

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

STAFF MEMORANDUM No. 89-2-15

(Supplemental to Staff Memorandum No. 89-2-11, March 25, 1966)

May 2, 1966

SUBJECT: Principal Issues Raised by Hearings on S. 3010, to Establish a Department of Transportation, and for other purposes. (March 29 and 30, 1966.)

Eno  
Center for  
Transportation

This staff memorandum sets forth the principal issues raised by the provisions of S. 3010. It contains a summary of the principal provisions of the bill, concerning which issues have been raised, together with a summary of the issues involved. This information is supplied for the use of committee Members during subsequent hearings on S. 3010.

INTRODUCTION

As set forth more fully in the President's Transportation Message, dated March 2, 1966, and in Staff Memorandum No. 89-2-11, dated March 25, 1966 (Hearings, Part 1, pp. 37-57), S. 3010 would establish a Department of Transportation and would vest in the Secretary of Transportation complete responsibility for the development, direction and coordination of the principal transportation policies, functions and operations of the United States Government. In addition, it would transfer to the Department all of the principal transportation agencies and functions of the Federal Government, other than the economic regulatory functions of the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Maritime Commission and the Federal Power Commission.

Agencies and Offices Which Would Cease to Exist

Specifically, under the provisions of the bill, the following agencies, or components of agencies, together with their Presidentially-appointed heads, would lapse and cease to exist as independent entities, and all of their functions, funds, property and personnel would be vested in and transferred to the Secretary and the Department of Transportation:

1. The Bureau of Public Roads, now a primary unit of the Department of Commerce, headed by a Federal Highway Administrator, appointed by the President, subject to Senate confirmation;
2. The Federal Maritime Administration, now in the Department of Commerce, headed by the Maritime Administrator, appointed by the President, subject to Senate confirmation; and
3. The Federal Aviation Administration (in its entirety), now an independent agency, headed by an Administrator and a Deputy Administrator, both of whom are appointed by the President, subject to Senate confirmation.

In addition, the United States Coast Guard would be transferred from the Department of the Treasury to the Department of Transportation, but would retain its status as an independent, legal entity.

### Additional Functions Transferred

S. 3010 would also transfer to the Secretary and Department of Transportation the following functions:

1. The safety functions of the Civil Aeronautics Board, including its present responsibility for investigating and determining the probable cause of aircraft accidents and its appellate functions relating to safety;
2. The safety and car service functions of the Interstate Commerce Commission, involving principally the inspection and enforcement of safety regulations for railroads, motor carriers and pipelines, and the distribution of rail car supply in times of shortage; the car service functions transferred would permit the Secretary to allocate, for optimum utilization and distribution, railroad freight equipment;
3. Those functions of the Secretary of the Army, performed by the Corps of Engineers, which relate to anchorages, bridges and tolls.

### Transportation Investment Standards

Section 7 of S. 3010, as introduced, requires the Secretary of Transportation, subject to Presidential approval, to develop standards and criteria, consistent with national transportation policies, for the formulation and economic evaluation of all proposals for the investment of Federal funds in transportation facilities or equipment, with certain stated exceptions. Thus, any proposal for Federal investment in transportation facilities or equipment, other than those excepted, will be required to conform to standards and criteria established by the Secretary. In the case of multipurpose water resource projects, provision is made for the development by the Secretary of economic standards and criteria after consultation by the Secretary with the Water Resources Council, and such standards and criteria are required to be compatible with those for economic evaluation applicable to nontransportation features of such projects.

In an amended version of Section 7, submitted by the Administration, set forth on pages 19 and 20 of a Committee Print of S. 3010, dated April 29, 1966, the standards and criteria developed by the Secretary are required to be compatible to transportation features of water resources projects upon concurrence of the Water Resources Council and also must be compatible with the standards and criteria for economic evaluation applicable to nontransportation features of the projects. Additionally, for the purpose of considering such standards and criteria in relation to water resource projects, the Secretary of Transportation is made a member of the Water Resources Council.

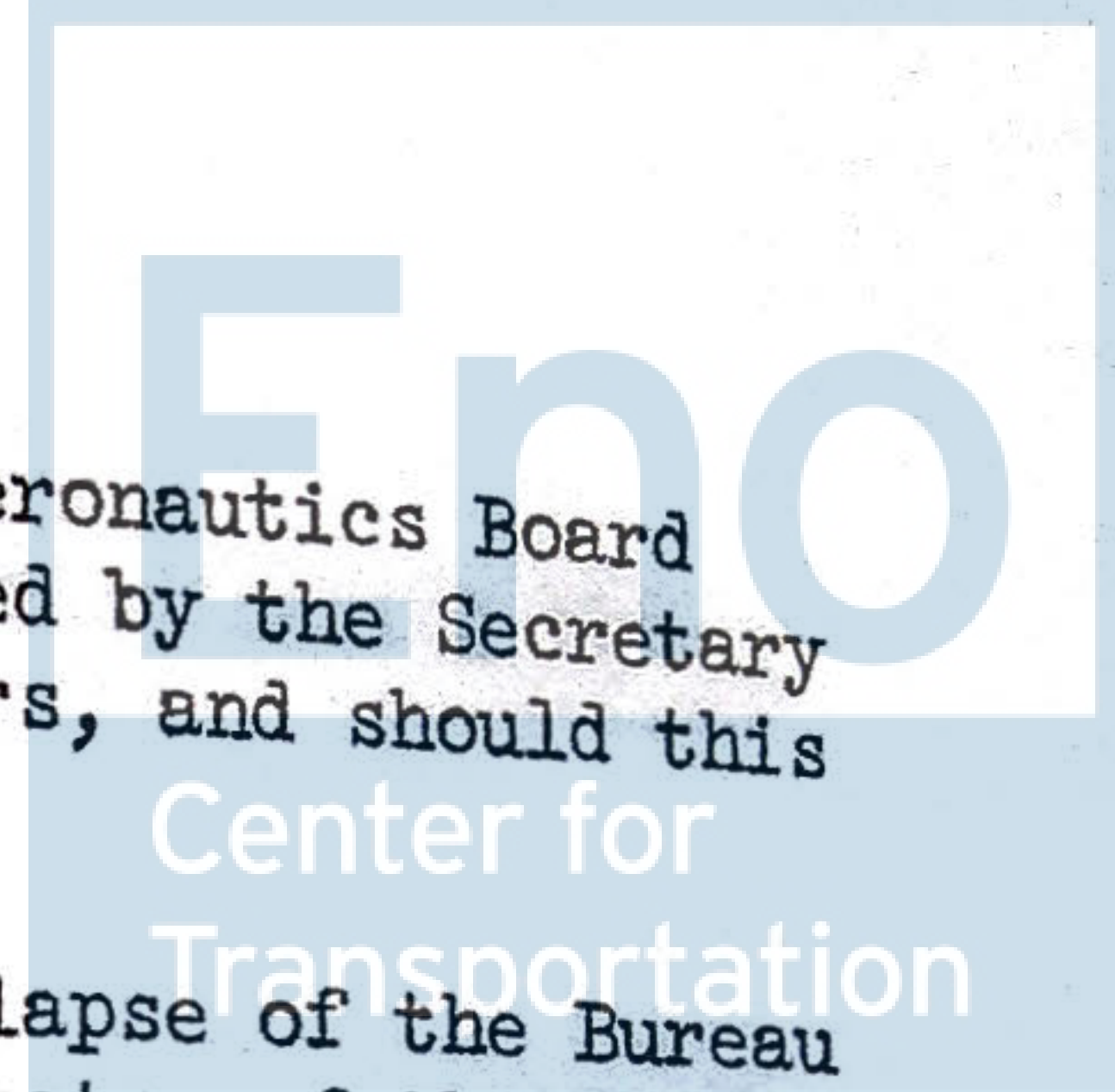
Section 8 of the bill amends the Federal Aviation Act of 1958 by providing that, with respect to subsidy for air carriers, the Civil Aeronautics Board shall take into consideration standards and criteria prescribed by the Secretary of Transportation for determining the character and quality of transportation required for the commerce of the United States and the national defense.

### Principal Issues

The principal issues raised relate primarily to the loss of legal identity and the elimination as independent entities of certain of the agencies proposed to be transferred, which are now headed by Presidential appointees; the effect of such action on the programs which they administer; transfer of the safety functions of certain agencies; the effect of transportation investment standards on certain programs, such as the multipurpose water projects of the Corps of Engineers, the Federal Highway programs, and the aviation programs; and the relationship between the Mass Transportation Program and the Department of Transportation.

More specifically, the following issues have been raised:

1. Should the Federal Aviation Administration, the Maritime Administration, and the Bureau of Public Roads be transferred as legal entities, retaining their identity, in the same manner as is proposed for the Coast Guard?
2. Should the Administrator and Deputy Administrator of the Federal Aviation Agency, the Federal Highway Administrator and the Federal Maritime Administrator continue to be appointed by the President, subject to Senate confirmation?
3. Since the bill provides for four Assistant Secretaries, appointed by the President, subject to Senate confirmation, why should they be used as staff officers and planners (as proposed by the Administration), rather than as the heads of the operating units of the Department, thus assuring adequate consideration for the views of individuals who bear the actual responsibility for the administration of multi-billion dollar programs?
4. What will be the effect of the transfer and lapse of the Federal Aviation Agency and its Presidentially-appointed Administrator and Deputy Administrator on Federal aviation policies and programs and on the aviation industry?
5. What will be the effect of the transfer of the air safety functions of the Civil Aeronautics Board to the Department of Transportation? Is it essential to air safety that the Board retain its present functions? Are aviation safety problems, in fact entirely different from the safety problems of other modes of transportation, requiring special skills which are unrelated to railroad, automobile and highway accidents?



What will be the effect of requiring the Civil Aeronautics Board to take into consideration standards and criteria prescribed by the Secretary of Transportation, in determining subsidies for air carriers, and should this be required?

6. What will be the effect of the transfer and lapse of the Bureau of Public Roads and the Office of Federal Highway Administrator of the Federal Highway Program and the administration of the billions of dollars involved therein?

7. What will be the effect on freight car shortages of the transfer from the Interstate Commerce Commission of the car service staff and all of the duties relating to the supply of freight cars, distribution and fixing of rules on car service both between railroads and between railroads and shippers, without also transferring the responsibility for fixing of rental rates one railroad pays to another for the use of a railroad car?

8. What is the full meaning of Section 7 of S. 3010, dealing with transportation investment standards, and what effect will it have on the multipurpose water projects of the Corps of Engineers, and the Federal aviation, highway and maritime programs of the FAA, the BPR and the Federal Maritime Administration?

9. What is meant by the words "standards and criteria consistent with national transportation policies". and "investment of federal funds in transportation facilities or equipment"? What does this include?

10. Should the duties of the Secretary of Transportation with respect to transportation investment standards under Section 7 be limited to recommending policies to the Congress? Would they be under the present language of Section 7?

11. What will be the relationship between the mass transportation program, now carried on by the Department of Housing and Urban Development, to the Department of Transportation?

12. Should the administration of and responsibility for the mass transportation program be transferred from the Department of Housing and Urban Development to the Department of Transportation?

13. What will be the effect of S. 3010 on existing transportation programs in matters which involve the exercise of discretion, in view of the fact that such discretion would be vested in the Secretary of Transportation rather than in the head of the operating unit?

14. Does the bill provide sufficient means for coordinating the functions of the Department of Transportation and the regulatory agencies?

15. What will be the effect of a difference in major policy between the Secretary and a regulatory agency, in an area in which both have statutory authority?

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APPROVED:

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