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EIGHTY-NINTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS

2157 Rayburn House Office Building

Washington, D.C.

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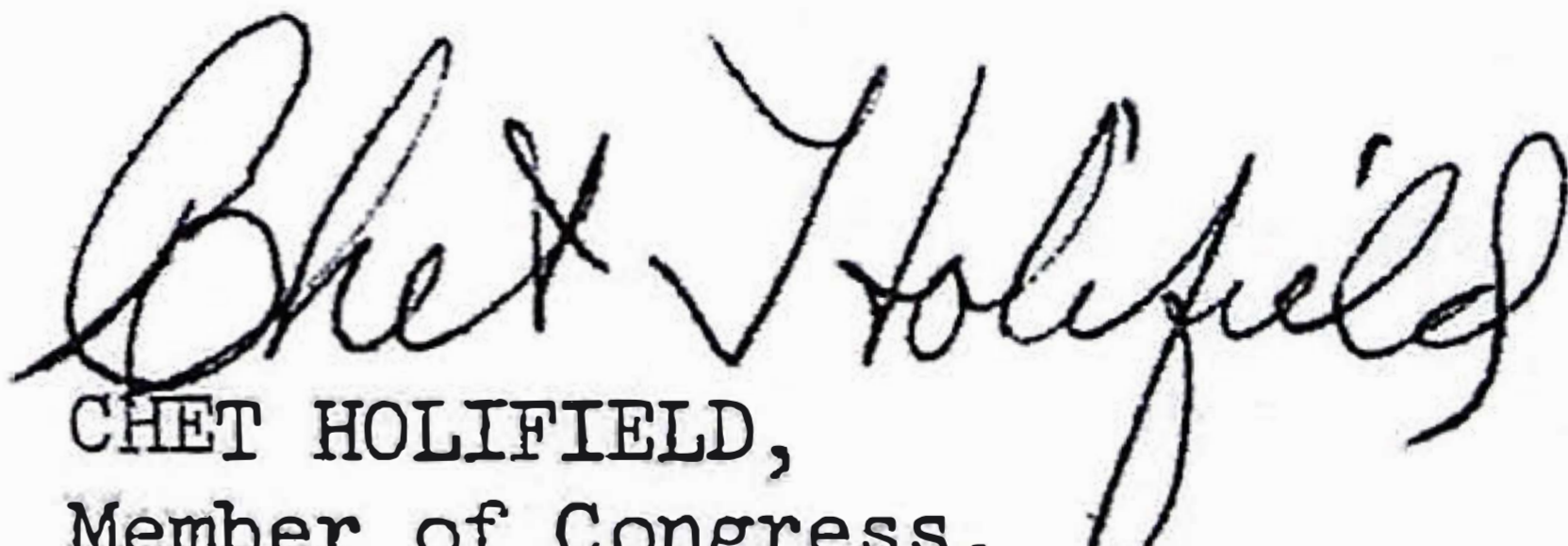
Dear Colleague:

The bill, H.R. 15963, "To create a Department of Transportation," which I introduced, will come before the House shortly for consideration. I have prepared a statement which highlights the essential features of the Bill. Attached to it is an outline of the organizational components of the new Department, also showing the agencies and functions transferred.

These materials, which are enclosed, will give you a ready reference to the substantive issues in this important Bill and an account of our Committee action.

If there is any further way in which I can be of help, please let me know. The staff of the Committee on Government Operations may be contacted for additional details on the legislation.

Sincerely yours,


CHET HOLIFIELD,
Member of Congress.

Enclosures.

Eno

Center for
Transportation

Statement of Representative Chet Holifield
of California on H.R. 15963

CREATING A NEW DEPARTMENT OF TRANSPORTATION

Mr. Chairman, H.R. 15963 would establish a new Department of Transportation--making the twelfth department of cabinet rank in the Executive Branch. It would bring together major Federal agencies and programs relating to transportation promotion and safety, but not economic regulation, which remains with the regulatory agencies.

As you know, President Johnson sent his transportation message to the Congress on March 2, 1966, strongly recommending the creation of a Department of Transportation. His message highlighted the urgent, contemporary problems in the transportation field and emphasized the pressing need for solutions.

A Department of Transportation is not a panacea for all the transportation ills of the nation. It is an organization measure and a new organization does not signify, by itself, a new transportation policy. Rather, it signifies a new framework and a new posture of Government, a willingness to look at many interrelated transportation problems in a comprehensive way, and a readiness to grapple with them. A new department, in other words, lays a broad and enduring foundation upon which national transportation policies can be built.

I introduced the Administration's bill in the House of Representatives as H.R. 13200. It was referred to the Committee on Government Operations, on which I am the ranking member, and the Chairman

asked me to take charge of the hearings in the subcommittee which handles reorganization measures. We heard many witnesses from Government and industry, and received statements from all those who wished to be recorded. By the time we finished the hearings and completed our staff studies of the technical ramifications of the bill, there were many changes to be made, some of a technical or minor nature, but others of real substance.

Redrafting the bill, let me assure you, was not an easy job. We were anxious to take account of serious objections or concerns of industry groups, but we did not want to lose sight of the objectives of the bill. We could not defer to all those who wanted to be "included out" --those who said, in effect, "A new department is fine, but leave me out of it." Understandably, there is a reluctance, in some cases, to disturb existing relationships, and a concern that the agency or function to be transferred might be "swallowed up" in a great new department.

Let me say to those who have this concern that through this bill, transportation affairs will acquire higher status and greater recognition in the councils of Government. For the first time we will have a cabinet officer concerned solely and exclusively with transportation, who will have the ear of the President, and who will be giving full time and attention to improving the transportation systems of our country. The major modes of transportation--air, rail, highway and water--so far as Government responsibilities are concerned--will have Administrators appointed by the President and confirmed by the Senate, and these Administrators will have a direct line to the Secretary of Transportation.

We want every transportation mode and segment to thrive and prosper. All are important to the national economy and to the well-being of our people. Therefore I ask those who are preoccupied with this or that segment of transportation to put aside their fears, to keep their sights on the higher national interest, to have confidence in the future. Our economy is highly interdependent. New transportation technologies are closely linked. Government investments in the transportation sector are heavy and growing. Transportation is one field in which we must hang together, if we are not to hang separately.

Industry groups who appeared before our Committee were not exactly in agreement, either internally or among the different transportation interests. Some Members of Congress and chairmen of committees had reservations about one provision or another. Considering all the recommendations put before us and all the problems we had to face, I believe we did quite well.

I introduced a new clean bill, H.R. 15963, incorporating many changes, and the Committee approved the clean bill on June 29, 1966, with several additional amendments. In the Committee, as in the Executive Branch of the Government and in industry, there was not complete agreement on every single item. I am pleased to report, however, that there was unanimous agreement on the basic concept of a new department and on most of the provisions. The Committee report, beginning at page 15, explains the Committee amendments to the clean bill and, beginning at page 18, explains the difference between the clean bill and the Administration-drafted bill which I initially introduced.

H.R. 15963 is progressive and forward-looking in that it creates a major new department of Government--which makes a round dozen cabinet departments--they don't come too frequently in the history of this nation. When a Department of Transportation was proposed in the 1880's, perhaps there were those who were not quite ready to enter the 20th century. Now we are recording our readiness to enter the 21st century. By the year 2000, less than 35 years from now, the population of this country will be considerably more than one-third of a billion. We have weighty problems in transportation to solve today, but many more to solve tomorrow. A nation which will add 160 million more people in 35 years must look beyond contemporary problems to the welfare and happiness of its children.

At the same time, the bill is conservative, preserving the status quo in certain important essentials. By this I mean that we provide explicit safeguards to protect the rights of parties in administrative and judicial proceedings and in every other respect now guaranteed by law; and we reaffirm congressional prerogatives in relation to the Executive. We want progress in transportation and a vigorous Government champion of transportation in the new Secretary of the Department, but we also want every party at interest to have his day in court, so to speak--to have every procedural right and privilege he enjoyed before.

A section-by-section analysis of the bill will be found in the report, beginning at page 29. Let me run through briefly, in broad terms, the essential features of H.R. 15963. I will follow the sequence elaborated in more detail in the Committee report, beginning at page 7.

(1) It brings together in one department major transportation agencies but avoids rigid consolidation. Transferred to the new department are the major transportation agencies: Federal Aviation Agency, Bureau of Public Roads, Coast Guard, Maritime Administration, Office of the Under Secretary of Commerce for Transportation, and the safety functions of the Civil Aeronautics Board and the Interstate Commerce Commission. Other agencies, such as the Alaska Railroad and the Inland Waterways Corporation, will be transferred later by executive order. Of course, every Federal department or agency has transportation activities of one kind or another. It was not our purpose to have a highly rigid, overcentralized consolidation of all transportation activities in the Government. Where transportation activities are mere adjuncts of agency missions, they are left where they are. Only the major civil (nonregulatory) agencies in transportation are included.

(2) The organizational identity of the major transportation modes is assured. Rather than leave all internal organization to the Secretary's decision, we provide for major organizational components in air, highway, maritime and rail transportation. Each of these four administrations will have a Federal Administrator, appointed by the President and confirmed by the Senate. The Coast Guard will be a separate entity within the new department.

(3) Emphasis is given to the continuity of operations. There is language in the bill which enjoins the Secretary to consider fully the need for operational continuity of the functions transferred, as well as the need for effective and safe transportation systems

for national defense. We expect that, by and large, the agencies and functions to be transferred will go over with their existing personnel and resources. Of course, as the new department becomes established, we expect that many opportunities for economy and efficiency will emerge.

(4) The transportation regulatory agencies remain independent. The economic regulatory functions of the ICC, CAB, FMC and the FPC are not absorbed by the new department. The only things detached from the regulatory agencies, as in the case of the CAB and ICC, are safety and accident investigation functions, which are transferred to the new department. Indeed, a big feature of the new department is the emphasis on safety in transportation, as I shall mention in a moment.

(5) Car service functions stay in the Interstate Commerce Commission. We heard strong opposing arguments as to whether car service functions should remain in the ICC or go to the new department. In the sense that they are administrative or operating functions, they could have been assigned properly to the new department. At the same time, they do have a bearing on the economics of railroad operations, which makes a case for keeping them joined with the regulatory functions. The Committee decision at this point in time was to let these functions remain in the ICC, together with the responsibilities for fixing demurrage and per diem charges. Rather than split these functions up, as the bill originally provided, we thought it best to leave the bundle together in its old home, the ICC. Future experience possibly may dictate a transfer.

(6) The Department of Defense's transportation resources are excluded from the new department. The Department of Defense has, of course, great resources in transportation and none of these resources, nor the responsibilities for their procurement, deployment, or use are transferred to the new department. Nor will the Secretary of Transportation control design features of civil transportation required for defense. We do expect, as the bill provides, that there will be close consultation between the Secretary of Transportation and the Secretary of Defense, and indeed, close consultation with all agencies having transportation requirements. The bill requires such consultation and also authorizes the Secretary to draw upon the military services for personnel assistance in discharging his many technical duties. The only actual transfers from the defense sector are certain minor functions of the Army Corps of Engineers, more related to civil than to military transportation affairs.

(7) Special attention is given to safety functions and the development of techniques and measures for accident prevention. The bill creates, as you know, a National Transportation Safety Board, which is an independent entity within the department. We give it important duties and responsibilities beyond those provided in the original bill. The Board not only will determine the cause of accidents and hear appeals of certain kinds, but will be empowered to conduct special studies, require specific investigations, have participants in accident investigations, require reports, make recommendations to the Secretary, and report annually to the Congress. We envisage the National Transportation Safety Board as a key agency for

energizing the departmental offices and agencies engaged in accident investigation and prevention work. The bulk of the routine accident investigation, as well as research in safety techniques and measures, will continue to be done by the four administrations provided in the bill for air, highway, rail and water transportation.

(8) Organizational arrangements are made to preserve the pattern of air accident investigations. Since aviation presented a somewhat special case, it was necessary to create an additional entity within the department--the Office of Accident Investigation, independent of the FAA. Unless such an office were created, either the FAA would be required to investigate all accidents, which government and industry do not sanction; or else the accident investigation role would have to be transferred to the National Transportation Safety Board, which then might be dominated by aviation concerns to the exclusion of other safety matters.

The Office of Accident Investigation, in essence, absorbs the CAB's Bureau of Safety, which will continue to investigate fatal or large aircraft accidents, leaving investigation of non-fatal accidents involving smaller planes to the Federal Aviation Administration. Determination of probable cause of air accidents would be made by the National Transportation Safety Board, much as the CAB does now.

(9) A staff secretariat is provided to insure full attention to matters which cut across all modes of transportation. The bill provides for the Secretary to head the Department, an Under Secretary, four Assistant Secretaries, a General Counsel, and an Assistant Secretary for Administration. All these officials, except for the

Assistant Secretary for Administration, would require Senate confirmation as well as Presidential appointment. In keeping with re-organization measures of this nature, and to afford the Secretary flexibility in deploying his staff resources to deal with important or emergent problems, the bill does not tie down the functions of the secretariat by specific statutory language. However, the Committee expects that the Assistant Secretaries will be charged with staff areas of responsibility of crucial importance to transportation.

A case in point is research and development. While the modal operating agencies will be responsible for research and development in their respective areas, an Assistant Secretary can be instrumental in coordinating their research efforts, in stimulating new areas of research, and in making sure there are no serious gaps or omissions. The Committee anticipates that there will be an Assistant Secretary for Research and Development, whose concerns will be department-wide and intermodal.

(10) Federal investment standards will be developed for balanced progress in transportation. The Secretary of Transportation would be required to develop standards and criteria, subject to Presidential approval, to be used in the formulation and economic evaluation of proposals for the investment of Federal funds in transportation facilities or equipment. This is the famous section 7 which was so much in dispute during the hearings on the bill.

To allay many concerns, we have narrowed the Secretary's responsibility in formulating investment standards, excluding such matters as water resource projects and grants-in-aid programs. These

Exemptions make it clear, for example, that Corps of Engineers projects or highway projects financed by the highway trust fund, will not be affected. Of course, the President, in exercising his own constitutional and statutory responsibilities in this field, will be able to call, without restraint, upon the Secretary for advice and recommendations.

To reaffirm congressional prerogatives, the Committee has written language into the bill which makes it clear that any standards prescribed by the Congress itself in existing or future acts must be observed by the Secretary in developing standards and criteria for economic evaluation of transportation proposals and projects. And to remove any doubt on that score, the bill provides (1) that the Secretary cannot promulgate investment standards or criteria contrary to or inconsistent with acts of Congress relating to this subject and (2) that the standards and criteria must be consistent with national transportation policies. The Secretary is enjoined from adopting or revising a national transportation policy without appropriate action by the Congress. Finally, the Secretary must give public notice with time for presentation of views, and coincidentally time for review by congressional committees, before he can even submit standards and criteria for Presidential approval.

(11) Existing procedural rights and privileges are safeguarded. As I have already mentioned, the Committee has taken pains to insure that all procedural rights and privileges authorized in existing law are carried over to the new department. There is no loss or diminution of procedural safeguards, and all permissible channels

Administrative or judicial proceedings are kept unimpeded. Any orders or actions of the Secretary or of the National Transportation Safety Board are subject to judicial review to the same extent and in the same manner as they would have been in the departments or agencies from which the functions are transferred. Statutory requirements relating to notice, hearings, actions upon the record, or administrative review, apply to the new department. All orders, contracts, rules and regulations lawfully issued before the reorganization, and all proceedings, continue in effect after the reorganization, until they have run their course or have been changed or terminated by appropriate procedures.

(12) Certain important transportation matters are left open for future organizational decision. A case in point is urban mass transportation. The Congress by a recent enactment has assigned Federal functions in this important area to the Department of Housing and Urban Development, which is itself a new and still developing department. To shift urban mass transportation responsibilities from one new department to another, at this early stage, would only delay the program. More experience is necessary to decide intelligently whether urban mass transportation, which is intimately bound up with other problems of community growth and development, more logically belongs in HUD or DOT.

The President has said he intends, upon the creation of the Department of Transportation, to ask the heads of the two departments concerned to study and report within one year on a logical and efficient organization of urban mass transportation functions. It

may well be that these functions will be lodged in the new department. The Committee considers that the President's proposed course is reasonable and that the final organizational decision on urban mass transportation should be deferred.

In conclusion, I will say again that the Department of Transportation is not a panacea for the transportation ills of the nation. It will, however, set the framework for a concerted and comprehensive attack on the many transportation problems that must be solved. Our Committee has worked long and hard to develop a good bill, a reasonable bill, one I believe all Members of the Congress, all agencies, and all organizations in the transportation field can legitimately support. Indeed, we have letters in support of the new department from the Transportation Association of America, the American Railroad Association, and other organizations. There are still a few who have reservations on one point or another, but I hope that in the interests of the whole country they will submerge their differences and join with us to help make the new department a reality, and after it is created, to help make it work well.

We need to make it work if this country is to prosper and grow and to move its people and its goods from place to place with safety and convenience, with economy and efficiency. Transportation ties together the nation, extending its frontiers, connecting its communities, enlarging the opportunities and horizons of its people. As stated so aptly in President Johnson's message, "In a nation that spans a continent, transportation is the web of union."

BUREAU OF THE BUDGET

7-29-66

DEPARTMENT OF TRANSPORTATION FUNCTIONS

Listed below are the major programs and functions of the organizations portrayed on the attached organization chart of the Department of Transportation. (Some minor functions are not listed pending establishment of the Department and final decision at that time.)

Federal Highway Administration will perform the following functions transferred from Bureau of Public Roads, (truck safety from Interstate Commerce Commission):

- a. Maintain the schedule for the completion of the Interstate System.
- b. Carry out the Federal aid primary and secondary system.
- c. Highway safety activities (will also include the new Traffic Safety Act responsibilities).
- d. Study future highway needs.
- e. Implement the Highway Beautification Act of 1965.
- f. Continue construction of the Appalachia development highway system.

Federal Maritime Administration will perform the following functions transferred from Maritime Administration, now in Department of Commerce:

- a. Subsidy of U.S. ship construction and operation, ship construction loan, and mortgage guarantees.
- b. Operate ships in emergencies.
- c. Promote use of U.S.-flag liners.
- d. Provide technical and research and development services.
- e. Preserve the merchant reserve fleet.
- f. Train cadets to become merchant marine officers and assist State academies.

Federal Aviation Administration will perform the following functions transferred from the Federal Aviation Agency:

- a. Control navigable airspace, and regulate both civil and military operations in the interest of safety and efficiency for both.
- b. Operate a common system of air traffic control and navigation for both civil and military aircraft.
- c. Conduct research and development for air navigation facilities, and their installation and operation.
- d. Register civil aircraft.
- e. Federal aid airports program.
- f. Civil supersonic transport program.

Federal Railroad Administration will perform the following functions:

- a. High-speed Ground Transportation program (from Commerce Department).
- b. Promote safety of employees and travelers on railroads (from ICC).
- c. Inspection of locomotives, signal systems, and train brakes (from ICC).

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