substitute, I offer an alternative—a four-year program of declining federal assistance. Under this plan, the federal government would provide a \$1 billion authorization over a four year period with the amount provided for each year declining from \$400 million in fiscal year 1974 to a final \$1 million payment in fiscal year 1977.

Combined with the declining federal payment is a requirement that the localities wishing to participate in such a program must provide new monies for their transit systems in increasing percentages in order to match the federal level of assistance. The mechanics of this concept—a limited federal program with an increasing local financial commitment—in my judgment provides the operational framework which avoids the pitfalls of past federal subsidy programs while providing the financial assistance so desperately needed by our local mass transit system.

If, as it now appears, H.R. 6452 does not reach the Floor, I plan to offer this program as a substitute to Title III of the Federal Highway Assistance Act.

STEWART B. MCKINNEY.

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DISSENTING VIEWS OF MR. CRANE, MR. BLACKBURN,  
AND MR. ROUSSELOT

We are strongly opposed to the urban transportation aid bill as it was favorably reported by the Banking and Currency Committee.

We are persuaded that this is bad legislation and should be defeated by the Congress on a number of compelling grounds:

(1) *This bill is an excellent example of another case where Congress is completely abdicating its responsibilities by recommending action which delegates to the Executive Branch the real authority for determining the allocation of funds and for deciding under what conditions transit systems can qualify for funds and which leaves the door wide open for complete control of local transit operations by the Secretary of Transportation.* We would have opposed this kind of sweeping legislative "give-away" had it been proposed a decade ago, five years ago or even last year. But especially now when Congress is facing up to what some have termed a "constitutional crisis" over the power of the Executive Branch this seems to be the worst possible time for legislation of this sort. Of course, a vote on this bill on the House floor will certainly help to unmask those who pretend to be concerned about Executive encroachments, but who, when given a clear cut opportunity to do something about this problem, will turn their backs on principle, and will vote the Executive Branch the power for sweeping control over local transit operations.

(2) *In our view, it is absolutely impossible for a reasonable formula to be calculated which could treat all mass transit systems in the Nation equitably.* Were a formula for distribution of these funds to be calculated by the Secretary of Transportation, large portions of the nation would be treated unfairly. No wonder some Members of Congress prefer to permit the Executive Branch to handle this question. For when the day of reckoning comes, Congress will want to have someone to blame for the inequities created by this legislation. Naturally, if Congress would exercise its responsibilities by creating its own distribution formula, its own criteria for funding, and its own administrative regulations, Congress would have to blame itself for the inevitable mess. Should this legislation pass, Congress can wash its hands of mass transit subsidies and hereafter blame the Administration for the problems which will result from it.

We contend that no equitable operating subsidy formula can be devised simply because urban mass transit systems are so diverse in the United States that to compare one system with another is not merely to compare apples and oranges, it is to liken cucumbers and bananas, hot dogs and pumpkin pie, Kool-Aid and Seagrams.

Some American cities have 20 cent transit fares. Others charge 60 cents. Some systems have zone fares. Others have uniform fares. Some charge for transfers—others give free transfers and some do not permit inter-system transfers. Others do. Some systems operate service

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all day and all night. Others operate only during working hours, Monday through Friday. Some transit systems operate 10 car heavy rapid transit trains in subways on 30 second headways. Others operate 16 passenger buses on hourly headways. Drivers in some towns with local systems earn \$2.50 per hour. Some motormen on transit vehicles earn \$6 to \$7 per hour. Some systems are purely urban. Others are mostly suburban. Some companies have school and tourist operating rights. These kinds of trips make money. Other systems may not have these rights, but may actually carry more passengers per year than the systems with the school and tourist contracts. Yet the system with the outside contracts may run up a large deficit by providing better actual transit service. Which system should receive the most federal aid?

Some systems use electrical power and have the cost of maintaining expensive power distribution systems. Other systems use only diesel powered buses. Some systems will give discount fares to the poor and elderly. Others will not.

The point is, that local transit systems are so different and operate under so many diverse conditions that it is impossible for a formula to be created which would not short-change one system or another. Of course, under this legislation, the Secretary of Transportation is given such broad authority that he might well be dictating uniform regulations designed to eliminate some of the differences between systems. No Secretary could ever eliminate the difference between a heavy rapid transit train and a small bus. But, the Secretary might promulgate regulations which would eventually result in bus drivers in a city of 25,000 earning New York-style wages; or a bus system in a city of 100,000 being required to operate all night service even though there is no demand for it.

(3) The bill provides a major portion of its transit subsidies on the basis of number of riders carried. Supposedly this provision will provide an incentive for transit systems to improve service since the more people systems carry, the more federal money they would be entitled to receive. Of course, this amounts to a subsidy bill for the big cities. Even if half of the riders were to switch to other forms of transportation, New York's transit system would still carry far more people than virtually every other transit operation in the United States. The major systems in the five or six largest cities in this nation—the systems, we might add, with the largest deficits—would gobble up the \$400 million yearly authorization in this measure so fast that smaller communities no matter how desperately they may need aid, will be shortchanged. *This is another example of legislation promoted on the theory that problems of the nation's largest cities, no matter how much they may be self-created, should always be given first priority when it comes to Federal funding.* We contend that the bus service rendered in a small Midwestern town may be just as important to that community's well-being as the New York subway system is to that metropolitan area. We contend that if the residents want mass transit service in that small Midwestern town, the local residents should be asked to support it through local taxes. If the local people can make the case for it, then local taxpayers will pay the bill and can keep track of how well their dollars are being spent. By the same token, if New Yorkers want their subways and buses oper-

ated as they have them presently operated, then New Yorkers should be asked to tax themselves to pay for that service. This bill, however, leaves the door open for a possibility which we feel is even more dangerous. Since the Federal subsidy would be increased upon an increase in transit ridership in a given community, then what is to prevent a given community from lowering its fares to nothing or next to nothing so that its ridership might increase four or five fold? Possibly the Secretary would promulgate regulations to prevent this, but this legislation leaves the door open for the day when transit systems all over the nation could offer service at no charge to the rider, while asking the Federal taxpayer to pick up the tab. Imagine the advantage to an incumbent mayor of a city like New York or Boston where subway fares have traditionally been a major campaign issue, to be able to lower fares or eliminate them completely and then charge the bill to the people in Arizona and Vermont and Alabama and Alaska and the rest of the states.

The MBTA in Boston is a notorious haven for political patronage. The citizens of Boston might wish to support such an arrangement by continuing in office those who perpetuate it; but it is patently wrong to ask people all over America to pay for political patronage which runs up huge deficits. Since the MBTA carries a great number of passengers, though, it would receive a large share of the Federal money.

(4) *The hearings on this legislation, which were held before the new Mass Transit Subcommittee, produced no convincing evidence that the Federal Government ought to pick up the tab for mass transit operations.* Quite to the contrary, witnesses from both New York and New Jersey, two of the States which would benefit most from this legislation, admitted under questioning that the voters of their respective states had recently voted against referenda aimed at assisting mass transit systems. Both witnesses claimed that the voters rejected the bond issues because too much of the money was slated to be spent on highway projects and not enough on mass transit projects. When asked, both witnesses stated that, in their opinion, if bond issues related solely to mass transit were placed before the voters of their states, these bond issues would be approved. If that is correct, there is no compelling need for this legislation. If their assertions are not correct, then why should the Federal taxpayers be asked to pay for that which local taxpayers believe is unnecessary and unwarranted? Local and state jurisdictions possess the authority to come to the aid of transit systems which are in need of assistance. If the voters, or their local or state representatives approve such aid, mass transit service can be maintained. If they reject the aid, mass transit should be curtailed because local people are unwilling to pay for it. We believe that even if, in extreme cases, transit systems were to cease operations because of local disinterest, private entrepreneurs would devise satisfactory service for those who really need it.

(5) *The Administration is opposed to the Federal subsidy approach.* As Urban Mass Transportation Administrator, Frank C. Herringer, recently said:

"... we are strongly opposed to enactment of any program of Federal operating assistance for mass transit. 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, we do not believe that the proper Federal role is to provide operating subsidies.

"The dilemma 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 assistance 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.

"The determination of fares, routes, wages, and other characteristics of the transit system can best be made at the local level, where local 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 tough, non-monetary steps, such as traffic regulation, pricing of parking facilities, and the like. Instead, what we would probably be faced with is a continually accelerating demand for greater and greater subsidies, while the basic problems remained untouched."

(6) *The alternative offered in Committee, (H.R. 6432) although it failed to obtain a majority of votes in the Committee, is far preferable to this approach.* It would implement some type of revenue sharing for transportation so that local jurisdictions could better serve local needs. It would unsnarl the bureaucracy so that those local jurisdictions which are serious about making mass transit improvements could do so. It would provide substantially expanded Federal assistance for capital programs, but would do so on the basis of the very equitable 90-10 formula used in Federal highway construction over the years. Even the most enthusiastic backers of Federal programs have been unwilling to go that far in putting mass transit on an equal footing with highways. It would eliminate the need for unneeded labor protection agreements which tend to increase costs on the local level, while decreasing efficiency. The substitute plan offered by Mr. Crane provides the kind of mass transit assistance that works, while avoiding the terrible pitfalls and inevitable consequences of the Committee bill.

PHILIP M. CRANE.  
BEN B. BLACKBURN.  
JOHN H. ROUSSELOT.



# Ninety-third Congress of the United States of America

## AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,  
one thousand nine hundred and seventy-four*

### An Act

To amend the Urban Mass Transportation Act of 1964 to provide increased assistance for mass transportation systems.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Mass Transportation Assistance Act of 1974".*

#### FINDINGS

SEC. 2. The Congress finds that—

(1) over 70 per centum of the Nation's population lives in urban areas;

(2) transportation is the lifeblood of an urbanized society and the health and welfare of that society depends upon the provision of efficient economical and convenient transportation within and between its urban area;

(3) for many years the mass transportation industry satisfied the transportation needs of the urban areas of the country capably and profitably;

(4) in recent years the maintenance of even minimal mass transportation service in urban areas has become so financially burdensome as to threaten the continuation of this essential public service;

(5) the termination of such service or the continued increase in its cost to the user is undesirable, and may have a particularly serious adverse effect upon the welfare of a substantial number of lower income persons;

(6) some urban areas are now engaged in developing preliminary plans for, or are actually carrying out, comprehensive projects to revitalize their mass transportation operations; and

(7) immediate substantial Federal assistance is needed to enable many mass transportation systems to continue to provide vital service.

#### TITLE I—INCREASED MASS TRANSPORTATION ASSISTANCE

##### AUTHORIZATION

SEC. 101. (a) The first sentence of section 4(c) of the Urban Mass Transportation Act of 1964 is amended by striking out "\$6,100,000,000" and inserting in lieu thereof "\$10,925,000,000".

(b) Section 4(c) of such Act is further amended by adding at the end thereof the following new sentence: "Of the total amount available to finance activities under this Act (other than under section 5) on and after the date of the enactment of the National Mass Transportation Assistance Act of 1974, not to exceed \$500,000,000 shall be available exclusively for assistance in areas other than urbanized areas (as defined in section 5(a)(3))."

##### TRANSPORTATION PLANNING

SEC. 102. Section 3(a) of the Urban Mass Transportation Act of 1964 is amended—

- (1) by inserting "(1)" after "SEC. 3. (a)";
- (2) by redesignating clauses (1) and (2) of the third sentence as clauses (A) and (B) respectively;

(3) by striking out the sixth and seventh sentences; and

(4) by adding at the end thereof the following:

“(2) It is declared to be in the national interest to encourage and promote the development of transportation systems, embracing various modes of transport in a manner that will serve the States and local communities efficiently and effectively. To accomplish this objective the Secretary shall cooperate with the States in the development of long-range plans and programs which are properly coordinated with plans for improvements in other affected forms of transportation and which are formulated with due consideration to their probable effect on the future development of urban areas of more than fifty thousand population. The development of projects in urbanized areas under this section shall be based upon a continuing, cooperative, and comprehensive planning process covering all modes of surface transportation and carried on by the States and the governing bodies of local communities in accordance with this paragraph. The Secretary shall not approve any project in an urbanized area after July 1, 1976, under this section unless he finds that such project is based on a continuing comprehensive transportation planning process carried on in conformance with the objectives stated in this paragraph.”

FORMULA GRANT PROGRAM

SEC. 103. (a) The Urban Mass Transportation Act of 1964 is amended by striking out section 5 and inserting in lieu thereof the following new section:

“URBAN MASS TRANSIT PROGRAM

“SEC. 5. (a) As used in this section—

“(1) the term ‘construction’ means the supervising, inspecting, actual building, and all expenses incidental to the acquisition, construction, or reconstruction of facilities and equipment for use in mass transportation, including designing, engineering, locating, surveying, mapping, acquisition of rights-of-way, relocation assistance, and acquisition and replacement of housing sites;

“(2) the term ‘Governor’ means the Governor, or his designate, of any one of the fifty States or of Puerto Rico, and the Mayor of the District of Columbia; and

“(3) the term ‘urbanized area’ means an area so designated by the Bureau of the Census, within boundaries which shall be fixed by responsible State and local officials in cooperation with each other, subject to approval by the Secretary, and which shall at a minimum, in the case of any such area, encompass the entire urbanized area within the State as designated by the Bureau of the Census.

“(b) (1) The Secretary shall apportion for expenditure in fiscal years 1975 through 1980 the sums authorized by subsection (c). Such sums shall be made available for expenditure in urbanized areas or parts thereof on the basis of a formula under which urbanized areas or part thereof will be entitled to receive an amount equal to the sum of—

“(A) one-half of the total amount so apportioned multiplied by the ratio which the population of such urbanized area or part thereof, as designated by the Bureau of the Census, bears to the total population of all the urbanized areas in all the States as shown by the latest available Federal census; and

“(B) one-half of the total amount so apportioned multiplied by a ratio for that urbanized area determined on the basis of population weighted by a factor of density, as determined by the Secretary.

As used in the preceding sentence, the term ‘density’ means the number of inhabitants per square mile.

“(2) The Governor, responsible local officials and publicly-owned operators of mass transportation services, in accordance with the procedures required under section (g) (1), with the concurrence of the Secretary, shall designate a recipient to receive and dispense the funds apportioned under paragraph (1) that are attributable to urbanized areas of two hundred thousand or more population. In any case in which a statewide or regional agency or instrumentality is responsible under State laws for the financing, construction and operation, directly, by lease, contract, or otherwise, of public transportation services, such agency or instrumentality shall be the recipient to receive and dispense such funds. The term ‘designated recipient’ as used in this Act shall refer to the recipient selected according to the procedures required by this paragraph.

“(3) Sums apportioned under paragraph (1) not made available for expenditure by designated recipients in accordance with the terms of paragraph (2) shall be made available to the Governor for expenditure in urbanized areas or parts thereof in accordance with the procedures required under subsection (g) (1).

“(c) (1) To finance grants under this section, the Secretary may incur obligations on behalf of the United States in the form of grants, contracts, agreements, or otherwise in an aggregate amount not to exceed \$3,975,000,000. There are authorized to be appropriated for liquidation of the obligations incurred under this paragraph not to exceed \$300,000,000 prior to the close of fiscal year 1975; not to exceed \$500,000,000 prior to the close of fiscal year 1976; not to exceed \$650,000,000 prior to the close of fiscal year 1977; not to exceed \$775,000,000 prior to the close of fiscal year 1978; not to exceed \$850,000,000 prior to the close of fiscal year 1979; and not to exceed \$900,000,000 prior to the close of fiscal year 1980. Sums so appropriated shall remain available until expended.

“(2) Sums apportioned under this section shall be available for obligation by the Governor or designated recipient for a period of two years following the close of the fiscal year for which such sums are apportioned, and any amounts so apportioned remaining unobligated at the end of such period shall lapse and shall be returned to the Treasury for deposit as miscellaneous receipts.

“(d) (1) The Secretary may approve as a project under this section, on such terms and conditions as he may prescribe, (A) the acquisition, construction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service, and (B) the payment of operating expenses to improve or to continue such service by operation, lease, contract, or otherwise.

“(2) The Secretary shall issue such regulations as he deems necessary to administer this subsection and subsection (e), including regulations regarding maintenance of effort by States, local governments, and local public bodies, the appropriate definition of operating expenses, and requirements for improving the efficiency of transit services.

“(e) The Federal grant for any construction project under this section shall not exceed 80 per centum of the cost of the construction project, as determined under section 4(a) of this Act. The Federal

grant for any project for the payment of subsidies for operating expenses shall not exceed 50 per centum of the cost of such operating expense project. The remainder shall be provided in cash, from sources other than Federal funds or revenues from the operation of public mass transportation systems. Any public or private transit system funds so provided shall be solely from undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital.

“(f) Federal funds available for expenditure for mass transportation projects under this section shall be supplementary to and not in substitution for the average amount of State and local government funds and other transit revenues such as advertising, concessions, and property leases, expended on the operation of mass transportation service in the area involved for the two fiscal years preceding the fiscal year for which the funds are made available; but nothing in this sentence shall be construed as preventing State or local tax revenues which are used for the operation of mass transportation service in the area involved from being credited (to the extent necessary) toward the non-Federal share of the cost of the project for purposes of the preceding sentence.

“(g) (1) It is declared to be in the national interest to encourage and promote the development of transportation systems, embracing various modes of transport in a manner that will serve the States and local communities efficiently and effectively. To accomplish this objective the Secretary shall cooperate with the States in the development of long-range plans and programs which are properly coordinated with plans for improvement in other affected forms of transportation and which are formulated with due consideration to their probable effect on the future development of urban areas of more than fifty thousand population. The development of projects in urbanized areas under this section shall be based upon a continuing, cooperative, and comprehensive planning process covering all modes of surface transportation and carried on by the States and the governing bodies of local communities in accordance with this paragraph. The Secretary shall not approve any project in an urbanized area after July 1, 1976, under this section unless he finds that such project is based on a continuing comprehensive transportation planning process carried on in conformance with the objectives stated in this paragraph.

“(2) The Governor or designated recipient shall submit to the Secretary for his approval a program of projects for utilization of the funds authorized, which shall be based on the continuing comprehensive planning process of paragraph (1). The Secretary shall act upon programs submitted to him as soon as practicable, and he may approve a program in whole or in part.

“(3) An applicant for assistance under this section (other than a Governor) shall submit the program or programs to the Governor of the State affected, concurrently with submission to the Secretary. If within thirty days thereafter the Governor submits comments to the Secretary, the Secretary shall consider such comments before taking final action on the program or programs.

“(h) (1) The Governor or the designated recipient of the urbanized area shall submit to the Secretary for his approach such surveys, plans, specifications, and estimates for each proposed project as the Secretary may require. The Secretary shall act upon such surveys, plans, specifications, and his entering into a grant or contract agreement with respect to any such project shall be a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.



“(2) In approving any project under this section, the Secretary shall assure that possible adverse economic, social, and environmental effects relating to the proposed project have been fully considered in developing the project, and that the final decisions on the project are made in the best overall public interest, taking into consideration the need for fast, safe, and efficient transportation, public services, and conservation of environment and natural resources, and the costs of eliminating or minimizing any such adverse effects, including—

“(A) air, noise, and water pollution;

“(B) destruction or disruption of manmade and natural resources, esthetic values, community cohesion, and the availability of public facilities and services;

“(C) adverse employment effects, and tax and property value losses;

“(D) injurious displacement of people, businesses, and farms; and

“(E) disruption of desirable community and regional growth.

“(i) Upon submission for approval of a proposed project under this section, the Governor or the designated recipient of the urbanized area shall certify to the Secretary that he or it has conducted public hearings (or has afforded the opportunity for such hearings) and that these hearings included (or were scheduled to include) consideration of the economic and social effects of such project, its impact on the environment, including requirements under the Clean Air Act, the Federal Water Pollution Control Act, and other applicable Federal environmental statutes, and its consistency with the goals and objectives of such urban planning as has been promulgated by the community. Such certification shall be accompanied by (1) a report which indicates the consideration given to the economic, social, environmental, and other effects of the proposed project, including, for construction projects, the effects of its location or design, and the consideration given to the various alternatives which were raised during the hearing or which were otherwise considered, and (2) upon the Secretary's request, a copy of the transcript of the hearings.

“(j) (1) The Secretary may discharge any of his responsibilities under this action with respect to a project under this section upon the request of any Governor or designated recipient of the urbanized area by accepting a certification by the Governor or his designee, or by the designated recipient of the urbanized area, if he finds that such project will be carried out in accordance with State laws, regulations, directives, and standards establishing requirements at least equivalent to those contained in, or issued pursuant to, this section.

“(2) The Secretary shall make a final inspection or review of each such project upon its completion and shall require an adequate report of its estimated and actual cost, as well as such other information as he determines to be necessary.

“(3) The Secretary shall promulgate such guidelines and regulations as may be necessary to carry out this subsection.

“(4) Acceptance by the Secretary of a certification under this section may be rescinded by the Secretary at any time if, in his opinion, it is necessary to do so.

“(5) Nothing in this section shall affect or discharge any responsibility or obligation of the Secretary under any other Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), section 4(f) of the Department of Transportation Act (49 U.S.C. 1653(f)), title VI of the Civil Rights Act of 1964 (42 U.S.C. 200(d) et seq.), title VIII of the Act of April 11, 1968 (Public Law 90-284, 42 U.S.C. 3601 et seq.), and the Uniform Relocation

Assistance and Land Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).

“(k) (1) As soon as practicable after the plans, specifications, and estimates for a specific project under this section have been approved, the Secretary shall enter into a formal project agreement with the Governor, his designee or the designated recipient of the urbanized area. Such project agreement shall make provision for non-Federal funds required for the State’s or designated recipient’s pro rata share of the cost of the project.

“(2) The Secretary may rely upon representations made by the applicant with respect to the arrangements or agreements made by the Governor or the designated recipient where a part of the project involved is to be constructed at the expense of, or in cooperation with, local subdivisions of the State.

“(3) The Secretary is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant or contract made pursuant to this section, on such terms and conditions as he may prescribe.

“(1) The Secretary shall not approve any project under this section unless he finds that such project is needed to carry out a program, meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and is necessary for the sound, economic, and desirable development of such area, and that the applicant or responsible agency has the legal, financial, and technical capacity to carry out the proposed project. A project under this section may not be undertaken unless the responsible public officials of the urbanized area in which the project is located have been consulted and, except for projects solely to pay subsidies for operating expenses, their views considered with respect to the corridor, location, and design of the project.

“(m) The Secretary shall not approve any project under this section unless the applicant agrees and gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that the rates charged elderly and handicapped persons during nonpeak hours for transportation utilizing or involving the facilities and equipment of the project financed with assistance under this section will not exceed one-half of the rates generally applicable to other persons at peak hours, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise.

“(n) (1) The provisions of section 13(c) and section 3(e) (4) shall apply in carrying out mass transportation projects under this section.

“(2) The provision of assistance under this section shall not be construed as bringing within the application of chapter 15 of title 5, United States Code, any nonsupervisory employee of an urban mass transportation system (or of any other agency or entity performing related functions) to whom such chapter is otherwise inapplicable.”

(b) Section 4(a) of such Act is amended by striking out “Except as specified in section 5, no” and inserting in lieu thereof “No”.

#### ELIGIBILITY OF QUASI-PUBLIC DEVELOPMENT CORPORATIONS

SEC. 104. (a) The first sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting “(1)” after “financing”, and by inserting before the period at the end thereof the

following: “, and (2) the establishment and organization of public or quasi-public transit corridor development corporations or entities”.

(b) The second sentence of section 3(a) of such Act is amended to read as follows: “Eligible facilities and equipment may include personal property including buses and other rolling stock and real property including land (but not public highways), within the entire zone affected by the construction and operation of transit improvements, including station sites, needed for an efficient and coordinated mass transportation system which is compatible with socially, economically, and environmentally sound patterns of land use.”

COORDINATION OF URBAN MASS TRANSIT PROGRAMS WITH MODEL CITIES  
PROGRAMS

SEC. 105. Section 103(a) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and

(2) by inserting after paragraph (3) the following new paragraph:

“(4) any program which includes a transportation component as a project or activity to be undertaken meets the requirements of section 3(e) of the Urban Mass Transportation Act of 1964;”.

PROCUREMENT

SEC. 106. The fifth sentence of section 3(a) of the Urban Mass Transportation Act of 1964 is amended by inserting before the period at the end thereof the following: “, nor shall any grant or loan funds be used to support procurements utilizing exclusionary or discriminatory specifications”.

INVESTIGATION OF SAFETY HAZARDS IN URBAN MASS TRANSPORTATION  
SYSTEMS

SEC. 107. The Secretary of Transportation shall investigate unsafe conditions in any facility, equipment, or manner of operation financed under this Act which creates a serious hazard of death or injury for the purpose of determining its nature and extent and the means which might best be employed to eliminate or correct it. If the Secretary determines that such facility, equipment, or manner of operation is unsafe, he shall require the State or local public body or agency to submit to the Secretary a plan for correcting the unsafe facility, equipment, or manner of operation, and the Secretary may withhold further financial assistance to the applicant until such plan is approved or implemented.

FARES FOR ELDERLY AND HANDICAPPED PERSONS

SEC. 108. Nothing contained in this title shall require the charging of fares to elderly and handicapped persons.

SCHOOL BUS OPERATIONS

SEC. 109. (a) Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof (immediately after subsection (f)) the following new subsection:

“(g) No Federal financial assistance shall be provided under this Act for the construction or operation of facilities and equipment for

use in providing public mass transportation service to any applicant for such assistance unless such applicant and the Secretary shall have first entered into an agreement that such applicant will not engage in schoolbus operations, exclusively for the transportation of students and school personnel, in competition with private schoolbus operators. This subsection shall not apply to an applicant with respect to operation of a schoolbus program if the applicant operates a school system in the area to be served and operates a separate and exclusive schoolbus program for this school system. This subsection shall not apply unless private schoolbus operators are able to provide adequate transportation, at reasonable rates, and in conformance with applicable safety standards; and this subsection shall not apply with respect to any State or local public body or agency thereof if it (or a direct predecessor in interest from which it acquired the function of so transporting schoolchildren and personnel along with facilities to be used therefor) was so engaged in schoolbus operations any time during the twelve-month period immediately prior to the date of the enactment of this subsection. A violation of an agreement under this subsection shall bar such applicant from receiving any other Federal financial assistance under this Act."

(b) The first sentence of section 3(f) of such Act is amended by striking out "purchase of buses" each place it appears and inserting in lieu thereof "purchase or operation of buses".

#### ALTERNATE USE OF CAPITAL GRANTS

SEC. 110. Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof (after the new subsection added by section 109 of this Act) the following new subsection:

"(h) Notwithstanding any other provision of this Act, or of any contract or agreement entered into under this Act, up to one-half of any financial assistance provided under this Act (other than under section 5) to any State or local public body or agency thereof for the fiscal year 1975 or any subsequent fiscal year may, at the option of such State or local public body or agency, be used exclusively for the payment of operating expenses (incurred in connection with the provision of mass transportation service in an urban area or areas) to improve or to continue such service, if the Secretary finds (in any case where the financial assistance to be so used was originally provided for another project) that effective arrangements have been made to substitute and, by the end of the fiscal year following the fiscal year for which such sums are used, make available (for such other project) an equal amount of State or local funds (in addition to any State or local funds otherwise required by this Act to be contributed toward the cost of such project). Any amounts used for the payment of operating expenses pursuant to this subsection shall be subject to such terms and conditions (including the requirement for local matching contributions), required for the payment of operating expenses under other provisions of this Act, as the Secretary may deem necessary and appropriate."

#### DATA AND FINANCIAL REPORTING SYSTEMS

SEC. 111. Section 15 of the Urban Mass Transportation Act of 1964 is amended by striking out the entire section and inserting in lieu thereof the following:

## "REPORTING SYSTEM

"SEC. 15. (a) The Secretary shall by January 10, 1977, develop, test, and prescribe a reporting system to accumulate public mass transportation financial and operating information by uniform categories and a uniform system of accounts and records. Such systems shall be designed to assist in meeting the needs of individual public mass transportation systems, Federal, State, and local governments, and the public for information on which to base planning for public transportation services, and shall contain information appropriate to assist in the making of public sector investment decisions at all levels of government. The Secretary is authorized to develop and test these systems in consultation with interested persons and organizations. The Secretary is authorized to carry out this subsection independently, or by grant or contract (including working arrangements with other Federal, State, or local government agencies). The Secretary is authorized to request and receive such information or data as he deems appropriate from public or private sources.

"(b) After July 1, 1978, the Secretary shall not make any grant under section 5 unless the applicant for such grant and any person or organization to receive benefits directly from that grant are each subject to both the reporting system and the uniform system of accounts and records prescribed under subsection (a) of this section."

## TITLE II—FARE-FREE MASS TRANSPORTATION

## DEMONSTRATIONS

SEC. 201. The Secretary of Transportation (hereinafter referred to as the "Secretary") shall enter into such contracts or other arrangements as may be necessary for research and the development, establishment, and operation of demonstration projects to determine the feasibility of fare-free urban mass transportation systems.

SEC. 202. Federal grants or payments for the purpose of assisting such projects shall cover not to exceed 80 per centum of the cost of the project involved, including operating costs and the amortization of capital costs for any fiscal year for which such contract or other arrangement is in effect.

SEC. 203. The Secretary shall select cities or metropolitan areas for such projects in accordance with the following:

(1) to the extent practicable, such cities or metropolitan areas shall have a failing or nonexistent or marginally profitable transit system, a decaying central city, automobile-caused air pollution problems, and an immobile central city population;

(2) several projects should be selected from cities or metropolitan areas of differing sizes and populations;

(3) a high level of innovative service must be provided including the provision of crosstown and other transportation service to the extent necessary for central city residents and others to reach employment, shopping, and recreation; and

(4) to the extent practicable, projects utilizing different modes of mass transportation shall be approved.

SEC. 204. The Secretary shall study fare-free systems assisted pursuant to this title, and other financially assisted urban mass transportation systems providing reduced fares for the purpose of determining the following:

(1) the effects of such systems on (i) vehicle traffic and attendant air pollution, congestion, and noise, (ii) the mobility of urban residents, and (iii) the economic viability of central city business;

(2) the mode of mass transportation that can best meet the desired objectives;

(3) the extent to which frivolous ridership increases as a result of reduced fare or fare-free systems;

(4) the extent to which the need for urban highways might be reduced as a result of reduced fare or fare-free systems; and

(5) the best means of financing reduced fare or fare-free transportation on a continuing basis.

SEC. 205. The Secretary shall make annual reports to the Congress on the information gathered pursuant to section 204 of this title and shall make a final report of his findings, including any recommendations he might have to implement such findings, not later than June 30, 1975.

SEC. 206. In carrying out the provisions of this title, the Secretary shall provide advisory participation by interested State and local government authorities, mass transportation systems management personnel, employee representatives, mass transportation riders, and any other persons that he may deem necessary or appropriate.

SEC. 207. There are hereby authorized to be appropriated not to exceed \$20,000,000 for each of the fiscal years ending on June 30, 1975, and June 30, 1976, respectively, to carry out the provisions of this title.

#### TITLE III—RAILROAD GRADE CROSSINGS

SEC. 301. The Secretary of Transportation shall enter into such arrangements as may be necessary to carry out a demonstration project in Hammond, Indiana, for the relocation of railroad lines for the purpose of eliminating highway railroad grade crossings. The Federal share payable on account of such project shall be that provided in section 120 of title 23, United States Code.

SEC. 302. There are authorized to be appropriated to carry out this title not to exceed \$14,000,000, except that two-thirds of all funds expended under authority of this section in any fiscal year shall be appropriated out of the Highway Trust Fund.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
UPON SIGNING THE  
NATIONAL MASS TRANSPORTATION  
ASSISTANCE ACT OF 1974

THE EAST ROOM

10:40 A.M. EST

Thank you all very, very much. I apologize for being late, but we had a meeting with the joint leadership, where I reported on the trip to Japan, to Korea and to the Soviet Union.

It is a pleasure and a privilege to see all of my old friends in the Congress and some of the mayors and some of the Governors.

On this occasion, the news of the passage of this legislation reached me overseas, and I considered this legislation a top priority of the 93rd Congress, and I congratulate the Senate and the House for acting so quickly and so decisively.

This marks a long-term and vital major Federal commitment to mass transportation. This legislation represents a compromise in the best sense of the term. Although different positions were set forth in the beginning, the views of the Administration, the Congress, Governors, mayors and others; we were able to reconcile our differences and develop legislation to meet our most urgent needs in mass transportation at a cost which is not inflationary.

This legislation is significant in our fight against the excessive use of petroleum, in our economic battle and in our efforts to curb urban pollution and reduce congestion. It assures that \$11.8 billion in Federal assistance will be available to States and to cities to meet transit needs for the rest of the decade.

This assurance of steady and predictable support for public transit for the first time will enable localities to plan intelligently for their long-term needs. Also, for the first time this legislation will permit the Federal Government to provide limited assistance toward the operating expenses of transit systems.

MORE



Provisions of the bill will minimize possible adverse effects of Federal involvement in such deficits. The act contains funds, again, for the first time, which can be used for rural public transportation.

Many in the Congress, and elsewhere, worked very hard to develop this legislation, and I am pleased that so many of you could be here today. Secretary Brinegar, Frank Herringer, John Tower, Pete Williams, Joe Minish, Bill Widnall, Garry Brown, Jim Delaney, John Anderson, Ray Madden -- and I could go on -- deserve special mention, and so do many mayors who made numerous journeys to Washington, all for a good cause.

I am encouraged here and now to use the excessive use of certain energy; that is, the kind of energy expended to enact this legislation by the Congress and by its supporters around the country. Let us put more and more of this personal energy into the effective solution of the important problems facing the Nation today. We surely will find solutions at a price that is right.

It is with a great deal of personal pleasure that I sign the National Mass Transportation Assistance Act of 1974.

Thank you all again. It is so nice to see so many of you, and I compliment in a personal way the cooperation, the assistance and the understanding. This is what produces results, and I thank each and every one of you very, very much.

END (AT 10:45 A.M. EST)



Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

NATIONAL MASS TRANSPORTATION ASSISTANCE  
ACT OF 1974 (S. 386)

The President today signed the National Mass Transportation Assistance Act of 1974 (NMTA), S. 386 which establishes an \$11.8 billion, six-year program to support mass transit capital and operating programs.

FUNDING LEVELS

NMTA establishes an \$11.3 billion, six-year urban mass transit program and an additional \$500 million program for rural mass transit capital assistance over the same period.

Of the \$11.3 billion provided by the Act, \$3.975 billion will be distributed by formula for use in either mass transit capital or operating programs. The balance, \$7.325 billion, will be distributed to the cities for major mass transit capital projects on a categorical basis.

FORMULA PROGRAM

The distribution formula is based one-half on population and one-half on population density. The Federal matching share for funds used for capital purposes is up to 80 percent and for operating purposes, up to 50 percent.

The schedule provided by NMTA calls for distribution of the formula funds through fiscal year 1980 as follows:

1975.....\$300 million  
1976.....\$500 million  
1977.....\$650 million  
1978.....\$775 million  
1979.....\$850 million  
1980.....\$900 million

Funds will be distributed directly to urban areas of over 200,000 population to an agency agreed upon by the Governors of the respective states and appropriate local officials. The Governors will distribute the formula funds to cities with populations of 50,000 to 200,000.

OTHER PROVISIONS

NMTA requires recipients of funds to charge no more than half-fare for the elderly and handicapped during off-peak hours, authorizes fare-free demonstrations and makes quasi-public development corporations eligible for grants.

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- Office of the White House Press Secretary

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November 26, 1974

Office of the White House Press Secretary

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THE WHITE HOUSE

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FOR IMMEDIATE RELEASE

NOVEMBER 26, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE  
PRESS CONFERENCE  
OF  
CLAUDE S. BRINEGAR  
SECRETARY OF TRANSPORTATION  
FRANK C. HERRINGER  
ADMINISTRATOR, URBAN MASS TRANSPORTATION  
ADMINISTRATION  
JOSEPH D. ALIOTO  
MAYOR OF THE CITY OF SAN FRANCISCO  
AND  
ABRAHAM D. BEAME  
MAYOR OF THE CITY OF NEW YORK

THE BRIEFING ROOM

11:00 EST

MR. HUSHEN: As you know, the President has just signed the National Mass Transportation Assistance Act of 1974, which establishes an \$11.8 billion, six-year program to support mass transit capital and operating programs.

We have Secretary of Transportation Brinegar and Frank Herringer, the Administrator of the Urban Mass Transportation Administration, here to answer your questions. Following the briefing a fact sheet on the city-by-city breakdown will be available in the Press Office.

SECRETARY BRINEGAR: Thank you, Jack.

I have a brief statement, but first I would like to ask two mayors who are on the wrong side of the podium to join me. I don't think these gentlemen need any introduction.

A few weeks ago the President asked the Congress to pass a comprehensive, long-term transit bill. In a spirit of cooperation, the Congress has responded with a good bill, a bill that reflects the proper balance of fiscal prudence and sound transportation principles.

This bill provides nearly \$12 billion over the next six years. Nearly \$8 billion of the funds are to be used as direct capital grants in response to applications. About \$4 billion of the funds are to be allocated to urban areas of 50,000 or over over this six-year period on the basis of population density.

MORE

These allocated dollars will be available depending upon local choice, for use either for capital investments or for operations. Our Department will shortly issue guidelines so the Governors, the mayors, and transit authorities who are eligible will know how to apply and when the funds will be available.

While this bill is only a part of the solution to the Nation's overall mass transit problems, it should do a great deal to help our cities improve the quality and quantity of their public transportation. And with this improvement will come energy savings, reduction in pollution, and less urban congestion.

Now Frank Herringer and I will certainly be happy to answer your questions on this bill, and perhaps even the mayors. I will take your questions.

Q Mr. Secretary, when does the money begin?

SECRETARY BRINEGAR: It begins right away. The allocated funds, the calculations have now been made. There is a table available at the end of the session that shows what the urban areas will get under the allocated portion and, Frank, right after the first of the year?

MR. HERRINGER: Shortly after the first of the year. There is a process in the bill that everyone is going to have to go through, but we would hope within the next couple of months to actually have cash going out.

Q When do you expect the first checks to actually go out? What date?

SECRETARY BRINEGAR: It depends on their responses to the requirement in the Act whether they have to provide certain information. Certainly in the first quarter.

MORE

Q Mr. Secretary, if an urban area cannot come up with its 50 percent match for the first year, will those funds to which it is entitled be held over to a subsequent fiscal year?

SECRETARY BRINEGAR: There is a two-year holding process, yes.

Q Did the President make any telephone calls from overseas to Congressmen?

SECRETARY BRINEGAR: He sent some telegrams. Since our counting of the votes and the way it was going, it was not necessary to actually call, but he did send telegrams, one of which was read on the Floor, and made, I think, a very favorable impact on the vote. He worked hard and watched it from Japan very closely.

Q Mr. Secretary, may I ask you about a specific transit system, one which is supposed to be a model of sorts, because it is the Nation's capital here in Washington? How is this bill going to help out Metro, which is encountering quite a few difficulties?

SECRETARY BRINEGAR: The construction of metro, the capital construction of Metro is handled through a different process. That has been handled by Congress through specific appropriations targeted through this to this agency. Our department has not been a part of that process, and we would not expect to be under this bill, the construction.

This bill will provide money through the formula allocation that once it is operating -- and in fact, the bus systems now could help with the operational side of Metro. But the capital side is handled outside of this bill. This is for the rest of the Nation's cities.

Q Mr. Secretary, follow-up question on that. The Metro board, the Metro staff has proposed a new formula and new legislation for increased Federal aid. What is your initial response to that proposal?

SECRETARY BRINEGAR: We have not, our department has not, been a part of that decision-making process. The Metro organization has dealt directly with the Congress. It was under construction and well along when we started. Mr. Herringer and I started our own roles in the Department of Transportation, and we are not a part of what is going on. Again, we are administering the rest of the country.

MORE

Q Could we ask Mayor Beame and Mayor Alioto for their opinions of the bill?

MR. BEAME: I would be delighted. I would say this is an historic occasion and one which is going to be of tremendous value, not only to New York City, but to the rest of the entire country, and I believe ranks with revenue sharing in its importance to urban centers of America.

It is going to help us in New York City keep the fare at 35 cents, and this is a very important economic -- and as Secretary Brinegar indicated -- air pollution fighter and an energy saver. So, we are very happy that this took place today, and I want to congratulate the President on the wonderful job he did, the Congress and the leadership and, of course, Pete Williams, Senator Williams, and Congressman Minish for what they did. Without them, we would not have had it.

Q Mayor Beame, just a few weeks ago, as I recall, at least this past month, you and Mayor Alioto and other mayors were here asking for emergency help for operating expenses, and the President said, "We have this bill to provide \$11 or \$12 billion. Let's wait on that." You still said, as I recall, you still needed emergency assistance. Now, is this bill going to provide the kind of assistance that you required?

MORE

MR. BEAME: Yes, because under this bill there is a provision -- and I might say the emergency dealt with the operating subsidy. Under this bill there is a provision which permits one-half of the allotment of capital funds up to one-half to be used for operating expenses plus additional appropriation, purely for operating expenses, so in that sense it is very helpful.

Q But you were looking for very short term help. Are you going to get it quickly enough?

MR. BEAME: We certainly wanted the help quickly. Now we have a long-term bill which gives us the help quickly.

MR. ALIOTO: I wanted to add one word. I think this is historic because it marks the day when the automobile stops getting monopoly of favorite treatment from Governmental sources. While the Conference of Mayors made a very significant lobbying effort, I think it is fair to say that without the great effort made by President Ford, Secretary Brinegar, this could not have been accomplished. I think it is fair to say President Ford has now accomplished more than any President in the history of the United States for public transportation. It is our part now to take it up and carry it through.

Q Mr. Mayor, do you believe -- you were talking about this in effect has broken the highway lobby, do you believe it is fair that automobile users pay for mass transit?

MR. ALIOTO: Yes, because it directly affects automobile users to the effect, for example, that you take 10,000 cars off the San Francisco Bridge, by reason of barring them or otherwise, that obviously helps those who are even driving. Now we are trying to reduce that significantly, but I think transportation is an integrated whole, and to the extent you have balanced transportation all of it helps the other segments of it, so I think it absolutely fair to the automobile user. After all, automobile taxes are just taxes you know. There is a user concept that I think the idea of having balanced transportation helps everybody. It helps congestion. It helps pollution, and obviously that helps everybody.

Q Mayor, is the important part of this bill the fact that this is the first time the Federal Government is going to help people with operating expenses? There have been other programs that paid for capital systems before. Is that the key provision?

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MR. ALIOTO: The key provision, of course, is the fact we are now going to be permitted to subsidize operating deficits and operating deficits is just something that is going to follow on public transportation. If it were not so it would be in private hands. We would not be getting this great exodus of private enterprise from the public transportation area. So that is critical.

The fact we are going to be able to subsidize operating deficits to keep that fare box down. The ride has to be cheap, and it has to be good to be effective. So that is an element in the bill in which subsidies of operating deficits is critical. It is key. We need the capital as well. I think for the first time we are beginning to recognize that we ought not to be spending \$15 billion a year in America on highways alone, that we ought to have a balance, and this is the great significance of this bill.

SECRETARY BRINEGAR: Let me supplement the Mayor's comments. We see the bill as being important in at least three respects. First, it is a long-term bill. We have lacked that in the past. The mayors and the Governors and others can now look long-term. We cannot plan a transit solution to a city if you every year are having to come down and plead for a new program. So they now know what the Federal role is; they can think long-term.

Second, a part of this money, about a third, that will be allocated by formula can be used on local option for either capital or, as the mayor needs it, for operational assistance, for subsidies. So there is now a local decision. He has to decide if he is going to put it here or if he is going to give you something. So that kind of local trade-off we think is the right role to decide how to support the operational side. So, local flexibility for operational assistance was the key principle.

The third one is it strengthens the planning process between the Governors and the mayors and the Administration. Those, I think, are very fundamental points that will shape for a decade or more the Federal role in mass transit, and that is the reason we held out, fought and won this long-term bill.

Q Mr. Secretary, with respect to the planning process, will DOT tell urban areas how much of the \$8 billion pot they can expect to receive over the next eight years to develop transit systems?

SECRETARY BRINEGAR: No, we will not. What we will do is describe the kind of planning process we want the major cities to go through so that we can help understand and help them understand the alternatives and the kinds of mass transit solutions that might be available to them. But we will not say in advance this city gets so much, this city gets so much. We are going to respond to worthy applications in a cost benefit, national benefit sense. That is the kind of role that we see we have been trying to do in a smaller way, and will now do in a larger way.

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Q Mr. Secretary, will those capital projects be funded over a full six year period or might all that money be spend within three or four or five years?

SECRETARY BRINEGAR: It is our hope to fund multi-year projects so that cities can in fact know what our role is for several years. That has been, in my judgment, a flaw of the prior practice. They would basically get a little bit of money and they would have to come down and fight for some more. I would like them to know what the Federal involvement is.

Q It will be over a full six years? Come six years you will still have money for mass transit projects?

SECRETARY BRINEGAR: Yes.

Q May I ask a question of either of the two mayors here? both of you were laudatory of this bill and the President's part in it. I assume that you are speaking for the Conference of Mayors and this is a virtually unanimous opinion, or are you expressing personal opinions now?

MR. ALIOTO: I think this is a position of the Conference of Mayors. I am President of that Conference this year, and year after year in our resolutions, which have been adopted at conventions, we have called for operating subsidies for mass transit to give us a balanced system of transportation. The short answer is Mayor Beame and I are speaking for the Conference of Mayors.

Q Is the amount of money adequate?

MR. ALIOTO: You know, we first started out talking about \$20 billion but \$11.6 billion, in view of the inflation we have to struggle against, is going to be adequate to get us started on this road to get a balanced transportation system. I think as the virtues of public transportation become evident to the American public, that there is going to be more and more a tendency to develop systems like BART, systems such as you are developing here, and to improve the public transportation systems we have. So it is a good adequate start. It is a very, very good start.

SECRETARY BRINEGAR: There is more money available through the 1973 Federal Aid Highway Act. A part of that Act -- and that was, I think an earlier and very landmark piece of legislation that helps mass transit -- a part of the Federal Aid Highway program, the urban systems part, about \$800 million a year, can be traded into mass transit dollars, so there are other dollars available if cities decide in the States to give up some highway projects and to take a mass transit project.

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Some of that is happening in addition to this program. Boston, for example, has traded in several hundred million dollars of unbuilt interstate segments within the city in return for a long-term commitment of the Highway Trust Fund. So other dollars are available through this other program. So this is not just the only thing that we have.

Q These other dollars will not be into operating subsidies?

SECRETARY BRINEGAR: No, they are capital only.

Q Are you suggesting or promoting the idea that cities give up their highway projects and turn them over to transit?

SECRETARY BRINEGAR: I am promoting good local planning. If they decide that is the right thing, we have the process to provide the dollars. If they decide they want the highway and can build it, we have that money also.

Q There has been a good deal of confusion in the past over the 80-20 share. Can cities expect to get 80 percent Federal funds for capital improvements under this program?

SECRETARY BRINEGAR: That is what the bill calls for, 80 percent.

MR. HERRINGER: That does not mean, though, that any project that a city decides to build that we decide to participate in, that we are going to fund 80 percent of the full cost of that system. It is 80 percent of the approved project. The approved project might be somewhat less than the city is planning in total.

SECRETARY BRINEGAR: If the thrust of your question was will we fund 80 percent of anybody's idea, the answer is no. If we will fund 80 percent of an approved project, the answer is yes.

Q Mr. Secretary, at a time when the Administration is going to make budget cuts -- the President is going to send budget cuts up to the Hill -- the President is now not only lobbying on behalf of the bill but he is going to spend a lot of money. Does this indicate the President regarded this as critical or does it indicate the Administration regarded it as politically not realistic to oppose mass transit at this time?

SECRETARY BRINEGAR: It is a critical bill, and it is also a bill in which in the near term years the expenditures are within budget levels. The first year, the 1975 fiscal budget, for example, the amount of money that is provided is within the budget of dollars, so it is not a budget buster in the sense of the first year or two.

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As the years go on, the amount of money increases. And certainly it is our strong intention to have today's inflationary crisis under control as the years go ahead. So I see it as a high priority bill. The President certainly saw it that way, and the near term dollar levels, as we get started on this new program, are within budget levels.

Q Mr. Secretary, do you still need appropriations legislation to make this money available?

SECRETARY BRINEGAR: We need some reprogramming authority. We have adequate appropriations authority.

Q You are saying you have the money, you just have to transfer it?

SECRETARY BRINEGAR: Yes.

THE PRESS: Thank you.

END

(AT 11:15 P.M. EST)

November 25, 1974

Dear Mr. Director:

The following bills were received at the White House on November 25th:

S. 386  
S. 1064  
S. 2299

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder  
Chief Executive Clerk

The Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D. C.