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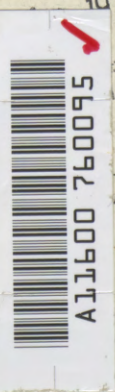
94-7 PUBLIC WORKS PROJECT AND PROGRAM ACCELERATION

GOVERNMENT

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THE
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HEARINGS BEFORE THE COMMITTEE ON ECONOMIC DEVELOPMENT OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

H.R. 3067

TO EXPEDITE CONSTRUCTION STARTS ON APPROVED PUBLIC WORKS PROJECTS, AND TO ELIMINATE CERTAIN PROCEDURAL REQUIREMENTS IN ORDER TO REDUCE DELAYS AND ACCELERATE CERTAIN PUBLIC WORKS PROGRAMS AND PROJECTS

MARCH 12 AND 13, 1975

Printed for the use of the
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PUBLIC WORKS PROJECT AND PROGRAM ACCELERATION

WEDNESDAY, MARCH 12, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, D.C.

The subcommittee met at 1:40 p.m., in room 2167 Rayburn House Office Building, Hon. Robert A. Roe, chairman of the subcommittee, presiding.

Mr. ROE. If we can be seated, ladies and gentleman, we will open up the hearings as scheduled for 1:30 on H.R. 3067, legislation which has been presented through the committee. It's a bill to at least design the framework and format to expedite construction starts on approved Public Works projects and to eliminate certain procedural requirements in order to reduce delays and accelerate certain Public Works programs and projects.

[The bill referred to follows:]

(1)

94TH CONGRESS
1ST SESSION

H. R. 3067

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 1975

Mr. WRIGHT (for himself, Mr. HARSHA, Mr. ABDNOR, Ms. ABZUG, Mr. COCHRAN, Mr. GINN, Mr. HOLLAND, Mr. HOWARD, Mr. JOHNSON of California, Mr. LEVITAS, Mrs. LLOYD of Tennessee, Mr. MILFORD, Mr. OBERSTAR, Mr. ROE, Mr. RONCALIO, and Mr. WALSH) introduced the following bill; which was referred to the Committee on Public Works and Transportation

A BILL

To expedite construction starts on approved public works projects, and to eliminate certain procedural requirements in order to reduce delays and accelerate certain public works programs and projects.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Emergency Public Works
4 Acceleration Act of 1975".

5 SEC. 2. Since there is substantial and ever increas-
6 ing unemployment in this country; since many of the pro-
7 ductive facilities of our economy are either idle or only

VI—O

1 partially occupied; since there is a clear danger involved in
2 permitting an economic downturn to continue unchecked
3 until it becomes unmanageable and unresponsive to maxi-
4 mum corrective effort; and since there are many authorized
5 and urgently needed public works programs and projects
6 which can be accelerated and thus alleviate unemployment;
7 therefore it is the intent of Congress that all such programs
8 and projects should be accelerated through the elimination
9 or reduction of procedural requirements to the greatest
10 practicable extent so as to achieve the desirable objectives
11 of reducing unemployment, putting productive facilities to
12 fuller use, and thus enhancing national productivity, economic
13 growth, and prosperity.

14 SEC. 3. In order that public works programs and proj-
15 ects which alleviate unemployment will proceed as ex-
16 pediently as possible, the head of each department, agency,
17 or instrumentality in the executive branch of the Federal
18 Government having jurisdiction over any program or project
19 carried out under authority of any of the following laws—

- 20 (1) title 23, United States Code;
21 (2) the Federal Water Pollution Control Act,
22 (3) the Public Works and Economic Development
23 Act of 1965;
24 (4) the Appalachian Regional Development Act
25 of 1965;

- 1 (5) Rivers and Harbors Acts;
2 (6) Flood Control Acts;
3 (7) the Public Buildings Act of 1959;
4 (8) the Urban Mass Transportation Act of 1964;
5 (9) the Airport and Airway Development Act of
6 1970;
7 is authorized and directed, in his discretion, to reduce or
8 eliminate any procedural requirement established in any
9 such law or which is otherwise applicable to any such pro-
10 gram or project, including but not limited to, time, hearing,
11 reporting, and publication requirements, the reduction or
12 elimination of which would appreciably speed up the initia-
13 tion or completion of such program or project.
14 SEC. 4. This Act shall apply only during the fiscal
15 years 1975 and 1976.

Mr. ROE. May I say at the outset for the witnesses who are going to testify, there has apparently been some misunderstanding that this bill is some overt thrust to negate the NEPA (National Environmental Policy Act) program and to knock out all the work we have done over the years in putting together the environmental impact statements. Some have even gone so far as to say that this legislation is going to negate the civil rights bills. Nothing could be further from the truth.

We are confronted with a situation—which we are all aware of—whereby a great proliferation of requirements has evolved out of recent legislation, particularly environmental legislation.

What we are searching for—and I compliment my colleague from Texas, the Honorable Mr. Wright, in presenting this legislation because it is bringing into sharp focus a very vital point that we have to deal with; namely, how to make government more effective. Whether or not the language in this particular projected legislation is ultimately adopted is not the issue before us.

We are looking for ideas; we are looking for direction; and we do hope that we will receive constructive thoughts and observations. I will now turn over the meeting to my friend and colleague, Mr. John Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

Today we begin hearings on a bill to expedite the construction of public works projects. You might say this bill is a result of the redtape hearings held 31½ years ago by the committee under the chairmanship of our distinguished witness, Mr. Wright, who I understand we are going to hear first.

Those hearings produced evidence that construction delays total over 17 years for some public works project. That kind of delay is hard to believe, Mr. Chairman.

In a time when the economy is suffering the effects of a recession, much can be done by the Government to aid sectors of the economy. This bill has potential to contribute to such aid.

In the next 2 days, the committee will undoubtedly hear from the witnesses all viewpoints regarding this bill. The committee recognizes the importance of the bill and will consider all recommendations or modifications to make the legislation acceptable to all parties concerned.

Thank you, Mr. Chairman.

Mr. ROE. Thank you, Mr. Hammerschmidt.

The Chair will now call the first witness, the Honorable James Wright from the great sovereign, would we call that a State or Commonwealth, or a free nation, Texas?

The Honorable Jim Wright.

Mr. WRIGHT. Thank you, Mr. Chairman.

With your indulgence, I think I will just sit here at the committee table. I have a very brief statement.

TESTIMONY OF HON. JIM WRIGHT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. WRIGHT. The Emergency Public Works Acceleration Act of 1975 was introduced by a broad bipartisan group of our committee colleagues in an effort to help put people to work quickly on a wide variety of useful, productive and needed projects and to reverse the rapidly deteriorating national economic situation.

The highest level of unemployment presently exists among the building trades. Joblessness has reached approximately 22 percent among construction workers of all types throughout the Nation, and in some areas approximately 40 percent are unemployed presently in the building trades.

This is particularly distressing, Mr. Chairman, when we contemplate that many millions of dollars worth of construction equipment lies idle while there are 16,716 individual local works in the fields of water pollution, highways, mass transit, public buildings, economic development, and airport development which already have been fully approved by Congress and are awaiting only the laborious clearance of executive agencies to get underway.

These programs are necessary in normal times and even more so now. The Congress has recognized all of these needs in earlier legislation. In meeting these needs there is a massive job-creating potential, not only at the first level but through a multiplier effect that extends well beyond the original construction or procurement of capital goods.

Committee investigations have made a careful inquiry among the States and with each of the executive departments and agencies involved and have estimated that a maximum acceleration of construction starts on these already-approved projects in calendar 1975 could create 779,950 direct jobs in the construction field itself and could generate an additional 744,450 jobs this year in related industries for a total of some 1,524,400 productive jobs which could be put into motion this year.

This is not make-work, Mr. Chairman, it is not leaf raking. It does not involve any new spending program. It involves the rapid acceleration of needed programs already authorized by Congress.

Let me make it abundantly clear, to avoid any possible misunderstanding, that this legislation is not intended to repeal any existing law. It would not eliminate any substantive requirements. It merely would radically prune the veritable jungle of procedural requirements which have delayed and choked off these necessary activities.

Specifically this bill is not intended to eliminate or reduce any requirement of law for environmental assessments, equal rights employment guarantees, or the payment of prevailing wages in federally assisted construction.

Most of us who support this legislation are active and enthusiastic supporters of environmental protection, civil rights, and prevailing wages. Most of us voted for the laws that put those programs into being, and some of us have been active cosponsors of those laws.

What we must do is to cut through the roadblocks and impediments created by an array of procedural administrative guidelines, never approved, never intended, never ratified by Congress—but have made it almost impossible to get needed public works projects started in this country.

As members of the committee will recall, in 1971 we conducted extensive hearings on the degree to which the proliferation of red-tape has dragged out the processing phases in program after vital program, voted by the Congress.

In the Economic Development Program, for example, stretching out the processing phase of paperwork on the average application from 79 days at the inception of that program to 349 days. Almost a year just to shuffle the paper.

The same syndrome has applied in highway construction, which now takes a lead time of some 17 years to get underway. And the very critical effort to abate water pollution for which this Congress and this committee in 1972, voted \$15 billion to be available for expenditure in the first 3 years to assist communities to clean up the streams, the waste treatment program.

After the first 18 months, we had seen an actual expenditure of only some \$21 million of the \$15 billion.

If we are serious, Mr. Chairman, about reversing the recession this year, if we truly want to put Americans back to work on programs which will contribute to the strength and wealth of the country, then we will support this legislation to the end that needless redtape can be cut, and this great backlog of needed public improvement on which local communities are anxious to begin may move forward to actual construction starts this year.

If we are unwilling to take at least this minimum step, we might as well quit talking about getting Americans back to work. That concludes my statement, Mr. Chairman.

Mr. ROE. Thank you, Mr. Wright.

Are there any members who wish to commiserate on Mr. Wright's presentation? Mr. Oberstar?

Mr. OBERSTAR. I wish to thank the gentleman for his presentation. I feel that he is the one who has written the book on the subject of red-tape and how to cut through it in Federal programs. No one has devoted more of his time and effort to this complex and confusing issue than the gentleman from Texas, whose hearings a couple of years ago on the subject of redtape in Federal programs highlighted the issue and the need to cut through the redtape.

I think it is only fitting that he should be the one to present this subject to the committee, to spur us onward. The prospect of creating a million jobs, not by spending more money, but just by cutting through the roadblocks to spending that money is one that ought to appeal to this committee and to this Congress and to this administration. I support the gentleman in his efforts.

Mr. ROE. Thank you, Mr. Oberstar.

Mr. HARSHA. Thank you, Mr. Chairman.

I want to associate myself with the remarks of the distinguished gentleman from Texas and make one or two short observations.

In the first place, those who are professing to advocate the philosophy that this bill is an effort to bypass civil rights laws, or equal opportunity laws, or there is an effort to eliminate the prevailing wage standards, the Davis-Bacon laws and all those laws that are applicable to that issue, just do not know or do not understand the intent of this legislation.

They totally, unequivocally misread the intent of this legislation. There is no purpose or intent in it whatsoever to do that. Nor are we even intending to bypass the National Environmental Policy Act, although that act certainly has gotten way beyond the intention of the Congress and of the authors of that legislation.

If you will read the initial debate when it was passed by the other body, you will find that the principal author of that act intended that when an environmental impact statement was filed, it would be 1 page in length not the voluminous volumes and volumes and volumes of work that are filed with an environmental impact statement now.

But if we are to address this issue of recession and unemployment that is wreaking havoc in this Nation, we have to do it now, not 7 years from now, not 5 years from now, not even 2 years from now.

As has been indicated here, it now takes 7 years before you can get to construction on a highway project. It takes some 10 years approximately before you can begin to construct a Corps of Engineers project.

That is ridiculous. All we are trying to do is to break through the bureaucracy and the red tape and the delay and the additional cost added to each of these projects by this delay of duplication and red tape. This country needs to expedite projects that are feasible, both environmentally and economically. We need the employment, and we need the jobs that they provide. If we are to get about redeeming this Nation from this historic unemployment, from trying to bring our

economy back to where it should be, to where we can sustain life in this country and provide meaningful jobs for men and women desirous of working, then we have to do something as a body about the ridiculous red tape and bureaucracy that is delaying down worthwhile projects, projects that meet the criteria of economic feasibility and environmental quality.

That is all we are trying to get at with this legislation. Those that read other than that into it certainly misread the intent of the authors. Hopefully, we can develop a colloquy during these hearings where we can make this clearly understood.

If there are amendments needed, certainly we will entertain those amendments. But let me dispel once and for all the notion that we are trying to rewrite substantive law by this particular measure. We are not trying to do that at all. We are trying to get rid of some of the red tape, some of the delays, some of the bureaucracy, some of the unconscionable cost that has arisen as a result of administrative fiat which was never the intention of Congress.

Thank you, Mr. Chairman.

Mr. ROE. Thank you, Mr. Harsha.

Are there any other statements on my right? How about the left, Mr. Clausen?

Mr. CLAUSEN. Thank you, Mr. Chairman: I, too, support H.R. 3067, the Emergency Public Works Accelerated Act of 1975. I support this bill for a number of reasons. In my years in Congress and especially on this committee, I have seen a proliferation of the procedures and requirements for the initiation of vital Public Works projects.

Because of these delays, many projects are paper projects, without one ounce of mortar poured. The highest level of unemployment presently exists among the building trades. Jobless rate is near 22 percent among all construction workers. In some areas of the country, it is higher.

These programs are necessary in normal times and more so now. This committee recognizes these needs, not only of the projects themselves, but also of the employment generated by expediting public works projects.

Four years ago the Subcommittee on Investigations and Review, of which I am a member, conducted hearings on these delays and the delay impact on cost of projects. At that time this Nation did not have the excessive unemployment rate it does today. The subcommittee compiled an impressive, and I use the word loosely, record of these delays, in cases up to 17 years from project conception to completion. An affluent nation might tolerate delays, but a nation in recession cannot.

In the area of water pollution, the frequently changed requirements and qualifications for a grant deter communities from moving ahead in developing plans and specifications for needed treatment works before that community is placed on the priority list. This committee has the opportunity in this bill to simplify procedures—to compress the timeframe for meeting requirements for the Public Works projects. The Environmental Protection Agency is the newest Agency dealing in Public Works projects and certainly the target of much criticism in implementing the Clean Water Act. Testimony before this committee reveals the outrageous frustration of communities in dealing with EPA to receive grants for municipal waste treatment plans.

The ambitious program that passed Congress 3 years ago, the Clean Water Act of 1972, did not give license to: A 10-inch pile of regulations and guidelines for each application; a 13-inch pile of reports generated by following regulations; 45 individuals involved in the review process; 7 or more cycles through State or EPA mechanisms; 1 ton or more paper required for one grant application; and a 6-year gap between conception and completion of a project.

This bill in no way removes the environmental requirements for a stepped up Public Works program; however, we are losing sight of the fundamental purpose of Public Works projects. In the case of the Clean Water Act, the prime purpose is to clean the waters. Procedural requirements are inhibiting these efforts and are, in fact, making the waters dirty while we assess the impact of trying to make the waters clean.

Again, according to testimony, every billion dollars in total outlay represents anywhere from 24,000 to 80,000 jobs for the construction industry and for related suppliers and manufacturers.

After impoundment EPA had \$9 billion to use for the Clean Water Act over a 3-year period. To date, with that 3-year period only months away, EPA has not even obligated one-half that money, and less than \$600 million has been converted into actual cash outlays. By simply allowing the funds to flow, \$8.4 billion represents over 200,000 jobs at the minimum, to our ailing economy, and to the construction industry this means a great deal.

This bill is a two-edged sword. We can do a great deal for the country by freeing the funds that are entangled in the web of redtape, and we can do a great deal for the economy with these obligated but unspent funds such as existed in EPA. There are some necessary, improving amendments to make to this bill before it is workable and acceptable. We must be specific about where redtape should be cut. But, we need a legislative mandate to deal with these problems. Discretion given to the administration of these programs will not do. It must be a mandate, a legislative mandate. In the course of the legislative process I will support efforts to include this bill or a modified version of this bill in an economic package that this committee can present to Congress as our contribution to national economic recovery. This bill is a reasonable approach and does not cost money; in fact, it will save money. Congress never intended to employ consultants and advisors to proliferate redtape for Public Works projects. This committee intends to speak to that issue through this legislative vehicle.

Mr. ROE. Our second witness listed for this afternoon is the Hon. Richard Ottinger, our colleague from the great and sovereign State of New York.

Do you have a statement?

Mr. OTTINGER. I do, Mr. Chairman.

Mr. ROE. Would you like it to be entered in full in the record?

Mr. OTTINGER. I would indeed.

Mr. ROE. There is no objection. So ordered.

[Statement follows:]

PREPARED STATEMENT OF HON. RICHARD L. OTTINGER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, members of the Committee, I am very grateful for the opportunity to appear before you this morning to express my deep concern about the subversion of environmental protection that could occur as a result of H.R. 3067.

The so-called "Emergency Public Works Acceleration Act of 1975" contains in its language which would seriously undercut a wide range of laws the Congress over many decades has enacted to protect the public interest.

The procedural requirements in the public works laws mentioned in the act are designed to assure that there be adequate safeguards and reviews prior to the commencement of projects to be constructed under such laws.

In addition, there are many other laws, ranging from the Davis-Bacon Act in the Labor law providing for payment of the prevailing wage rate; the reporting and hearing and other practices required of Federal agencies under the Administrative Procedure Act; the interagency consultation called for under the Fish and Wildlife Coordination Act; to the environmental considerations required under the National Environmental Policy Act, to name just a few laws, whose procedural requirements could be subverted should the Committee, and the Congress, enact H.R. 3067.

I am concerned that, although the bill clearly states that it is "procedural" requirements which might be waived, the line between procedure and substance is often very hard to define. I fear that what I might deem to be substantive requirements might be though procedural by an agency head. The implications of a failure to define exactly what requirements are being circumvented could well be catastrophic.

I am also concerned with one of the public works laws cited in the bill itself: the Airport and Airway Development Act of 1970 (49 U.S.C., § 1711 et seq.). Is the Administrator of the FAA likely to interpret the language of your Section 3 to mean that he can ignore the provisions of Section 1716(c) (4) on procedural grounds? I was the author of that section of the Airport and Airway Development Act, and I certainly would not like to see this committee undo its intent. The language has been supported by the courts (*Citizens Airport Committee of Chesterfield County v. Volpe*, D.C. Va. 1972, 351 F. Supp. 52). To refresh your memories, here is the language:

"(4) It is declared to be national policy that airport development projects authorized pursuant to this subchapter shall provide for the protection and enhancement of the natural resources and the quality of environment of the Nation. In implementing this policy, the Secretary shall consult with the Secretaries of the Interior and Health, Education and Welfare with regard to the effect that any project involving airport location, a major runway extension, or runway location may have on natural resources including, but not limited to, fish and wildlife, natural, scenic, and recreation assets, water and air quality and other factors affecting the environment, and shall authorize no such project found to have adverse effect unless the Secretary shall render a finding, in writing, following a full and complete review, which shall be a matter of public record, that no feasible and prudent alternative exists and that all possible steps have been taken to minimize such adverse effect."

I rather like that language, if I do say so myself. And I would not at all like to see the FAA fail to comply with its intent by reason of any requirement being found to be "procedural."

I am sure I could go on and on, and that others will go into detail on some of the other aspects of the proposed legislation and the ways in which protections Congress has been enacting over the years would be brought into serious question or subverted if H.R. 3067 were to be enacted. What we are talking about in the language of this bill is repeal by implication of a great deal of Federal law. I am entirely opposed to its enactment in this form or in any form which closely resembles the language presently contained.

I understand the Committee's desire—which I share—to see America's work force fully occupied again. We are suffering some of the most serious unemployment since the Great Depression. I believe there are some things which we in Congress can do about promoting public works employment which would NOT diminish the laws which we have enacted to protect the public interests.

I think there is broad agreement between the Congress and the President that the nation must conserve energy; the reasons are sometimes different, but the basic intention is the same. If we want to save energy and provide employment simultaneously, why don't we put people to work re-insulating public buildings? Why don't we convert some houses to solar heating and cooling, or at least solar water heating? Why don't we rebuild some of the furnaces that heat large buildings in our cities so that they are more efficient?

I have one proposal, which I hope shortly to work up into bill form, which I believe could provide major employment and which would not require most of the procedural requirements this Committee would like to avoid in the interest of coping with what I agree is an emergency situation.

I would like to see this Committee, in considering the bill I will propose, give consideration to giving the Corps of Engineers the responsibility of repairing the nation's railroad beds, which is one of the greatest problems facing AMTRAK and the Consolidated Rail Corp. I propose, too, that tied in with the Corps' responsibility for directing the repair of railroad beds that there be some funding for public employment, along the lines of the WPA. After all Congress is, on the one hand, providing funds for public employment, and on the other worrying about railroads. Why not link the two? In the interest of speeding up the process, I would like to see this Committee request of the Corps an agenda, showing where they could put people to work almost immediately on such projects.

In summary, I think we must act to create massive public works jobs and facilitate fast action to get such projects moving. There are plenty of projects available that would patently have no substantial adverse effect on the environment; many, indeed, would serve to improve environmental quality. For those projects that do raise substantial environmental questions, a full assessment should be made. We do not want to create jobs at the expense of the nation's health.

I thank you.

TESTIMONY OF HON. RICHARD L. OTTINGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. OTTINGER. I want to thank you very much, Mr. Chairman, for affording me this opportunity. You and I have been associated in the past in our efforts to get the Hudson River cleaned up. I certainly have a great deal of respect and admiration for the gentleman as I do for the gentleman from Texas he well knows.

I am sympathetic with the desire to expedite all the bureaucratic procedures we can to get people to work. I do hope that we don't throw the baby out with the bathwater, because many of the laws that the language of this legislation looks like it would permit to be circumvented, it was put there to protect people's lives, to protect their jobs, to see to it that there is no discrimination. I think that the language itself is going to have to be tightened in order to achieve the worthy objectives that the committee has enunciated without doing tremendous damage to protections that have been put into the law because of our years of experience.

In point of fact, you have had highways that have been proposed by highway people to go through the center of communities that wreak vast destruction on people.

The Hudson River Expressway in my own area was proposed in such a fashion that it would have knocked out the entire black population of the community of Ossining, as an example.

There was a highway proposed to split my own home town of Pleasantville into two parts which we were successful in defeating.

If you don't have an opportunity for the people to express themselves with this kind of concern, if you eliminate that, then I am afraid there is going to be a great deal of mischief performed under the guise of trying to expedite jobs.

I am sure that people in this committee, their intention is just as they have expressed. That they desire to expedite it, but not to do away with all these protections. I would hope that you would look at the specific language and tighten it up in such a way that it no longer can do that, because if you read this language in its ultimate state of what it would permit, it would permit the head of an agency, on his

sole discretion, to eliminate any procedural requirement established under the laws specified, or which is otherwise applicable, which means any law, whatsoever.

In its aspect including but not limited to, and that means in any respect, time, hearing, so forth. I think if it is the time that you are talking about, it perhaps is an opportunity for consideration of that within the discretion of an agency head. But that "not limited to" opens the door so wide that virtually any requirement can be waived under the language as it's written.

The kind of laws that I think we are worried about, in addition to the National Environmental Policy Act, is a broad range of laws for the protection of people. The Davis-Bacon Act in the labor law provides for payment of prevailing wage rates.

Mr. ROE. Let me interrupt you if I may. The intent has been made abundantly clear. It is not the intent of any member of this committee, whatsoever, to negate any of the laws that we helped write.

Who do you think wrote that bill in the first place, who fought that bill through the Congress, who created it? This committee did.

In all candor I don't think it is necessary to go into detail word for word on the provisions of this bill.

That is what our intent is. We are pleased you are testifying. I know that you have taken the lead in establishing a real strong environmental committee with our colleagues in the House. I think it's great because I think this is the kind of help we are looking for.

If I could just take a little of your time to tell you of an experience in my State.

Mr. OTTINGER. You were the environmental commissioner for your State?

Mr. ROE. For 7 years, so I think I have a little credibility in this field.

Let me tell you what happened in this case which I mentioned to Jim Wright. A so-called environmentalist argued with the people of one of the regions of New Jersey for 7 months on the location of a sewer plant because it would, if it were located where they indicated, defile a pond that was a natural pristine pond. They argued. There were approximately 20 visits to the State Capitol to get someone to listen.

Finally the Commissioner delegated departmental representatives to go out into the field and inspect the site which had not been inspected in 7 months' time. The lake wasn't there. It had been filled in 3 years before the application was ever submitted.

These are the kinds of things that we are talking about. In the meantime, our water supplies are being poisoned by the same things we are trying to clean up while somebody is sitting stroking his chin.

All we are trying to do is build America. This is the kind of help we need. Any thoughts that the hundred members in your organization can present to help us break this logjam is what we are looking for.

Pardon me, I don't mean to be so enthusiastic, but that is how I feel about it.

Mr. OTTINGER. I don't think we want either extreme. The extreme where projects that are badly needed to be held up arbitrarily, for the extreme where no consideration at all is any longer given for our protection of our real environment.

We are trying to reach an accommodation to get the jobs on the line with expedited but adequate environmental review and with continued protection of the other laws which the language of this bill might affect.

Mr. ROE. There is so much legislation floating around that has come to our attention and some of the proposals are most reasonable. They are suggesting that maybe the Congress ought to have some review methodology on the rulemaking of administrative agencies.

We were quite shocked, in a way, when we finalized the water pollution control legislation to find when the administrators interpreted it, they wrote interpretations which the committee never meant or intended.

So much so that Mr. Wright, if I recall, you had investigative oversight hearings and offered amendments and had to correct the bill to reflect what the Congress meant.

Do you think we should be looking in some way—

Mr. OTTINGER. I would heartily support that. I think it would enure to our benefit in many, many ways. I have found that regulations that are issued by regulatory agencies under the jurisdiction of my committee, the Interstate-Foreign Commerce Committee, many times subvert the intent of the law.

With the Federal Trade Commission, the ICC, it is really quite exasperating. I do think that we ought to extend our oversight into a regular review of those regulations that are issued.

I would certainly support that kind of legislation, myself.

Mr. ROE. All right.

Mr. WRIGHT. I'm sorry, are you finished?

Mr. OTTINGER. I would like to make a couple of suggestions to the committee for things that I think might be done within this jurisdiction to expedite construction without running into these environmental problems.

I think, for instance, that we ought to, since we are very much concerned about saving energy within our society today, as well as providing employment, to try to put the two together. I think we ought to have programs to work reinsulating public buildings, to convert buildings and private homes to solar heating and cooling.

That we could put people to work rebuilding some of the furnaces that heat our large buildings in our cities so that they are more efficient.

Then one proposal that is peculiarly within the jurisdiction of this committee, and that is, and I will be introducing such legislation, I would be delighted to have your assistance and guidance and help on it, but that is to give the Corps of Engineers the responsibility for repairing the Nations railroad beds, which is one of the greatest problems facing Amtrak and the Consolidated Rail Corp.

The Government has been, through our committee—Interstate and Foreign Commerce—giving a huge amount of money to have these corporations. I think we should invest some money into the vital improvement of roadbeds to make that service more safe and more acceptable.

I would think that this is an area where the Corps of Engineers has particular expertise. They might well be able to direct a public employment project along the lines that we had during the WPA in the 1930's.

Congress is, on the one hand, providing funds for public employment and on the other, worrying about the railroads. I think the two could well be linked.

So I think that we ought to be acting to create massive public works jobs and to facilitate action getting projects going. I am in sympathy with the desire of the committee.

As I said, I think we have to be very careful to do that in such a way as to preserve the laws for protection of the workers and of the Nation, and to make sure that, in our desire to get these jobs moving, we don't eliminate those important protections.

For projects that do raise substantial environmental issues, I feel that a full environmental assessment should be made. We want to create jobs urgently, but we do not want to create jobs at the expense of the workers and the Nation's health.

Thank you, Mr. Chairman.

Mr. ROE. OK, Mr. Ottinger.

Mr. Wright.

Mr. WRIGHT. Thank you, Mr. Chairman.

I thank our colleague, Mr. Ottinger, for his coming and sharing these thoughts with us.

Mr. Ottinger, you say that you are sympathetic to the purposes of the bill to put people to work on needed projects. Yet, you seem to be fearful that something in the bill would permit other laws to be circumvented. You say you have difficulty distinguishing between what is procedural and what is substantive. Would it please you if we were to make it very clear in the legislation, as we tried to do but perhaps have not sufficiently done, that we do not intend to repeal any law, don't intend to change any new law, but that what we refer to as procedural has reference to the superimposing by the carload lot of regulations and slowdowns and procedural delays by administrative agencies through administrative guidelines that they have written to carry out these laws?

Would that be pleasing to you; would that set your basic concerns at rest?

Mr. OTTINGER. I am very concerned about the blanket nature of the language in the present legislation.

Mr. Wright. I asked you, would it satisfy you if we made it clear in the legislation, as we intended it to be clear, that by use of the word "procedural," we do not refer to any legislative statutory requirement, but refer entirely to administrative guidelines that have been written without any reference to Congress.

Would that help you?

Mr. OTTINGER. I really think, Mr. Chairman, that that is not sufficient under the language as it is written. I think you ought to identify the specific kinds of concerns that you are dealing with, that you want to short cut. And then give the Administrator the discretion to cut down, perhaps, on hearing times or whatever it is, the particular things that are unduly delaying projects that don't offer substantive protection to the public.

The difficulty at the present time is they can eliminate any requirement altogether that would be applicable to any program or project in any matter. It seems to me that opens Pandora's box.

Mr. WRIGHT. I am trying to get you to focus on helping us.

Do you really want to get these things started this year? Do you think that is important?

Mr. OTTINGER. Some projects I think you probably can and should get started this year.

Mr. WRIGHT. Do you want us to ask you about each project?

Mr. OTTINGER. Then there are some projects that I think probably shouldn't be built at all because they are damaging to the communities affected.

You take as an example now the State of New York and the city of New York. They have proposed a new program for paving over the Hudson River. They used to want to pave it over next to my district. Now they want to pave it over down in the city, itself, to rectify the problems of the West Side Highway.

It's going to involve a massive fill project that is going to do substantial damage to the Hudson and its shoreline.

Mr. WRIGHT. What has that to do with this legislation?

Mr. OTTINGER. So when you have a controversial project of that nature, I think it has to be fully considered. There are many projects you have that don't involve that kind of controversy and where your proceedings can and should be expedited.

Mr. WRIGHT. Dick, no single Member of Congress can set himself up as a latter day judge of each project that is proposed to carry out the laws already enacted by Congress. You understand that. How are we going to get them expedited now? That is the question. Do you want us to appoint a congressional board to sit in review of every project, 17,000 of them throughout the United States?

Mr. OTTINGER. I will tell you what I think the most constructive thing would be, is to give the Environmental Protection Agency people and the Council on Environmental Quality people enough funds, perhaps make funds available to the State agencies that are promoting these projects to be able to expedite adequate review so that you can get them through quickly.

Mr. WRIGHT. How do you write legislation—

Mr. OTTINGER. When a State really wants to push a project, it is remarkable how fast they can operate. Just a couple of years ago the Governor of the State of New York, now our distinguished Vice President, decided that he wanted to build a road in Westchester County. This was of prime importance to him.

He went through all of the proceedings and all of the requirements required by law from the time of proposal until the time the road was built in just 18 months.

Mr. WRIGHT. Does the gentleman have substantial unemployment in his area?

Mr. OTTINGER. Very substantial unemployment.

Mr. WRIGHT. Does the gentleman have any, let's say Corps of Engineer projects, for example, that are pending in his area?

Mr. OTTINGER. I most certainly do. We have been imploring help from this committee—

Mr. WRIGHT. That is what we are trying to give you, Dick.

Now you come in and complain about what we are trying to do. Help us, my friend. Don't come in as an obstructionist. Come in as a helper.

If you want us to help you, then help us. You have been before this committee imploring us to expedite the projects that are in your district.

Now how in the name of God are we going to be able to expedite the projects for you in your district when you obstruct what we are trying to do for everybody else in all the other districts? Help us.

If you think there is a way to do it, give us some language, for Pete's sake. Don't just sit there and complain about what we are trying to do.

Mr. OTTINGER. I am trying to be helpful. I do not want projects to proceed in my own district that cause a substantial risk of hazard to the people who live in my district.

Mr. WRIGHT. I am not talking about that, Dick.

Mr. OTTINGER. Without adequate examination. That is what we are talking about.

Mr. WRIGHT. Weren't you before this committee imploring us to try to put pressure on these people to get these projects moving in your district?

Mr. OTTINGER. To get the Corps of Engineers to expedite its consideration of a flood control project—not to do away with environmental controls.

Mr. WRIGHT. Who said we were going to do away with environmental controls?

Mr. OTTINGER. This law would permit—

Mr. ROE. Wait, gentlemen, if I may, the Chair will have to invoke its prerogatives here. We in the Congress usually discuss our matters of state in a very warm and constructive manner. I don't think we should be in a position of using phrases like "you do; you didn't" I want to make a point clear in the prerogative of the Chair.

I tried to say this earlier. Let me say it again. Anybody who puts emphasis on the fact that this legislative intent is to be negating environment just isn't reading it right.

Let me point out something to you. I dare say if you asked 50 people what an environmental impact statement is, they are not going to know what you are asking them. They are going to come back and they are going to think it's dirty air and dirty water.

Well, that isn't what an environmental impact statement is at all. An environmental impact statement is composed of the socioeconomic relationship to the environment, OK? Now it seems to me that when we are talking about cutting red tape, we are not talking about taking away people's voting rights.

That is nonsense. We are not talking about taking away public hearings. That is nonsense. We are not talking about filling in or paving the Hudson River any more than I will let them pave the Passaic River. That is nonsense.

I don't think we should burden ourselves in this testimony in that direction. What we are trying to say, however, is, that nobody's going to build anything in our respective districts that is detrimental to our people.

But we cannot have our cake and eat it too. Of the 11 percent unemployment rate in the state of New Jersey, 40 percent are construction people. We have \$900 million awarded to my State, for example, to build our sewage disposal plants. All we want to do is build them and clean up the environment.

They tell me you have to wait 2 years until you can get somebody to make a decision on pending applications for this funding.

Now something has to be wrong with that. Our job is to consent to produce the work. We are not pitting one against the other. We can't have our cake and eat it too.

There are 2 million people that have to be put back to work. We have the tools, the funding, we have to get it done.

Now, do we have the moral right to hold back the production in this country because four or five people are looking for a political shell to say that everybody else in the Congress is against the environment?

Let me finish one more point.

Mr. OTTINGER. I trust you are not impugning my intent any more than I am yours.

Mr. ROE. Of course not, sir. I think your contribution is marvelous to what we are trying to get done, because we are trying to get it on the table. Let me ask you this point, if I may, Mr. Wright. I think that the environmental profession, and I know you have spent a great deal in your career fighting for the conservation of our natural resources, as I have, before we ever got to Congress.

But I feel there are a lot of people now presenting themselves as environmentalists and ecologists, and I don't mean this unkindly. We had this years ago when the legal profession evolved and when the architectural and engineering profession evolved.

Eventually, they had to set up mechanisms to police themselves. I am talking about the lawyer bar and professional boards, even to the point of licensing its membership.

In view of the fact that the so-called environmental profession is a new one, relatively speaking, and we really are short of qualified people, by the way, to get into some of these intricate problems, would there be any sense in pursuing some kind of a structure whereby people could be professionalized? We could professionalize them maybe with setting up some association or a licensing procedure so that as an organization or person presents himself as an environmentalist, he would have to have certain credibility and credentials? Would that make any sense?

Mr. OTTINGER. I am not sure it would achieve any helpful purpose. After all, a person whose living environment is affected doesn't have to be an expert. A person whose home is going to be removed by a highway understands that his living environment is going to be severely affected, sufficiently so that he ought to have a right to speak out in his own behalf.

Mr. ROE. I quite agree.

Mr. OTTINGER. A person who is going to have within an area that affects him let's say a highway or some kind of plant that is going to be spewing particulate pollution into the air that he breathes, it seems to me that he has the expertise to be able to implore his State, Federal, his local officials to say "protect me." So that I am not sure that licensing environmentalists is going to really solve your problem of expediting public works.

I do think that the best place to apply this effort is to see to it that an adequate job of environmental assessment can be done rapidly.

That means providing the tools with which to be able to make these determinations a lot faster than we presently do. That is the constructive suggestion that I would make to this committee.

I would be glad to go to other committees and ask them to put more horses behind getting these statements made rapidly by the various agencies.

I would also thoroughly subscribe to your suggestion that we take a look at the rules and regulations that have been issued and make sure that they are in conformity with the intent of Congress.

Mr. ROE. One more point.

Do you think it might be a good idea to pursue another thought we have been chatting about? Maybe there ought to be some kind of a—lets call it an environmental procedural act—or maybe there ought to be some kind of standard uniform codes that all agencies must adhere to, rather than the point of view whereby, in effect, DOT does its own rulemaking; NEPA does its own rulemaking, et cetera.

I am not suggesting that they don't have, in part, different missions. But maybe there ought to be certain basic ground rules laid across all of the legislative procedure, that they would not have the right to negate or go around.

Mr. OTTINGER. To a certain extent, that exists with the Administrative Procedure Act. Most of the agencies we are talking about were set up because there was a particular body of expertise.

The Congress in its wisdom decided there ought to be a body of people who are qualified to pass on such matters whether it's power in the Federal Power Commission or environment in the Environmental Protection Agency, or transportation in the Interstate Commerce Commission.

I think that in many respects we failed. I think the new formulas for how we get the Commissioners, and what rules they go under ought to be examined. We intend to go after a good deal of this in the investigation subcommittee of the Committee on Interstate and Foreign Commerce this year.

This is certainly one of the things we will look at.

Mr. ROE. Are there any other questions to my right, Mr. Wright?

Mr. WRIGHT. No questions.

Mr. ROE. Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Mr. Chairman, I want to thank our colleague for giving his valuable time to express his views. I assure him they will certainly receive the serious consideration of this committee.

Mr. OTTINGER. Thank you, very much, Mr. Hammerschmidt.

Mr. ROE. Are there any other questions, gentlemen?

Mr. HARSHA?

Mr. HARSHA. I just want to say that in your statement, Congressman, you have not offered one substantive amendment to the bill itself. All you have put forth are a couple of make-work programs.

For example, your suggestion that we use the Corps of Engineers to repair the railroad beds. As a result of the Economic Development Act and title X amendments passed last year, the ICC submitted to the Department of Commerce a list of railroad track beds that needed improving and brought up to date and refurbished.

That project amounts to some \$11 billion. That is a major Federal investment. That necessitates an environmental impact statement, along with all of the other problems. How do you expect to get anybody to work this year on such a project?

Mr. OTTINGER. The difficulty is in making the distinction. I think that is the difficulty that this committee is going to have to wrestle with.

There are projects that are just on the face of them noncontroversial and the involved agency can issue a negative declaration as to possible environmental impact. Railroad tracks, for instance, are already there. There is no question of alteration.

Mr. HARSHA. They are noncontroversial to whom?

Mr. OTTINGER. I think you will find they are noncontroversial when you put them out before the community. I don't think you will find a good deal of resistance to fixing up your railroad tracks.

The right of way is already established. I think there is going to be a distinction. Perhaps there will be a difference between that kind of project and the kind of project involved say with the Hudson River.

Mr. HARSHA. We are not talking about in this legislation. That doesn't deal with this legislation. We are not talking about constructing controversial projects. Your particular project is a flood protection project?

Mr. OTTINGER. Yes. It used to be once every 10 years or so there would be a major flood that would damage homes and so forth.

Now the frequency, because of the extent to which we have paved over our environment, has gone down to once every 2 years, where people's homes get 4 or 5 feet of water. That is a project where the environmental impact ought to be assessed. There is no question about it.

Mr. HARSHA. I assume it's noncontroversial, this project in your district?

Mr. OTTINGER. I don't know whether it will turn out to be noncontroversial or not.

Mr. HARSHA. Are you supporting the project?

Mr. OTTINGER. I am supporting the project subject to environmental compatibility, as I said earlier.

Mr. HARSHA. All right.

Where does it stand now?

Mr. OTTINGER. Well, the Corps of Engineers drew up detailed plans for the elimination of major obstruction of this river. I have it in my possession, from 1932. They have continued to study this, for more than 40 years and long before the environmental impact statement requirement was enacted. There wasn't any back then.

They managed to continue to study this ever since 1932 with not a spade of dirt having been turned to alleviate the problem.

Mr. HARSHA. Has it been authorized?

Mr. OTTINGER. The study is authorized.

Mr. HARSHA. And the study is not completed as yet?

Mr. OTTINGER. They say despite the fact they have been studying it since 1932, it will take 6 more years to study it before they can proceed.

Mr. HARSHA. This is the type of thing we are trying to get eliminated.

Mr. OTTINGER. This has nothing to do with the environmental impact statement.

Mr. HARSHA. It has to do with the bureaucracy in the administration of this Corps of Engineers project.

Mr. OTTINGER. Right.

Mr. HARSHA. That is what we are trying to get at.

Mr. WRIGHT. Would the gentleman yield?

For about the 10th time today, the bill doesn't have anything to do with the environmental impact statement. We are not talking about that. We didn't start out talking about that.

Let me ask the gentleman this question, if the gentleman from Ohio would yield briefly. Does the gentleman from New York believe that building waste water treatment facilities is helpful to the environment? clean up the streams? Does the gentleman believe that is helpful to the environment?

Mr. OTTINGER. I think that it depends on where the plants are built. I can conceive of many places where placement of such a plant would do vast damage to the environment.

Generally, you know, I have been pushing for, as has the gentleman, the construction of sewage treatment plants.

Mr. WRIGHT. As a general matter, does the gentleman feel that cleaning up the streams is a good thing to do?

Mr. OTTINGER. I certainly do.

Mr. WRIGHT. Does the gentleman know any other way to do it than building waste water facilities where needed?

Mr. OTTINGER. No; I do not.

Mr. WRIGHT. Does the gentleman know how many of them are pending in applications and ready to go if we can just cut through the maze and get started with them? Does the gentleman have any idea of that, throughout the United States?

Mr. OTTINGER. I would think we would have to look at what that maze of red tape involves.

Mr. WRIGHT. I would advise—

Mr. OTTINGER. In some areas that maze of red tape may be highly justified to protect people's health and their communities.

Mr. WRIGHT. I would like very much for the gentleman to read this massive compilation of hearings that this committee had last year on that one subject, waste water treatment facilities, and why the word is not getting out.

I would further invite the gentleman's attention to the comment by Mr. Train, Administrator of the Agency, who says it is reaching a crisis proportion, of trying to cut through the maze and get the money out to the communities.

If the gentleman is interested, there are 1,808 communities throughout the Nation, not only ready, but anxious to go with their local money raised, wanting to start construction to clean up their streams.

And because of the proliferation of laborious delay and redtape, the money is not getting out.

Now, if the gentleman wants to clean up the environment, it seems to me that both the purpose of the environment and the purpose of employing people in useful works would be served by expediting the flow and getting it moving.

Mr. OTTINGER. I am sure there are many cases in which what the gentleman says is 100 percent true. I think if we knew how, if in our

wisdom we could cut the unnecessary, burdensome, costly red tape and keep the essential protection—

Mr. WRIGHT. That is exactly what this bill is intended to do. I think a formula has to be devised to try to get at that better.

I would advise the gentleman that this committee and its subcommittees have spent several years working very diligently in an effort to achieve such a formula. To the extent that the gentleman can help us, we welcome his assistance.

Mr. OTTINGER. I will apply myself to seeing if I cannot assist the committee in perhaps drafting some improved language. Though I think a great deal of effort ought to be directed at improving the implementation of the Environmental Protection Act, itself, and the amount of resources that are available to see to it that a proper job can be done more expeditiously.

Mr. WRIGHT. That is just what we are trying to do, do it more expeditiously.

Mr. ROE. We really appreciate your effort. You happen to be one of the first witnesses and we are all excited about trying to cut through the bureaucratic red tape and get our public works projects moving. We really welcome your thoughts and views. We are on the same wavelength.

So let us have any suggestion you would like to make. The committee is most appreciative.

Mr. OTTINGER. We will scratch our heads and sharpen our pencils.

Mr. ROE. Thank you, Mr. Ottinger.

Our next witness is the Honorable Secretary, Mr. Wilmer D. Mizell, who now has spent the first 4 days of his Secretariat before this committee.

TESTIMONY OF HON. WILMER D. MIZELL, ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, U.S. DEPARTMENT OF COMMERCE, ACCOMPANIED BY GEORGE T. KARRAS, DIRECTOR, OFFICE OF PUBLIC WORKS, AND THOMAS W. HARVEY, ACTING CHIEF COUNSEL

Mr. MIZELL. Mr. Chairman, members of the committee, in the last week and a half I believe I have spent more time in the Public Works Committee than I did when I was up here on the Hill with you.

Mr. ROE. When we have a good witness, we know it.

Mr. MIZELL. I have with me today Mr. Tom Harvey and Mr. George Karras, who will be available to help respond to questions of the committee on this legislation here today, Mr. Chairman.

I wish to thank the chairman and members of the committee for the opportunity to present the views of the Department of Commerce on H.R. 3067.

The Department of Commerce is in agreement with the bill's basic purpose to accelerate initiation or completion of public works programs, under specified laws, by reducing or eliminating unnecessary procedural requirements.

However, the bill as presently drafted is unduly general, making it difficult to determine what is and what could be waived as procedural and the justification for such waiver. For this reason we oppose the bill in its present form.

Moreover, we do wish to note that one aspect of the bill appears to present a question. Section 3 of the bill permits the waiver of procedural requirements. Our concern is that the bill provides no basis for deciding what may properly be deemed procedural and what must be regarded as substantive.

We believe that there is room for argument as to whether the requirements of many statutes are procedural or substantive. Persons who might deem their interests adversely affected by the waiver of a statutory requirement could be expected to press for strict interpretation as to what could be considered procedural. There is a real potential for confusion, if not litigation, over the very issue of what is procedural and what is not.

We therefore suggest that this problem be dealt with on a case-by-case basis with specification of identified provisions of statutes for waiver only after analysis of the impact of any such waiver on the purposes and policies the statute was designed to promote.

One of the specified laws, the Public Works and Economic Development Act of 1965, is under the jurisdiction of the Department of Commerce.

With respect to that law, we are unaware of any provision that could be waived but are studying the possibilities.

We thank you for the opportunity to appear and comment on this matter, and will be pleased to respond to further questions which the committee may have.

Mr. ROE. Thank you, Mr. Secretary.

I think in effect what you are saying is that you are not adverse to the thrust of what we are attempting to achieve, but you feel that the language of the bill doesn't seem to quite do it in the manner in which you think it might be able to be done.

Mr. MIZELL. The chairman is correct.

We certainly would like for it to be far more definitive. But as it relates to EDA, we don't see that this would be that much help, or we are not hindered that much by these regulations in the timespan that the legislation addresses itself to, and under title 10.

Mr. ROE. If we can just use a moment of humor in a very serious situation, I want to remind you, sir, that you helped write these laws, too. [Laughter.]

No; your point is well taken. I think, however, that what our distinguished colleague is saying we have tried to say 20 different times, and that is that we want to get the job done. We won't get the job done if people are stumbling over rules. Maybe the mandate ought to be that the rulemaking procedure has to be reviewed by each respective department that has jurisdiction if they want to get their job done.

Mr. MIZELL. You know we are talking about 1975 and 1976 here, that the legislation addresses itself to. In those areas where we would be seeking to move forward very quickly, we have instructed our people that, if they have projects that are going to require all this delay with all these studies and so forth and so on, we don't want them wasting time considering those.

We want those that are ready to go and at the point where we can put them in place in the time period that we are talking about.

So we would assume that those requests that have come in from our EDA regional offices and on the district level are those that we can move quickly on. So we really don't see that we are going to be hampered within this time period.

Mr. ROE. Hold it a minute now. We tried our darndest to rejuvenate and come alive with an economic development program which, I think, has enormous promise in this country. The \$125 million in title X, may be, if we can get the additional appropriation approved, \$500 million in title X. How are we going to expedite project starts under that emergency jobs program of the Public Works and Economic Development Act?

I wonder whether those projects that have been presented for funding title X—what was it, approximately \$3 billion for 18,000 projects.

I wonder if we ought to send those applicants telegrams—I am not being facetious, believe me—and suggest to them that we want to get this programing underway right away because that is the intent of Congress.

Do you have an environmental impact statement? Do you have all your T's crossed and your I's dotted? Do those people realize they just don't have a mandate that they can negate any other laws? They can't.

I'm wondering if those watershed projects that they have projected and those small programs in each little hamlet or community have already had environmental impact statements and are really ready to go ahead. Maybe that would be worthwhile finding out.

Mr. MIZELL. You know, this was part of the request that went to our agencies, is that they submit projects that they felt they could move forward on and have substantially completed within the time period we are working with, which is the end of the fiscal year.

Mr. ROE. But title X doesn't change any of the rules and regulations. Let me digress and give you a case. In the city of Paterson in my congressional district, there are two superblocks that have been cleared over the last 7 years under Federal programs of HUD, Model Cities, and the Housing and Community Development Act.

You and I sat on this committee and helped work out that legislation. They have corrected the combined storm and sanitary sewers in those two respective blocks on which they plan to rebuild with housing and other community facilities.

Now they have to go to the main trunk sewerline and they have to separate those sewers, by fiat, under the law which will require a pipeline 700 feet through another block to the trunk sewer, in the city.

Do you know what the environmental people came back and said? They want a complete environmental impact statement on the city of Paterson for this pipeline extension, which will take 1½ years to do.

Come on, that isn't accelerated public works. What do we need that for? I think that is the question we have to direct ourselves to. I think this is what Mr. Wright is trying to say, fair play.

Mr. MIZELL. Mr. Chairman, what we are saying in our testimony before the committee today is how we see the effect as it relates to the Department of Commerce and especially to EDA.

Mr. ROE. That is what I was simply trying to point out to the committee. I want to defer to Mr. Wright. Could I ask you to do some-

thing for the committee? I know you have been working awfully hard these past couple weeks. Would it be too much of a chore to have your folks communicate back with the title 5 regions and Appalachian regions and ask them pointblank, on the projects they submitted, are they truly ready to go ahead and have all of the requirements of the environmental laws and so forth, have they taken that into consideration when they talked about immediate action projects? Could you do that?

Mr. MIZELL. We would be happy to do that.¹ I would like, with the chairman's permission, to permit George Karras to further address this issue because I do think it is important.

Mr. ROE. If you will, sir.

Mr. KARRAS. Mr. Chairman, in all of the EDA projects that we have under our regular program, our long term program, you know there is responsibility on the Federal agency, EDA, in this case, to do what we call an environmental assessment.

We do that very early. We do that in the developmental stages of a project when we begin to assess the significance of a project in terms of its impact on the environment. We have a procedure in our agency that has already been cleared with those people who address themselves to the question of the environment where we do look at the project in that main.

And we make a judgment regarding whether or not the project's impact is so significant as to require an impact statement.

Now, out of some, oh, 500 projects last year we did on our regular program, I am talking about the long-term economic development program under title 1, I think we had four impact statements.

Now, in the judgment we made, we didn't treat the program in a stepsister role. We took the responsibility seriously. But in identifying the problem early, we were able to, in bringing the project in, to put aside the 3 months. That is what it takes, normally, in our program, 3 months to do the impact statement and then have the draft cleared through CEQ in that very difficult clearing process which I am sure you are familiar with, and still get that statement cleared and in the file with adequate time to make a judgment with regard to the overall project.

This year, with regard to our regulation, again, not title 10 now, regular public works program, I don't think we have more, again, than three or four of the projects that have been deemed to be so significantly impacting on the environment as to require an impact statement.

So again, the trick from EDA's point of view is not to permit the project to proceed to a decisionmaking stage until we were able to determine its significance on the environment, then go ahead and assume the responsibility ourselves. We pay for this ourselves, to do the impact statement and clear the project for approval.

Mr. ROE. I realize that and I know you are doing a fine job in that direction.

If we are going to go into a \$500 million title X job opportunities program, however, all we are simply asking, in view of the thrust of this legislation, is to expedite procedure to meet the problem we are faced with. Our job is to get there "firstest" with the "mostest" to get the job done.

¹ See letter of reply, item 1, p. 33.

Do you think that same procedure will inure and follow through on the title X money?

Mr. KARRAS. Mr. Chairman, I do. As a matter of fact with regard to the kinds of submissions that came into EDA and the regional submissions, leaving aside the submissions to the other Federal agencies, the projections are of such small size and the projects are of a nature in terms of their labor intensity and in terms of their capacity to be performed and completed within 12 months, which is the mandate in the act, that their significance on the environment is minimal.

We are confident that we can make the same kinds of an environmental assessment judgment on those projects that we do on our regular projects which are larger, because essentially under title 10 we are talking about a lot of restoration work, a lot of rehabilitation work, we are talking about a lot of street and gutter work and these kinds of activities which I am confident, at least, I have not really gone into considerable depth with the Secretary on this question, but I am confident in terms of how we have looked at those projects that we can do that, sir.

Mr. ROE. Thank you.

Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Mr. Karras, if it appeared that you had a very worthwhile project that would create substantial economic development, would create or upgrade jobs, according to the intent of the 1965 Economic Development Act as amended and under those criteria that are established could foresee substantial delay because of environmental problems, or procedural delay, would you write that project off and take it out of your work program, and would you take it out of your possibilities?

Mr. KARRAS. Well, Congressman, it depends on when in the fiscal year, recognizing we deal with 1-year money, when in the fiscal year we are aware of that project. If we become aware of that project in August, September, or October and know we have several months ahead of us in order to obligate those 1-year funds, and if the project was as worthy as you have suggested it is, we would not write it off. We would want to do our best to see that that project was accomplished, and within the time frame that's available, we would expend our own funds to hire those consultants necessary to do the impact statement and accelerate that procedure.

We would hope not to kill the project.

Mr. HAMMERSCHMIDT. Let's assume that you had one not all that worthy, but it was fully recognized as a fundable project under the criteria. Then the fact that it would get into this procedural delay might very well shoot that project down. Is that correct?

Mr. KARRAS. Yes, it would, Congressman.

Mr. HAMMERSCHMIDT. So in effect, because of these procedural delays we have actually established an overlay of another criteria because of procedural delays because the agency can't cope with it and put it into place in time. Is that right?

Mr. KARRAS. Congressman, as an operator, that is what I am calling myself, I would say that that's the case.

Mr. HAMMERSCHMIDT. That is what we want to avoid. I am sure that is one of the intentions that Mr. Wright had in presenting this bill,

along with our colleagues. I don't know whether he was available to hear that response. To me, it's a very important consideration for this committee because Congress really doesn't want to overlay another burden on top of the system.

Thank you, Mr. Chairman.

Mr. ROE. Thank you.

Mr. Wright?

Mr. WRIGHT. Thank you, Mr. Chairman.

I certainly want to welcome our former colleague, Mr. Mizell, Mr. Secretary.

I would like to add my personal welcome to a very dear friend of long standing. He is a young man, just as I am, Tom Harvey, with whom I was in the Army Air Corps once upon a time.

Mr. Secretary, we have some figures that I would like for you to verify as a sort of broad brush to see if we are on the right general track. Under the title 10 proposals, our information indicates that Economic Development Administration applications for individual projects that might be started in fiscal 1975 total some 6,186. And that under the regional commissions, Appalachia and others, there are an additional 1,997 pending applications that could be brought to construction starts in 1975.

For a total of some 8,185 projects. These of course are across the entire country.

Does that sound accurate to you? Am I reasonably within the ballpark?

Mr. MIZELL. I would say yes.

Mr. WRIGHT. Do you believe that under your present procedures that you are following there is a good chance that you actually can get these underway, given adequate funding, part of which we are addressing ourselves to on the House floor today in an appropriations bill?

Mr. MIZELL. Well, these are the requests that have come in. We certainly haven't evaluated all of these to see if they should be funded under title 10.

I would have to say that. But we have given instructions, as George Karras pointed out, to our regional offices, that we only wanted them to come in with projects that they felt were worthy projects that could be put in place and completed within the time limit.

Mr. WRIGHT. I would certainly commend the Secretary on that step. I think that is precisely what we are trying to do. I thank the Chairman.

Mr. ROE. Mr. Nowak?

Mr. NOWAK. Yes.

I, too, would like to thank you Mr. Chairman, and welcome our new Secretary.

I would just like to comment on your statement regarding what is procedural and what is substantial or substantive within the meaning of the law. I think in certain cases a court decision will be required. However, we ran into this problem in the Surface Transportation Subcommittee just recently. Mr. Ottinger, who testified here earlier, was completely satisfied after the bill was amended that there would be only procedural changes.

I think the thrust of our legislation here is just that. We are looking for not only procedural changes, but also we are looking for your agency to give us all the help that you can in implementing this.

I think a lot of these changes that we are asking for are merely requirements that can be speeded up. There are many instances I have learned of, of projects not only in my area but in others throughout the country, that perhaps could be speeded up perhaps by your personnel getting the requests back with a phone call instead of a letter.

There are many procedural changes here that could cut down all the time requirements. You really don't have the environmental impact statements to the degree that the interstate highway people do. I think you mentioned here you only have four or five with all your applications.

So when we talk about procedure, I hope you understand that we are talking about all types of procedures, whether there are time delays, or whether there are intraoffice ways that you can speed up these projects.

I think they are all helpful.

Your agency is certainly more familiar than we are of the types of delays, whether procedural or substantial, which you feel hold up projects. You have been working in the field and you know where the hangups are.

I would like to see someone on the staff, Mr. Mizell, prepare what they consider, first of all, procedural, or substantial requirements, and communicate to us those areas that you feel can be shortcutted, and also, of course, any areas where we should clarify the legislative intent in this matter after the bill is written to prevent possible court actions on any of your projects.

Thank you very much for appearing.

MR. MIZELL. Thank you, Congressman.

MR. ROE. Mr. Oberstar?

MR. OBERSTAR. Thank you, Mr. Chairman.

I think the chairman and gentleman from Texas did an outstanding job of making it abundantly clear that environment is not an issue, is not a factor here and not a principal goal. I want the record to show that. I think as one who participated in the presentation of this legislation that I know that it is very clearly the intent of this legislation to seek to speed up Federal action on Federal programs in other ways than has been suggested in previous testimony.

I would like to ask, if I may, Mr. Secretary, and I will direct the question to whichever assistant you feel appropriate to respond, what is the average time for approval of public works projects, and also for business loan projects? I would like the same information for the business loan program.

From the time the application is received by the EDR, Economic Development Representative, or by your regional office. From the time the application is received until the time it's approved.

MR. MIZELL. I would like to ask George Karras to respond to the gentleman's question, because as you know, he has been involved with this program from the very inception. I think he should respond.

MR. KARRAS. Congressman, the answer to that question goes to the bureaucratic redtape that we put the potential grantee to before we

take an application form. I am not one to suggest that our application is a simple one. It is not. Our requests are fairly sizable.

But if you want, the grantee can complete an application form and give us an application form documented to the point where we can process it, then we are prepared to get to accept that application form, put a number on it, get it into the system and out of the system within 3 months. We like to think that is an outside figure.

With some modifications in our administrative structure, we think we can beat that. But at the moment I can say to you that, recognizing the complexity of our projects, that a 3-month period would be my answer.

Mr. OBERSTAR. Three months is considerably down from the record of 2, 4, and 6 years ago when it was 9, 12, and 15 months.

Mr. KARRAS. It was bad.

Mr. OBERSTAR. What did you do to accomplish those marvels?

Mr. KARRAS. For one thing, I hope we became more efficient. Also, I think one of the things that happens in the system, if I can use that term, is that we know we have certain requirements to live with. The question goes to the issue of identifying those requirements and preparing the kinds of guidelines and instructions where both the potential grantee and our field staff know what they are, face up to them early, and get going with them.

I might say, Congressman, that I would volunteer an impediment that has not been suggested here, but it's sort of a side issue to the environment. That is the whole area of historic preservation.

Now, we are running into these questions under that particular act that require us to consider whether or not our public works projects are going to interfere with Indian mounds.

Now I happen personally to have an appreciation for Indian mounds and I really don't feel a contractor ought to go into a particular project and capriciously just go ahead and bulldoze away Indian mounds without any regard to what happens to be there.

Now, what we have to do in those cases is to work with the State historic preservation office and to determine whether or not the area is vulnerable to that kind of historical artifact.

Make a site survey. And if in fact that area does have those kinds of historical things there, then to suggest to that contractor when he is bidding that job he might as well know that the contract documents require him to pay attention to what is there so that as he is digging his way through that sewer or water system, whatever he is doing, that he has to collect those items.

Now, that's a nuance in the whole environmental thing that came upon us just in the last couple of years. Again it required us, Congressman, to change our procedure and to pay more attention to State historic preservation officers.

Mr. OBERSTAR. That is a very interesting problem. There is the period before the application reaches EDA, that twilight zone when the community has approached the EDR and is working with him to get all that information.

The 3 months you cited, I think is a tremendous achievement. But there is a great deal of time that is spent trying to bring the project up to speed, so to speak. What can be done? That is just kind of getting it ready to be approved.

Much of the time that used to be consumed after the application was received is now consumed before it is received.

Mr. KARRAS. That's right.

Mr. OBERSTAR. What are those steps, what are the problem areas? Are they procedural; are they problems in the law that we have enacted? And if in law, what needs to be changed; and if in procedure, what can you do in-house to shortcut those procedures?¹

Mr. KARRAS. There is one procedure, Congressman, that we feel strongly about. I would hope that we wouldn't change it. It's an institutional procedure which we call the preapplication conference.

Mr. OBERSTAR. That is what I have in mind.

Mr. KARRAS. This is a procedure where the grantee, plus his engineer and the leadership of the town, face EDA across the table. There is no application form at that stage. He merely comes with some ideas about what he would like to do in the community, some rough estimates of cost, where he would like to go in terms of his assistance.

We sit down with that grantee and go over our application form. It is there that we begin to see the kinds of problems that he is going to have. If he is going to acquire a site where a couple of homes are on the site and the Uniform Relocation Assistance Act of 1971 comes into play, we have to pay attention to that because that could be an impediment.

If the project at this point suggests environmental questions, that is where we discuss those things. If the project suggests a civil rights controversy, that is where we have to face up to that. After all, Congressman, as you know, once we bring the project into EDA and that grantee is put to the expense of hiring an A. & E., and going into some fairly expensive items, and also acquiring land, having a referendum and getting a bond issue, it doesn't do EDA any good at that point after he has done it all to say no to the project.

We like to feel that a community that has survived the preapplication conference and brings an application in, that we would consider the project very worthy for funding at that time.

Mr. HAMMERSCHMIDT. Will the gentleman yield?

Mr. OBERSTAR. Yes.

Mr. HAMMERSCHMIDT. George, at that point, if that project was not in the work program guidelines, would that have any bearing on your preapplication conference decision?

Mr. KARRAS. Congressman, at that point, preapplication conferences cost money. We have to invite the grantee to come to the regional office. Or if the grantee does not have the funds to make that kind of trip, then EDA has to go to the grantee.

In either case, it's going to cost money. Money that we don't have; our field people are instructed not to conduct preapplication conferences unless they are ready to consider the project seriously.

The issue of the work plan, and I am obviously—I understand your concern, all I can say to that is that that issue was redecided before preapplication conferences.

Mr. HAMMERSCHMIDT. It's in that preapplication procedure where the greatest frustration, as you have experienced it in the past, arises from local government. Whatever can be done to shortcut the steps

¹ See letter of reply, item 2, p. 33.

that local governments have to take, we would certainly appreciate your guidance on that, I think this is one area where we can speed up in the spirit of this legislation.

One final question I would like to ask. You have gone through wet seasons and dry seasons with EDA. Does it help if you have more money, or less money? Is it easier to make decisions when you have a lot of money to spend, or is it harder to make those decisions when you have only a few bucks to spread around?

Mr. MIZELL. That would be a good question to ask the little lady at home about.

We are talking about preapplication conferences and so forth, and I know the gentleman is well aware of the program, over a number of years in his close association with it, that in many of the areas that we deal with where we are trying to offer this assistance, you have to help them to crawl, then you have to help them walk.

You actually help bring along the community as it develops its plans to the point where you can sit down and begin to seriously consider them. To see that what they are planning on doing is worth the expense that you are asking them to go to.

You are trying to help them refine their plan and what they are planning on doing, so when we get to the point where they are going to have to put out some money in this area, we would like to feel like they have something that, when we complete the matter, we are going to put something in place that is going to help that community.

I think we would have difficulty many times of really shortening this period of time. But there is certainly no effort to delay it as such.

Mr. OBERSTAR. One final comment.

The reason for my reference to availability of funds is that under the accelerated public works program of the early 1960's, with a very considerable amount of funds to spend, those moneys went out fast, on time, and the projects moved along. It seemed when EDA was shortchanged on its authorizations that it took an awful lot longer to process those few dollars than it did the \$850 million we had on accelerated public works.

I don't expect you to comment on that. Thank you for your time.

Mr. ROE. Mr. Holland.

Mr. HOLLAND. Mr. Mizell, it's a pleasure to see you. I appreciate always hearing a familiar drawl.

Mr. MIZELL. I didn't know it was noticeable.

Mr. HOLLAND. I don't know whether you are a lawyer or not, I know you are a great baseball player.

I would simply ask you if, in your consideration of the difference of what is procedural and what is substantive, if you would indulge me just a moment to tell you how they taught it to us in my law school, about a gentleman who had applied for release from the State mental institution in Columbia, who every time he came before the board they asked him what he planned to do. And every time he announced he would be back shortly to break every window out of the place.

So they never released him. But one time they brought him in and asked him, he said, well, I am going to go out and get a job. They said fine. He said, I am going to buy me a nice looking suit and car, then

I am going down to Atlanta and go around some of the bars and see if I can't make some lady companionship here and there.

They said well, you're sounding saner all the time. And he went on to say that he was going to find him a young lady and take her to the beach and buy her a nice bikini bathing suit. And when she put that bathing suit on, he was going into the room, steal her garter, and make a slingshot and come back and break every window out of the place. [Laughter.]

The difference in what is substantive and what is procedural is obvious. I think what we are trying to do with this legislation, I am proud to be a cosponsor, is to do away with the trip to the beach and the trip to the bar and get out there trying to alleviate some of the economic problems we are having in this country.

If you want over there in your department to separate these two, you may consider hiring a good Southern lawyer.

Mr. ROE. You are surely not going to try to answer that, are you? [Laughter.]

The gentleman from South Carolina adds a great deal to the dynamics of this committee. I appreciate your comment.

Mr. Clausen.

Mr. CLAUSEN. Mr. Chairman, I have listened with interest to the exchanges that have taken place with the previous witnesses and the current set of witnesses. I really believe, Mr. Chairman, that the exchange has been helpful. It certainly has been helpful for me to come up with a clarification of where the differences are.

I find basically, however, that one thing that rings through all of it, we have a common objective. Namely, to minimize this procedural delay, be it in the agency or between the agencies and throughout the entire program implementation procedure.

But I don't know that we are going to really be able to resolve all of the problems here by question and answer.

As a matter of fact, we have a lot of other witnesses. But it strikes me as though, as a result of the exchange that has taken place here, that we may very well have the kind of hearing record wherein we can bring about the kinds of amendments, legislative history or whatever would be necessary in order to accomplish this one objective; namely, to expedite the processing of the programs that are on the books and those in particular that are under our jurisdiction as included in the legislation, itself. I would like to see you, Mr. Secretary, and your staff, who have had experience directly in making these kinds of environmental assessments and so forth, if we could work with you after we conclude the hearings here today and make an evaluation of the legislation to see if there is some way, and I am going to suggest that you, Mr. Harvey, with your counsel and legal background, that you possibly make an evaluation of the procedures and delays that have come about and see if there is a way where we can amend this legislation so that the Economic Development Administration and this committee, working together in a coordinating role, can maximize the coordination between the various statutes and the programs in those statutes, and the jurisdictions that are in this committee, because I think we can find an answer to this.

In this country we will see some genuine progress. If there are some unnecessary delays, why, let's flush it out. Let us find out what is required in order to minimize both the redtape and procedural delays and all these things.

If there are some areas in need of amendments, it may very well be that we are going to have to address ourselves, Mr. Chairman, to that basic approach. I am sure that as you have pointed out, George, references to some of the Indian mounds and artifacts and that sort of thing, are important, and I am sensitive to it because I have a lot of this in my own area.

Do you see, Mr. Harvey, any avenue where we could maximize the coordination? I would like to have your response to this. EDA is uniquely equipped in light of the experiences of the past few years to be able to put together the kind of effort I think is necessary and the one we are all seeking.

I would welcome a response from any one of you.¹

Mr. MIZELL. Mr. Clausen, I think that the gentleman is really seeking a response to the legislation and within the time frame that we are talking about, of the 1 year; is that right?

Mr. CLAUSEN. Actually, a little bit of both.

I am talking about the objectives of this legislation, which is to reduce the time required. But we are going to be in business beyond this. I would like to see us address ourselves to this problem now. Because here's what has happened. Whenever there is an economic recession, then all of a sudden there is a need to accelerate things. Why is it necessary to have to even bring this kind of thing to the attention of agencies, if there wasn't something in the way of a delay?

But it seems like then all of a sudden there is an economic recovery, then everybody goes back to doing business as usual. That is what prompted me to make this comment earlier about the fact that the exchange was good. I just hope it doesn't die.

I would like to have any input you have now, or work with the committee later on.

Mr. MIZELL. We certainly will give this our attention.

Of course, we will be delighted to work with you.

Mr. ROE. Thank you.

Does my friend from Louisiana have anything he wishes to add, Mr. Breaux?

Mr. BREAU. Thank you, Mr. Chairman.

First, I will start off by just saying that I am sorry that I was not present for the Secretary's statement. I wish I had been. I do want to say very briefly that I do support the legislation.

I am very happy to see that the Department of Commerce is in agreement with the bill's basic purpose, although they oppose the bill. It's sometimes hard to rationalize that statement. But I do understand. I do think this is an area where the committee needs to use this bill to work to draft something that would be appropriate legislation that would try and speed up the projects. I just know from my own personal experience that the congressional district that I represent has a number of approved projects that are being held up by some requirements, procedural requirements that are preventing a number of people from getting the work and getting the project started.

¹ See letter of reply, item 3, p. 33.

It's a subject that I am tremendously interested in and will reserve my time for future questions later on.

Thank you, Mr. Chairman.

Mr. ROE. Thank you, Mr. Breaux.

Thank you, Mr. Secretary, and your colleagues. We appreciate a great deal for your input and we will have you back next week, maybe.

Thank you very much.

[The following was received for the record:]

U.S. DEPARTMENT OF COMMERCE,
THE ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT,
Washington, D.C., April 3, 1975.

Hon. ROBERT A. ROE,
*Chairman, Subcommittee on Economic Development,
Washington, D.C.*

DEAR MR. ROE: The following comments and information is supplied in response to inquiries made at the time of my appearance before your committee on March 12, 1975.

ITEM 1

Inquiry was made as to the readiness of the Appalachian Regional Commission and the Title V Commissions to proceed with projects which they have recommended for Title X assistance.

Answer.—From discussions with representatives of the Title V and Appalachian Regional Commissions, we have been assured that the projects they have proposed could be implemented quickly and could meet the proposed investment time frames for the Title X program.

ITEM 2

Mr. Oberstar inquires as to the problem areas in project processing.

Answer.—We believe that many of these matters are explained further in the transcript. For further information, we are supplying herewith a list of Delays Encountered in Project Development which was previously submitted to the committee staff and which will supplement the testimony given. By including the list of potential delays in project processing, I do not wish to imply that these will represent a serious impediment to the implementation of the new Title X Job Opportunities Program. As I believe was made clear in my testimony, the projects chosen for Title X assistance will be those which do not involve serious problems of compliance which would prevent their prompt implementation and completion.

ITEM 3

Mr. Clausen suggests an evaluation of procedures and resulting delays in project processing and possibilities for legislative improvements.

Answer.—EDA is now reviewing its legislative authority with an objective, among other things, of identifying areas where legislative changes could expedite the processing of applications and the availability of assistance under the Act. It is our expectation to include any such recommendations with the legislative recommendations which under the Congressional Budget Act of 1974 must be filed with the Congress not later than May 15.

Sincerely,

WILMER D. MIZELL,
Assistant Secretary for Economic Development.

Enclosure.

DELAYS ENCOUNTERED IN PROJECT DEVELOPMENT

Many of the delays encountered during the public works project development period are the result of executive orders and laws and statutes enacted by the Congress since the Public Works and Economic Development Act was established. The items listed below merely described the adjustments the Agency had to make in its processing activity to meet the requirements resulting from such executive orders, laws and statutes and no criticism of their value or purpose is intended.

1. Civil Rights compliance regulations of the Department of Commerce require firms, which as a result of an EDA project save or create more than 50 jobs, to submit an Affirmative Action Plan outlining the number of minorities and females to be employed. The preparation and negotiations with regard to the acceptance of the Plan may cause delays.

2. In accordance with OMB Circular A-95, State and/or regional/metropolitan clearinghouses must review preliminary project applications and have time to comment within 30 to 60 days. Projects cannot be fully processed during that period.

3. Section 106 of the Act requires a Certificate of Treatment to be issued by EPA certifying that adequate sewage treatment is available as result of the new or increased public facilities. This certificate is sometimes difficult to obtain since many communities depend on EPA funds to construct adequate treatment facilities. Priority lists exist in the States and a low priority community could not possibly meet treatment requirements in time to meet EDA project demands. EDA funds cannot be disbursed until the Certificate is issued and project cannot be approved without EPA assuring EDA that it can be issued prior to disbursement.

4. When EDA-financed public facilities are constructed in areas where privately-owned, public utilities are operating, a delay is encountered in obtaining clearance from the State regulatory body stating that the EDA facilities will not compete with the privately-owned, public facilities.

5. EDA must obtain from the Corps of Engineers and HUD information regarding the potential flood level of the project area and availability of flood hazard insurance. This is sometimes a slow process.

6. The Uniform Relocation and Real Property Acquisition Act of 1970 requires reimbursement for private individuals or businesses displaced from project locations. Local negotiations with these individuals, as well as the determination of the actual reimbursement cause delays in some instances.

7. Section 702 of the Act requires that when a project is primarily designed to serve a particular firm or industry, a study must be made that these firms or industries as a result of the EDA financed improvements are not unfairly competing or providing services with other firms or providers of such services. Delay is caused to obtain the data for the study and make the appropriate determinations.

8a. All projects require at least an environmental assessment which takes into account all factors such as air pollution, water pollution, air inversion, smoke creation, etc. Many outside sources have to be contacted for the information. Further, some projects require an Environmental Impact Statement which must be reviewed by the Council on Environmental Quality and then must be published for public comment. The development and publishing period and subsequent clearances required for such studies can take up to six months. Projects cannot be approved before all clearances are obtained.

b. Clearance is also required that the project site does not contain any historical artifacts or is not otherwise an historical site. This clearance is performed by the State Historical Officer who may first have to visit the site before he can provide this clearance. The processing and approval of the project must await such clearance.

9. Projects with a specific purpose like health facilities, airport facilities, port facilities and others require consultation with other Federal agencies such as Public Health Service, Federal Aviation Administration, Maritime Commission, Bureau of Indian Affairs, HUD and HEW.

10. Under the new application procedures required under FMC 74-7, established by GSA (formerly OMB Circular A-102), potential applicants must prepare a preapplication form outlining in broad terms the intent and purpose of the project, the estimated costs and preliminary environmental information. They submit this information to EDA, which in turn must respond within 45 days whether or not the project is acceptable. When the project is found acceptable the Grantee in many instances goes into a preapplication considerable legal, engineering and other expenses which are involved in the preparation of an application, many projects, simple in design and standard in construction, could be accepted without the preliminary activities thus saving project development and processing time.

11. The recent rise in construction costs due to inflation has caused construction delays in a number of projects because the funds approved for the project at the time of approval were not sufficient by the time the construction bids were

received. Serious delays are caused on some of these projects because the Grantee is unable to provide the additional funds for these cost overruns from his own sources, and EDA, with its limited resources, is unable to provide the additional assistance.

Mr. ROE. Thank you, Mr. Secretary, and your colleagues. We appreciate your input a great deal and we will have you back next week, maybe.

Thank you very much.

Ladies and gentlemen, we are now on a quorum call. I understand that Mr. Compagni and Mrs. Macdonald have to catch a plane.

I would suggest that the committee will recess for 10 minutes, giving us a chance to vote. Then we will come back. And if we can take Mr. Compagni first, who has the 4 o'clock plane and then if it's all right by the other witnesses, we would take Mrs. Macdonald second so she can make her plane.

[Recess.]

Mr. ROE. Although all of our members have not had a chance to get back, we will proceed, anyway.

I call to your attention we will be recalled to the House floor shortly. We will try to move with dispatch, although we do not wish to cut off anyone's time for the presentation of testimony. So if Mr. Frederick G. Compagni, representative of the National Utility Contractors Association and his colleagues will come forward and identify themselves for the record, we will receive their testimony.

TESTIMONY OF FREDERICK G. COMPAGNI, NATIONAL UTILITY CONTRACTORS ASSOCIATION, INC., WASHINGTON, D.C., ACCOMPANIED BY DR. ROBERT L. SANSOM

Mr. COMPAGNI. Mr. Chairman, my name is Fred Compagni. I am chairman of the Environmental Committee of the National Utilities Contractors Association, headquartered here in Washington, and have served as president of the association.

I operate my own contracting business in Courtland, N.Y.

With me today is Dr. Robert Sansom of Energy and Environmental Analysis, Inc., who is serving as technical consultant to our organization.

Mr. Chairman, I understand we are here today to discuss H.R. 3067, a bill to authorize elimination of certain red tape to expedite public works programs.

My remarks will focus on only one of these programs, the 1972 Federal Water Pollution Control Act, and EPA's construction program.

First of all, I would like to emphatically state that we enthusiastically support H.R. 3067 because of the potential it holds for aiding our Nation in light of the economy and meeting our environmental goals, goals set by you, the Members of Congress, based on national need.

If the construction grants program had moved as envisioned by the law, it could have provided in the vicinity of a quarter of a million jobs in construction and related fields. A quarter of a million badly needed jobs, because I am sure you realize that the unemployment rate in the construction industry has passed the 15 percent mark, nearly double the rate for the labor force as a whole.

A recent survey we conducted among some 2,000 utility contractors across the Nation answered by some 15 percent of them indicated that these 300 firms have laid off more than 5,000 people and they fear that many more will have to be furloughed or dropped in the weeks and months ahead, if conditions do not improve.

Three years ago Congress approved the most ambitious public works program ever undertaken by the Federal Government when it authorized \$18 billion for the construction of sewage treatment plants and related facilities.

When it proved it intended to carry forward that program by its dramatic and overwhelming override of President Nixon's veto, our industry geared accordingly. Then came bureaucratic redtape, change in regulations, inaction, indecision, and confusion.

Let's look at some of that redtape. A 10-inch pile of regulations and and review.

Gentlemen, after impoundment, EPA still had \$9 billion to use in cleaning up our Nation's water over a 3-year period. Today, with the end of that 3-year period only months away, EPA hasn't obligated guidelines for each application. A 13-inch pile of reports generated by following regulations. 55 individuals involved in the review process. Seven or more cycles through the EPA mechanism. One ton or more of paper required for one grant application. A 6-year gap between conception and completion with 60 percent of this time spent on planning half of that money, and less than \$600 million has been converted into actual cash outlays.

\$7.2 billion of that money has been on the table for 9 months or longer; \$3.5 billion has been on the table for nearly 21 months.

If that money could get out, nearly 250,000 jobs could be created. This is approximately the level of current automobile industry unemployment which is receiving so much public attention and is two and a half times the size of the employment potential of the recent highway fund release that received so much national publicity.

Our concern for the program becomes so great, its impact on our industry so severe, that we engaged the services of a technical consultant to conduct a complete study of EPA's construction grants program and to develop recommendations for moving that program forward.

Dr. Sansom, who I introduced earlier, is the former administrator for air and water programs at EPA, and has intimate knowledge of the assets and deficiencies of this program. Dr. Sansom's study which took 4 months and concentrated on the State of Pennsylvania as a test area, confirmed that the program is bogged down by redtape, inadequate management practices, duplication, poor communications, and conflicting instructions and regulations.

His report was released to the press nationally this morning. We are pleased to provide copies of the report to all the members of the subcommittee. However, most of us are all well aware of the problems of the program. We are here today to explore solutions and to make this program work. Our study has proved that it can work, and under legislative backing such as H.R. 3067, it can work faster, more efficiently and more effectively.

As of January 31, EPA's average grant issuance rate was \$163 million a month. To avoid a distribution of \$3.9 billion at the end of this fiscal year, that obligation rate would have to rise to at least \$310 million. To issue these funds on time by June 30, 1976, that monthly obligation rate will have to triple the present rate, or \$525 million a month.

That won't happen unless administrative and management changes are made and H.R. 3067 can help make those changes.

Specifically we have a number of recommendations: Congress should pass a sense of Congress resolution, acknowledging the inadequacy of the existing program, defining program priorities, and direct EPA to simplify its issuance requirements.

H.R. 3067 covers a great deal of that. Congress should also schedule oversight hearings to determine specific stumbling blocks, set minimum monthly goals, and direct GAO to investigate slow issuance rates and to require that municipal permits be used as incentive to force the program forward.

We also feel Congress should propose amendments for Public Law 92-500 that would clarify the role of step one planning, formalize a fast track management system, relax funding requirements for small projects and cut back the time availability of funds.

Our study also contains a number of administrative recommendations for EPA and their corresponding state agencies. We feel creative methods for expediting grant issuance must be developed such as adjusting priority lists and using permits as a forcing function.

Regulations must be simplified, the process streamlined, and the number of review personnel cut by 50 percent. We feel a single manager concept must be instituted. Audit procedures must be improved. More importantly, communications between all elements of the program and interested parties must be strengthened.

Finally, we have recommended that EPA establish a management advisory group for the construction grants program comprised of representatives of the utility construction industry, engineering groups and others.

Gentlemen, I hope we have conveyed our concern, and our feelings that this program can be made to work. Our Nation needs jobs and clean water. Our industry has the capacity and ability to meet the challenges of this program. With this law, Congress has created a vehicle to accomplish both of these objectives.

The vehicle has stalled, however, and needs a push. We hope these hearings today will help to provide that momentum. We deeply appreciate having this opportunity to appear before you and the members of this committee, Mr. Chairman.

Thank you for your consideration.

Mr. ROE. Thank you, Mr. Compagni.

I want to thank you for your time. Again, I apologize for the unavoidable necessity of our having to rush through, but your words are not falling on deaf ears, by any stretch. I would personally like to welcome Bob Sansom. He helped us over some rocky roads, as I recall, in his previous responsibility.

I would like to say that the points you made in reference to amendments needed to this legislation are extremely valid. The committee in toto agrees with you.

The administration has already submitted some recommendations that are a part of our legislative hearing process.

We do agree with you that there are a number of changes that ought to be made. I think your suggestion particularly on some amendments for the implementation of the legislation is vitally important.

I assure you your recommendations will be thoroughly reviewed and considered.

When we were able to make the second set of amendments, these new provisions did help to speed things up along the line. But we find, and agree with you, that there are still many projects in many States being delayed for some absolutely idiotic reasons.

Some of these States have not been geared up with adequate personnel. I think the agency administering the program in each State ought to be allowed discretionary funding, maybe up to 10 percent of the State's allocation to that agency, to make those on-the-spot decisions in particular areas without having to go through this whole long routine.

So there are some thoughts that are evolving. And we would welcome further recommendations from you beyond what you have put in this testimony to give us direction that you would see to be helpful.

Mr. Oberstar?

Mr. OBERSTAR. I will be very brief, Mr. Chairman.

First, I want to welcome the witness as a representative of the industry that is most directly involved in helping to make the water pollution program a success.

Utility contractors are the men who are in the working end of this antipollution program. I have seen your work, and you do a great job, and you are wonderful people. I compliment you in coming here with specific steps and suggestions as to what should be done to shortcut some of the procedures.

I wish Government witnesses would come here with the same attitude and same kind of proposals.

Let me ask quickly: Do you see this legislation as a threat to the NEPA program, as was suggested earlier in previous testimony?

Dr. SANSOM. I think that fairly interpreted, it would be. I was going to—one of the things that struck me, if you are talking about the moneys in this program now, there is a distinction between the money that has been there, as Mr. Compagni mentioned. There are \$7.2 billion that have been there over a year, half of that for over 2 years.

The thing I would ask is, whatever deliberations have taken place on that are probably going to protect the environment as much as any deliberations are ever going to protect the environment.

The way to handle that would be to treat this kind of bill, to treat that money in accordance with this act.

In other words, take not the \$9 billion that has just been put out there that there hasn't been the thinking and environmental work and planning, but take the \$7.2 billion that has been out there and subject it to these kinds of procedures. That would make sense.

I would think it would demonstrate that the environmentalists can't respond—

Mr. OBERSTAR. You don't see it as a threat to the environmental statement program?

Dr. SANSOM. Not if it were implemented as I describe.

Mr. OBERSTAR. Good. You see these implementations in the EPA program as a burden, very clearly your statement points this out. Is it a burden more on Government than on industry? Or the other way around?

Dr. SANSOM. One of the things that struck us, industry last year spent \$4 billion, the private sector, chemical plants and so on, meeting the requirements of 92-500. Municipalities spent \$500 million. So there is a great inequity in the sense that the private sector has taken the law seriously and have committed themselves to making investments; whereas the public sector, even where the money is available, has not responded in accordance with the statutory requirements.

So there is a distinction.

Mr. ROE. Would the gentleman yield?

There is a very important point in priorities that gets right to the heart of this issue. There was no priority established in the 1972 law itself.

We allowed the Administrator the flexibility in an enormous undertaking. But then EPA came back and established the priorities. They said you can build your sewage disposal plant, No. 1; No. 2, your interceptors; No. 3, your collector systems; and No. 4, your separation of sewers; which was crazy.

We had to hold hearings again and mandate priorities for the sewer system by legislation, and still they went ahead and did it their way.

What held up a great many of the projects in many, many States was the collector systems which were eligible under the law. The towns were not going to put up more of their funds for the sewer collector systems to be able to accommodate the sewage disposal plants which were receiving EPA's priority attention.

There was no law that could mandate a State to do that. So until EPA got out of its way and until the new money came on the line, it is the first time any collector systems have been approved.

Many of these communities went broke, and there was no way they could raise the bonding to finance their collector systems in order to create the revenue they needed for their sewer system in the first place.

I see here, Jim, a major breakthrough, depending upon how EPA handles this now, which has literally speeded up some of the projects in some of the States.

I think EPA took unto itself the authority which was not delegated to them by Congress and established part of that roadblock. I think that is a fair commentary to get into the record.

Sorry, we have to take a break in this hearing to vote now.

I have before me the document prepared for the National Utility Contractors Association, entitled "Fulfilling a Promise—An Analysis of the 1972 Clean Water Act's Construction Grants Program With Findings and Recommendations." I will refer this document to the subcommittee file.

[The document referred to will be retained in the subcommittee file.]

Mr. ROE. We are now on the second call. It is mandatory that we vote.

Mr. OBERSTAR. I would like to ask one question, Mr. Chairman, for the witnesses to think about. That is what are the most dispensable steps in the project approval procedure we could consider eliminating?

You may think that over until we get back.

Mr. ROE. We will recess for 5 minutes.

[Recess.]

Mr. ROE. We will reconvene the hearing.

Again, we apologize for keeping everyone waiting. The Chair recognizes Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman.

I am glad the 5-minute rule didn't consume all of my time with a recess for the vote.

The question related to those procedural steps which you in your industry experience, Mr. Compagni, and Mr. Sansom, from your previous government experience, would identify as the most dispensable. The ones we could, without harm to the program, insuring the integrity of the intent of Congress, dispense with to speed up water pollution control projects.

Mr. COMPAGNI. One of the steps we would like to see is to increase delegation to the States, to allow more States to have final review of plans and specs. This would be a very worthwhile method to move the work a lot faster.

We think they should set definite dates and goals when a program should be started, and not allow these dates to be ignored without some form of penalty. A lot of these suggestions are in our report.

Mr. OBERSTAR. The agency itself sets those dates and goals, and then gives itself waivers from them, doesn't it?

Dr. SANSOM. I think the problem is, you have a set of regulations which are noble in intent, and they are put out.

On the other hand, you don't have anything, any goal against which the program is managed in terms of actual performance, either obligations or outlays and so on. You gave them some time deadlines which have now been ignored. But you don't have any monthly target to judge EPA's performance against.

The report recommends at least \$310 million per month minimum, up to \$525 million desirable, if you want to get back on the track with what the Congress set out. The point about the steps to be eliminated, it is not so much eliminating a deliberation of certain action, but eliminating doing it three or four times, the same thing over and over. That is the key problem.

If you have a big bureaucracy and don't give it any targets to operate against in terms of ultimate performance, then the regulations are going to swamp the whole program performance.

Mr. OBERSTAR. You suggest simplifying regulations and relaxing funding requirements.

I would like to know how you relax those funding requirements, what specific things you would suggest, and which regulations would you simplify?

If it is too extensive, submit that for the record.

Dr. SANSOM. Well, the issue of simplification is really a question of cutting the size of the regulations. We stacked up all the guidelines and so on.

The only way to do something like that, there is nothing scientific about it, say cut it in half, or 80 percent, and so on. They are rewriting the step 1 guidelines out of EPA, and I understand they will be at least cut in half.

That is the way that that kind of way will get done. Just take every piece of it and say, "Let's do it and simplify it and make it more readable."

On the question of the funding problem, we found some of the small municipalities could not raise the 25-percent share. On that issue, the Congress may want to waive it in the case of very small municipalities that have difficulty raising the money.

Mr. OBERSTAR. Finally, I like your suggestion of a management advisory group consisting of industry and engineering—well utility industry engineering groups.

I presume the State and local government.

Dr. SANSOM. The environmental.

Mr. OBERSTAR. I really think that is an excellent idea of getting things moving faster. But, again, I would have some concern lest this group becomes in itself an obstacle or cause for delay.

Mr. COMPAGNI. I would answer that this way.

If you involve contractors, no way is there going to be a delay. This is an area in which I can speak with clearness. I think the problem here today is because all this background has been done to date without any consideration for what it is doing to the contractors whose livelihood is at stake.

We feel we have been the catalysts that have brought this EPA program to a head to date, because we have let them know, in no uncertain terms, that suddenly we go to a bid letting that used to take six to eight bidders. We find anywhere from 28 to 40 bidders, which means we are working in a real depressed market, that our margin of profit is gone.

Some communities say, fine, this is wonderful. Let us move the program. We will get our work done cheap.

But this will come back to haunt us because, if we do not make any money, we cannot pay any taxes.

Mr. OBERSTAR. That is the kind of response we are looking for.

Mr. COMPAGNI. We met with Russell Train last Friday. He spoke in favor of this group. I totally believe that if they get us involved, that the program will not have any peaks and valleys.

Mr. OBERSTAR. You mean percentage points on interest borrowed from banks and other lending institutions?

And you have to get moving. You cannot wait around.

Mr. COMPAGNI. We have found our 1960 prices are no longer competitive, which means that the contractors are working for nothing.

Mr. ROE. Will the gentleman yield for a second?

As I recall, the Engineering News Record estimated that the average cost of construction in the year 1974 went up around 14 to 16 percent. So that we are not just talking about some nefarious scheme that the committee might conjure up to knock out all the old laws.

What we are saying here is that the delays we are encountering are costing tens of millions of dollars in inflationary costs with increases of 14 to 16 percent in the cost of construction, even beyond the increasing interest rates.

So the funds allocated 3 years ago to do the vast task of cleaning up our rivers and waters and streams is diminishing every day that we do not get the construction of these wastewater treatment works underway.

Is that fair?

Mr. COMPAGNI. Yes.

Mr. OBERSTAR. I have no further questions.

Mr. ROE. Are there any questions from my right?

Mr. Clausen?

Mr. CLAUSEN. Dr. Sansom, I am going back over the testimony of Mr. Compagni.

Is it my understanding that you were formerly the Administrator for the Air and Water Programs at EPA?

During what time was this?

Dr. SANSOM. From April of 1972 through 1973.

Mr. CLAUSEN. Was it your responsibility at that time to make recommendations and, in effect, implement some of the procedures that are causing the problems today?

Dr. SANSOM. That is right.

Well, that was my program, though the Assistant Administrator for Air and Water Programs has no responsibility, direct line authority over the operation of the EPA regions. They report directly to the Administrator.

Mr. CLAUSEN. Nevertheless, you were called upon because of your expertise?

Dr. SANSOM. Right.

Mr. CLAUSEN. In the area of drafting procedures for the implementation of programs?

Mr. COMPAGNI. Could I answer?

A year and a half, 2 years ago, we met with Dr. Sansom when he was with EPA. We asked him for a hearing to let them know that our industry was suffering. We could see what was coming in the future, that if somebody did not do something, we would be hurting financially.

Bob came. He listened. He said, "OK, I have the message. I will see what I can do."

We trusted him at face value at that time because he is an honest appearing person. And nothing happened. But Mr. Ruckelshaus also went on the record at that time as stating that the program did not really want to move. There was no real motivation for the program to move, there was a lot of work at that time, and it was a way of controlling inflation.

Now, if we thought for a minute that Dr. Sansom could not do the job, we, as contractors, would not have engaged his services. So, as far as expertise is concerned, there is no problem at all.

Dr. SANSOM. Let me answer that in this way.

When this program started, and you passed the law, Mr. Ruckelshaus went to Atlanta to meet with the Federal Water Pollution Control Administration, and made a speech in which he said that, because of the newness of many of the requirements, and there are at least seven, cost recovery and so on and so forth, there would be a shakedown period of at least 12 to 18 months. That shakedown period should have expired early 1974 to mid-1974.

Well, it happens that the expiration of that period also coincided with the downturn of the economy. If you go back and look at the data on the construction sector for the period of 1973, no economist is going to tell you that the economy in that sector was not overheated during that period.

The problem is, the program did not respond to the changing economic circumstances in 1974.

Now, it is difficult to anticipate a recession. But, once that recession came, and once that money had been there long enough to accomplish the requirements, once the consulting engineers had had time to familiarize themselves with the new law, then the program should have moved. It did not move.

One of the reasons I took this assignment was that I was curious as to why it did not. What I am saying and what our report says is the major reason it happened is because there is not any overriding management goal to say that \$310 million per month, no less, is the performance we want out of this program, up to \$525 million per month. That has to be established.

If I had known that when I was at EPA, I would have established it. But I did not know it at the time.

The second thing we found out is that there is no incentive for performance, relatively minor, at the local level. In other words, the municipal permit in the case of industry has become a document for laying out compliance schedules and enforcing against those compliance schedules with the substantial penalties in the act.

In the case of municipal permits, they have been put out almost as a Xerox document.

They have not been enforced against, as the law intended. In the State of California, I was talking to the regional people out there last month. And I asked them when they had money available for the municipality, in this case Los Angeles and San Francisco. And they had compliance dates in their permit. Why did they not enforce against those compliance dates?

They essentially said, good, we had not thought of that. What they were doing, once the dates were violated, they would revise the permit condition to extend the dates.

So the forcing function of the whole program, which is the municipal permit, was not being applied to force the localities and consulting engineers to expedite their efforts to meet the requirements.

One other thing I would say is that, in general, in this study, we have found widespread enforcement of the fundamental things in the law that are different from the way people used to do this business.

Infiltration inflow requirements, in particular, are an example of a new requirement which I have encountered very little opposition to in principle.

In other words, you ought to insure that your sewer system is not subject to excessive infiltration inflow.

Mr. CLAUSEN. This is a very interesting revelation. I certainly want to commend you for your honesty and your candor, because this takes me back to an exchange I had a number of years ago with a chap who was a professor of business at one of the universities.

I asked the simple question, had he ever been in business. He said no.

This seems to me to be a bit of a parallel situation. Had you ever been associated with business before you went down and started setting up regulations, or been associated with those that have to contract?

Dr. SANSOM. Yes, my family has been in the construction business, ready-mixed concrete business. I have been involved in those businesses for a long time.

Mr. CLAUSEN. It sounds as if you must have left the farm.

Well, let me just summarize, if I might.

Were you in the room when I made reference—and I think you were—to the fact that the thrust of the legislation is to cut down on the delay of procedures?

I think my suggestion was that maybe we could work out the kind of specific exchange of ideas on this that would permit us to offer amendments to accomplish the objective, at the same time not doing anything that is going to adversely affect the basic legislation that is on the book and is, therefore, a good purpose, some of the environmental concerns that people have.

Would you be available to work with us and our staff if this be the case?

Dr. SANSOM. Yes, sir.

Mr. CLAUSEN. I think this kind of input, Mr. Chairman, working with our staff, and then we can have a chance to develop a dialog with the other agencies so that we again arrive at these objectives of minimum redtape and minimum adverse impact on the environmental concerns people have, which I think are important.

But, at the same time, we must maximize the acceleration of these programs.

In the case of water and sewer systems, our efforts are to clean up the water, and move the economy forward at the same time.

Dr. SANSOM. Sir, permit me to make one comment.

I have talked about the deficiencies at the local level with regard to performance of municipalities and consulting engineers. I have talked about deficiencies of EPA and the management problem there.

Incidentally, this is acknowledged on an EPA report on the construction grant program, that this problem exists. One of the problems is that the intent of the Congress is not clearly expressed to the people, administrators and bureaucrats out there in the States and EPA.

Mr. CLAUSEN. Will you give us the language? Do not do it now, but I want you to think it out.

Dr. SANSOM. Yes, I could.

But the point is that the GAO is now out there looking over the shoulder of these people that are reviewing these documents. And it is asking them why they have not crossed the "T" and why they have not dotted the "I".

It seems you ought to have employed the GAO to find out why the money is not moving faster, at least to balance the set of messages that are being sent out from Washington to the people that feel responsible to the intent of the law.

Mr. CLAUSEN. Do you feel in your own evaluation of all this, having been down at EPA, that the environmental concerns and the possibility of circumventing NEPA, as it has been expressed by previous witnesses, is valid? It certainly is not the intent of the committee.

I happen to be a coauthor of this legislation.

Dr. SANSOM. As I said earlier, if this were viewed as applied to the entire 18 million, then I think the environmentalists would have legiti-

mate cause for concern. In other words, you have some money that has just been put out there.

If it suddenly were under construction, which it cannot be anyway in the next 12 to 24 months, so why take that issue on? Why not say that the \$7.42 billion, which is the 240,000 jobs this year and next year continuously, why not apply that sort of legislation to that amount of money which has already been in the process of hearings and deliberations over environmental impacts for, in case of half of the money, 1 year, and in the case of the other half, 2 years?

Mr. CLAUSEN. Are you in Washington?

Dr. SANSOM. Yes, sir.

Mr. CLAUSEN. So you would be available. Thank you.

Mr. ROE. Very good, gentlemen.

We thank you very much. I think your testimony has been helpful. We appreciate your cooperation.

Now, we will proceed with the next witnesses who have been waiting so patiently. We have Mr. Leonard Ledbetter, director of the Environmental Protection Division, Department of Natural Resources, Georgia;

Mr. Melville Gray, Kansas Water Pollution Control Commission administrator; and

Mr. Alfred W. Peloquin, executive secretary, New England Water Pollution Control Commission.

If it is all right with you gentlemen, we would like to have you come forward as a panel, if we may, you and your colleagues.

We want to apologize for the delay. We appreciate your indulgence.

I see Mr. Peloquin has a prepared statement.

Do you want to start off, Mr. Peloquin, because I understand the other gentlemen will comment back and forth? Your prepared statement will appear in the record at this point.

[The statement referred to follows:]

STATEMENT OF ALFRED E. PELOQUIN, EXECUTIVE SECRETARY, NEW ENGLAND
INTERSTATE WATER POLLUTION CONTROL COMMISSION

Mr. Chairman:

I am Alfred E. Peloquin, Executive Secretary of the New England Interstate Water Pollution Control Commission, which is composed of the six New England States and New York State. I am also a member of the Board of Direction of the Association of State and Interstate Water Pollution Control Administrators.

We thank you for the opportunity of appearing before this committee today to discuss H.R. 3067, the Emergency Public Works Acceleration Act of 1975. There is consensus among the Compact-member States that we endorse the intent of H.R. 3067 and urge its support. We also strongly urge a greater degree of specificity in addressing the procedural problems creating delays in the award of construction contracts. We feel that making the reduction or elimination of procedural requirements a discretionary action by agency directors will not result in any great acceleration of construction activity.

In discussing the Bill with the States, I found consensus among them that environmental impact statements, infiltration-inflow requirements, and user charge-cost recovery requirements, plus extensive documentation of alternatives are all contributing to delays. Limiting the State priority lists to the number of projects which can be funded from a given allocation, plus the frequently changing requirements to qualify for a grant, have deterred communities from moving ahead in developing plans and specifications for needed treatment works before that community is placed on the priority list. This creates an additional delay in getting work underway.

Probably the most important factor contributing to delays is the "cover your butt" philosophy which developed since enactment of P.L. 92-500. This is abbreviated to "CYA" in the field. It nauseates me to have professionals in

the water pollution control field tell me "We can't do this—or we can't do that—because we have to cover our butts." On the other hand, I have to be somewhat sympathetic to these individuals when we consider the number of civil actions taken against the Environmental Protection Agency. It is interesting to note also that less than 50 percent of these actions have been filed by environmental groups. Most have been filed by individuals who are opposed to the tax increases which will be generated by local bonding for the local share, or by individuals who do not want a treatment works in their neighborhood.

In a typical case, on Block Island, Rhode Island, a small island community in Long Island Sound, a resident felt that EPA's negative declaration on environmental impact was not proper and took steps to sue the agency. The agency then proceeded to start a full environmental impact statement which is expected to take eighteen months to complete, and is not expected to change a thing. This one individual held up a \$3.5 million project, caused pollution to continue, and handed his fellow townspeople an increase of \$350,000 to \$500,000 in the cost of their treatment facility due to inflation alone. Some mechanism must be found to provide relief from the threat of suit in those cases where professional judgment indicates the project is sound.

The no-growth advocates have used a different tack. Take the case of two plants in one community with one plant overloaded and one plant not at capacity. A building ban has been imposed on the system served by the overloaded plant. The community wants to build a pumping station to transfer the excess load to the second plant which could handle it. The no-growth advocates oppose this on the grounds that if the pollution is cleaned up, growth will occur. The NEPA requirements in this case are being used to continue pollution.

Most professionals in the water pollution control field are not asking for repeal of the NEPA act. They are asking for reasonableness in its application—applicability to the prime concern—not secondary and tertiary effects—like the number of policemen a community will have to employ due to possible growth of the community during the life of the project—or, the impact of construction noise on wildlife in the vicinity of the project—a treatment works is designed to enhance the environment, not destroy it. There are temporary disruptions, but these are limited. Apparently, people are losing sight of this fact. Perhaps the Congress should consider a continuation of an environmental assessment for a project but perhaps a moratorium on environmental impact statements for a year or two to get things moving.

On the economic front, the Environmental Protection Agency in its Water Strategy—Third Edition cites the amount of dollars obligated for construction grants. In reviewing the draft of this Strategy, I requested that the expenditures be broken down into Step 1, 2, and 3 obligations. Although substantial sums are indicated as being obligated for construction grants, I think analysis will show that Step 3, or grants for actual construction, were at a relatively low level.

The release of projects to actual construction could create employment opportunity. I have read that \$1.0 billion will generate from 24,000 to 80,000 jobs in the construction industry, and for related supplies and manufacturers. I think the figure is probably somewhere in between, but let's use the 24,000 figure for impact evaluation. EPA has some \$330 million in Region I. If these funds were obligated for construction, 7,920 jobs could be created. With the release of the impounded funds in compliance with the Supreme Court decision, the Region will have about \$900 million available for obligation. This would generate nearly 24,000 jobs for an area that now has a 10 percent unemployment rate.

There is another factor not frequently considered in evaluating the impact of delays—inflation. A 15 percent inflation factor on the \$330 million in the Region comes to \$49,500,000. A one-year delay in obligating these funds is costing nearly \$1.0 million a week. This is money which could be used to abate pollution and create jobs.

The New England Interstate Water Pollution Control Commission is concerned over the lack of construction starts. In an effort to address the problem, the Commission has scheduled a meeting for March 18th with the directors of the State water pollution control agencies and their construction grants chief and EPA Region I personnel to seek ways to expedite the award of construction contracts. The States were asked to come prepared to discuss the "hang ups" in award of contracts, and, considering Regional Office constraints, seek solutions and make recommendations to resolve the problems. Our discussions should be of interest to the Committee considering H.R. 3067. Consequently, I would like to extend an invitation to you and to the Committee members to attend that meeting in Boston. It is scheduled for 10:30 A.M. in the Jefferson Room of the Sheraton-Boston Hotel.

Mr. Chairman, I believe that my comments thus far have supported the need for a strong H.R. 3067. The State administrators share the concern of Mr. Cahill of the Environmental Protection Agency that the proposed legislation could create a "bureaucratic nightmare" as he called it. The discretionary action could lead to the development of new rules, regulations, and guidelines, or a rewriting of existing documents, all of which is time consuming. The track record so far with P.L. 92-500 is not good.

I would like to suggest that the Congress put the onus on the States to get projects under construction. Incorporate into the Bill a stipulation that the Administrator of the Federal agencies be required to accept a written certification from the States that the project as developed meets the requirements or intent of the law, and for those areas which are deficient, certification that corrective action will be initiated either concurrent with or subsequent to initiation of construction. Such Congressional authorization could also carry a temporary waiver of those few statutory conditions in P.L. 92-500 which are delaying construction awards.

Congress perhaps should set for the Federal agencies tighter commitment schedules for obligation of funds; periodic reports to Congress on time schedules, and preparation of "red tape impact statements" realistically identifying the problems that proposed rules, regulations, guidelines, and schedules will create from the standpoint of manpower and funding needs, as well as an assessment of the ability of the agencies, States, and municipalities to comply with imposed schedules.

Finally, we cannot overlook the fact that the Administration has imposed a \$500 million cash flow ceiling on contract obligations for WPC for fiscal year 1976. Acceleration of public works projects within a \$500 million ceiling is unrealistic. With this restriction, construction efforts will not accelerate regardless of whether the Federal agencies or the States administer the program. Congress must direct a higher cash flow ceiling—one consistent with the level of construction Congress wishes to achieve.

Mr. Chairman, I could go on—but, we urge this Committee to support a strong, but more definitive H.R. 3067 as expeditiously as possible. Appended to my statement is a copy of a letter received from the State of Rhode Island and a memorandum from the State of New York on the intent of H.R. 3067.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS,
DEPARTMENT OF HEALTH,
Providence, R.I., March 10, 1975.

MR. ALFRED E. PELOQUIN,
Executive Secretary,
NEIWPCO,
607 Boylston Street,
Boston, Mass.

DEAR MR. PELOQUIN: The bill numbered HR-3067, introduced in the House of Representatives by Representative James Wright and others to expedite construction of public works projects has been reviewed. This proposed act authorizes and directs the administrative head of federal agencies having jurisdiction over nine federal acts including the Federal Water Pollution Control act to reduce or eliminate any procedural requirements established in such laws which is delaying initiation of construction of public works projects. This reduction or elimination of procedural requirements applies to projects during fiscal years 1975-1976. It is the intent of this act to get exigent public works projects underway as soon as possible to reduce unemployment.

Unnecessary procedural impoundments have been imposed on the construction of wastewater treatment facilities under the Federal Water Pollution Control act. This has slowed down our pollution abatement program as well as reduced the employment of construction workers. We therefore endorse the intent of HR-3067 and urge support of this act.

Yours very truly,

CARLETON A. MAINE,
*Chief, Division of Water Supply
and Pollution Control,
Department of Health.*

NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION,
March 10, 1975.

To: Mr. Seebald.
From: Mr. Bagley.
Subject: H.R. 3067 (Wright and Others).

This obviously well-intentioned bill is surely destined to die in Committee. It is incongruous that Congress should pass a law repealing all procedural processes that they themselves wrote into other laws. However, for Al Peloquin's purposes (you are to call before noon tomorrow, March 11), the following suggestions are probably significant:

Section 3, page 2, in addition to laws listed, they should surely add:

(10) Title 24, United States Code (This is HUD laws affecting housing starts), and

(11) Farmer's Home Administration Water and Sewer Grants

Line 7 on page 3, "in his discretion" should be deleted as procedures in the laws were not established in his discretion to begin with, but by Congress.

Line 9 on page 3 should put comma after "such law" and add "regulation based on such law," to cause agencies to review their own imposed procedures.

We should concur with Al's proposal to add fiscal year 1977. However, should leave fiscal year 1975 in as we could make some progress during remaining 3½ months should law be passed.

The bill might stand a better chance of passage if it was limited to Federal Water Pollution Act, FHA and HUD, plus perhaps Highways but inclusion of (3) (4) (5) (6) (7) and (8) and (9) makes bill too controversial.

**TESTIMONY OF ALFRED E. PELOQUIN, EXECUTIVE SECRETARY,
NEW ENGLAND INTERSTATE WATER POLLUTION CONTROL COM-
MISSION; LEONARD LEDBETTER, DIRECTOR, ENVIRONMENTAL
PROTECTION DIVISION, DEPARTMENT OF NATURAL RESOURCES,
GEORGIA; AND MELVILLE GRAY, DIRECTOR, DIVISION OF EN-
VIRONMENT, KANSAS DEPARTMENT OF HEALTH AND ENVI-
RONMENT**

Mr. PELOQUIN. I have not been able to get in touch with one State upon completion of my final statement. I cannot say in accuracy that I am speaking for all the States.

I would like to hit some of the points of my statement.

In discussing the bill with the States, we found we agree with the intent of 3067. We also urge, strongly, a greater specificity, greater degree of specificity in addressing the procedural problems which are creating delays in award of construction contracts.

Also, the States concur on the specific areas that are creating problems in moving ahead, environmental impact statements, infiltration inflow requirements, cost recovery requirements, plus extensive documentation of alternatives.

All these things are contributing to delays. Limiting priority lists to the number of projects which can be funded from a given allocation, combined with the frequently changing requirements to qualify for a grant, has deterred communities from moving ahead with developing plans and specifications before they actually get on to the priority list.

In my view, probably the most important factor contributing to delays is the philosophy of "cover your butt" that has developed since enactment of Public Law 92-500.

In the field we call that CYA. It nauseates me to have professionals in the field of water pollution control tell me, "Well, we cannot do this or that because we have to cover our butts."

If you do not make decisions, you cannot make mistakes. So the decision is not being made.

On the other hand, I have to be somewhat sympathetic with some of these individuals when we consider the number of civil actions that have been taken against the environmental protection agencies. So there is a little bit of a two-way street here.

I think it would be helpful if a mechanism were found to provide relief from the threat of suit in those cases where professional judgment indicates that the project is sound.

With regards to environmental impact statements, most professionals in the field of water pollution control are not asking for a repeal of the NEPA Act. All they are asking for is reasonableness of application.

We have gotten to the point now where we must address items like the number of policemen that a community—the number of policemen a community will have to employ due to possible growth in the community during the life of a project.

In a recent document I had called to my attention, it looks as though we are going to have to address, also, the impact of construction noise on the wildlife in the vicinity of the project. Gentlemen, we have got to be reasonable somewhere here along the line.

Release of projects for actual construction, I think everyone agrees, would create employment opportunities. I have read fairly consistently, and I think these are figures developed by the Utility Contractors Association, that \$1 billion would generate some 24,000 jobs.

I have read that the figure ranges anywhere from 24,000 to 80,000 jobs in the construction industry and related suppliers and manufacturers. I think the figure realistically is probably somewhere in between.

Let us use the 24,000 figure for impact evaluation. The EPA has some \$330 million unobligated in region 1. If these funds are obligated for construction, about 7,900 jobs would be created within the construction industry.

With the release of the impounded moneys, this will generate, in region 1, about \$900 million for obligation. Again, I am using the low job figure. We have a potential here of about 24,000 jobs in an area that now has 10 percent unemployment.

Mr. Chairman, there is another factor. It has been mentioned today, as having an impact on the availability of funds. That is inflation. If we use a 15 percent inflation factor on the \$330 million that is now in region 1, and if that money sits there for a year, that 15 percent represents \$49.5 million. That is almost a million dollars a week.

In other words, we are losing almost a million dollars a week due to inflation.

If these projects could be moved and gotten into the field, that money would abate a lot of pollution.

Knowing of your concern over the lack of construction starts, this hearing, I am sorry to say, is actually a week too early because we had established for next Tuesday, March 18, a meeting with the directors of the State water pollution control agencies from the six New England States, their construction grant chiefs, and EPA region 1 personnel, to seek ways to expedite award of construction contracts.

The States were asked to come prepared to discuss the hang-ups in the award of contracts, and also discuss ways to solve the problem.

Our discussions should be of interest to your Committee. I would like to invite you and the committee members to attend that meeting in Boston if you can. If you would like to have your staff people come, we would welcome them. The meeting is scheduled for 10:30 a.m., in the Jefferson Room of the Sheraton-Boston Hotel.

Following that meeting, I will take it upon myself to provide you with the results of our discussion and any firm recommendations we feel might expedite the program.

To sort of wrap up and give my colleagues an opportunity to express their views, I would like to suggest that Congress put the onus on the States to get projects under construction and incorporate into the bill the stipulation that the Administrator of Federal agencies be required to accept a written certification from the States that the projects, as developed, meet the requirement or intent of the law, and for those areas which are deficient, certification that corrective action will be initiated either concurrent with or subsequent to the initiation of construction.

As has been stated by some of the previous witnesses, the Federal law deals with both results and the process. In interpreting the law, the Federal agency has dealt with the process in great detail. I think what we urgently need right now is to put in proper perspective the State and Federal participation, with the Federal agency concentrating on measuring the legislative goals versus the actual State, local performance, and allow enough flexibility to reflect the structure of and relationship between the States and the local jurisdiction.

Thank you, Mr. Chairman.

Mr. ROE. Thank you.

Mr. Gray.

Mr. GRAY. I am Melville W. Gray, director of environment for the State of Kansas.

I am also president of the Association of State and Interstate Water Pollution Control Administrators.

I hope to be able to speak to you from the standpoint of, if not all, most States today through my contact within the past 2 days, as well as from personal relationships within my own State.

I would like to indicate we do support the intent of the subject bill. We are not in a position to judge whether the Administrators of the various agencies will take heed to the latitude that is provided within the bill. I think perhaps you are better judges of whether they will, so to speak, risk the wrath of Congress in not following this intent.

I will try to be very brief.

What I do hope to provide you are some examples of delays within procedural requirements of the varying States. At the same time, I will offer some suggestions that perhaps this legislation would expedite the release and go to actual construction with the funds.

If I may dangle a carrot before you, let me indicate that there is one State that will, and I repeat, will put 56 construction projects under contract on actual construction this year. I hope you will note that this does evolve around procedural requirements.

If I may be permitted one latitude without fear of rebuttal from Mr. Sansom, I have to disagree with respect to a statement regarding industry being responsive to the needs of 92-500, whereas municipalities have not been.

Industry has not had grant programs. Therefore, they have been fair game. Industry does not have to have plan and spec review plus other procedural requirements approved by EPA.

These are approved by the States totally, and they are subject only to an NPDES permit which the States write.

Therefore, the States consider them fair game and have gone after them vigorously. Industry has responded. Municipalities, likewise, are responding.

My legislature has been in session since January. I receive calls every day from legislators who are inquiring, why does not the grant come through for the city located in my district? They are bugging me.

And they want to know why, with the grant application and supporting documents having been submitted for months, there has been no reported action. What has happened to it?

So, going into the specific content of my remarks, the States have been extremely concerned over the lack of construction activities. There is a difference between obligation of funds and construction. We have done a lot of introspection to try to evaluate where the hangups are.

Is this a result of our activities, or where does it fall, the blame?

By the same token, we feel that 10 years ago or 15 years ago, on the Missouri River Basin, we had approximately six Federal representatives in that office. We did more water pollution control cleanup at that time than we are doing now with hundreds of people that are available in the program activities.

So this self-analysis has been going on for the last 2 years. I think the difficulty is that we have been seeking one or two magnificent hangups, that if we could circumvent these, all of a sudden the construction would proceed. We have not found those.

Our conclusions are that there are hundreds of individual hangups of procedural requirements caused by people. Hence, we do have the delays we exhibit today.

I would like to give you examples of such delay. This is not called for in the legal language of Public Law 92-500. It is something new EPA has added within approximately the last 5 months. We refer to it as the PPP, and this is not a glass company, but it is a plan for the plan for the plan.

THE PLAN OF STUDY

The State outlines the area of consideration with the consultant and the municipality. The consultant submits the necessary documentation, along with some preliminary cost estimates, et cetera. The State reviews and submits to EPA, who then re-reviews and submits written approval. They will not approve the plan of study unless it is formalized in writing.

Then the applicant may continue with the application for a step 1 grant, and the development of the facilities plan.

There is approximately a 1-month delay in this process by re-review and the formalized written statement that they may proceed with a step 1 application.

I would point out to you that, effective this July, there will be another delay in that an applicant may not proceed with the facilities plan until he has been given the step 1 grant, subject to approval of the plan of study.

So that now they can do both. They can apply for the step 1 grant and, at the same time, proceed with the facilities plan. This will no longer be permissible.

This, as I indicated, is a nonstatutory procedural requirement and will add another month or so of delay.

So that now we are up to approximately 2 to 3 months, and we have not even begun the facility funding process. The facility plan itself, as authorized with the step 1 grant, is what we used to refer to as the engineering report. It contains the alternate treatment processes applicable and related cost factors, both initial and long term; that is, capital and operation and maintenance.

In addition, the law provides for analysis of infiltration flows. EPA has relegislated the term "infiltration" to become "infiltration-inflow," where inflow includes roof drains, foundation drains, et cetera.

These required factors of consideration within the facility plan should be considered and controlled. But too many times they are carried to extremes.

The consultant, on the basis of long experience, knows what is right or wrong for a particular situation, particularly in a community in which he has worked for many years. But he is required to develop long and exhaustive analyses for processes of alternates he fully knows are not in the best interest of the community and will not prove viable in the end analysis.

Additionally, he knows no one is going to dig up foundations on existing houses to eliminate sources of inflow. Too many times, the consultant is required to wait for the rainy season, which may be a year away, to make precise measurements of infiltration flows.

In some specific instances, this precise measurement is warranted. But in a majority of the cases, it is not.

Abuse of these guidelines is caused by people.

Then we get to the detailed plans and specifications. Incidentally, in the facilities plan, we can lose another 2 to 6 months, depending upon the size of the particular project.

PLANS AND SPECIFICATIONS

In the detailed plans and specifications and the operation and maintenance report, or the step 2 grant, there have been protocol agreements arranged with some States, probably 20 to 30 of them, throughout the Nation to date. Kansas is one of these States which has a protocol agreement whereby we are to review plans and specifications and pass these on to EPA with our certification.

We held out for a nonduplicative review on the part of the Federal agency, and we won, on paper, as did many other States. But duplication continues and is a loss of time of anywhere from 4 to 6 months.

I can give you a specific example on a community known as Clay Center, Kans.

EPA is supposed to provide a review of the assurances, such as equal rights, that the community can fund its 25-percent share, while the State is to do the technical review. We are not to submit our review comments to the consultant, nor to the community, until such time as EPA has responded with their, shall we say, legal review of the application.

Two to three months later, we receive comments from EPA which we are incorporating into a document to go to the consultant. And we find that it is, indeed, a technical review that is duplicative of what we have already submitted and covers the same items.

Hence, we have had another, shall we say, 3-month loss of time on that particular application.

In the States without a protocol agreement, delays have been noted in excess of a year, and are still going on, whereby States have submitted plans and specifications to the regional office and have been residing there in excess of 12 months' time and still not been approved.

Why not accept the State approval of such plans?

CONTRACT AWARDS

I would like to indicate in the step 3 grants or the contract awards, since 1972 we have dropped 85 percent in the number of projects and the number of dollars that have been committed to actual constructions.

Mr. ROE. Would you say that once again?

Mr. GRAY. Since 1972, we have dropped 85 percent in both numbers of projects and amounts of dollars that have been committed to construction. The obligations go up each year, but construction consistently drops off.

Mr. CLAUSEN. In the meantime, what is happening to the inflationary trend?

Mr. GRAY. In the past 2 years, I can cite specific examples to you whereby one project was held up that was estimated at that time at \$6 million. It went 2 months ago at \$10 million.

Another project was estimated in at \$5.5 million, and it actually was let for \$9 million within the past 3 months.

Mr. CLAUSEN. Thereby contributing more and more to the deficits of the budgets, thereby contributing more and more to the inflationary trend. It never ends.

All because of delay in procedures.

Mr. ROE. Obviously, the members are very intent on what you are saying.

The thought occurs to me along the line that the fiscal impact, not upon the 75-percent Federal money dollars, but just the fiscal impact of that 25-percent matching money that has to be raised locally on every town and village in our country, must be horrendous.

Mr. Wright, as a suggestion, we ought to be calling upon EPA to give us an updated report as to exactly how much of that \$18 billion authorization is literally under contract and in construction, not just in the point of obligation, which is the point you are making.

We want to know exactly how much of that funding is committed by written contract and in construction now.

Mr. GRAY. I believe the previous witness, Mr. Chairman, indicated that since the allocation or authorization for the \$18 billion, that in the

past 2 to 3 years, only \$500 million has been committed to actual dirt and concrete and steel.

Mr. ROE. What a revealing factor that is.

Mr. WRIGHT. Something like 3 percent of the amount that we had expected would be spent in actual construction.

Mr. ROE. I think that is terribly telling. We knew the Water Pollution Control Act Amendments of 1972 was a most complex and involved piece of legislation. It probably was the very key piece of legislation in this whole country in the last 50 years, even including the highway program. The interesting point is that in all the testimony over these past 2 or 3 years since its enactment, it has been pointed out that we need an additional \$50 billion at least to do what the broad base of the intent of that program projected for the whole Nation.

So what the people do not know is that, based upon that point of view, that \$50 billion turns into \$100 billion funding that will be necessary.

Who reads those environmental impact statements once written?

What do they do with them?

And I am not being facetious. In other words, the process of evolving the E.I.S. is based upon the intricacies, engineeringwise, of the project supposedly being studied to determine whether we missed the Indian mounds and whether we put the project up on this bank or do that and so on.

Again, I am not being facetious. What happens to the report? Who uses it?

Is it valid for any reference purposes? Is not the deed done, supposedly, in the process of developing the project report, rather than having this big stack of separate documents on the environment indicating that the project report was done properly.

Mr. GRAY. I think you are very correct, sir.

Prior to 1972, in the State of Kansas, which, in terms of population, is not significant, we would like to think in terms of stature it is, nevertheless, we were constructing 20 to 25 waste treatment plants per year. We are down to three or four now. This story is repeated in State after State after State.

Specific examples, Nebraska. A 3-month delay arguing about inflow, what to do. It could have been very easily handled by the State in requiring a municipal ordinance changed to prevent future inflow connections.

Let the State determine this course and proceed with the plans and specifications while the ordinance change is being made. Do not wait for the ordinance to become effective on this instance.

Iowa. Plans and specifications in the regional office for over 1 year. These have been reviewed and approved by the State Water Pollution Control Agency and their engineering staff.

I would suggest that they could go to the contract on the basis of that State approval.

California. The State is being sandbagged through A-95 review. Over 60 agencies must sign-off on the review. Federal agencies are reserving final comments until the facility plan is complete. Then it requires 6 months to a year more to go back in and redo the facility plan to address themselves to the questions that should have been brought up when the original project was submitted to the agencies for their comments.

Mr. WRIGHT. If the gentleman would yield.

Do you not agree that these things you are describing which serve no useful purpose at all, which contribute nothing to the evaluation of a project but contribute only to the delay of the project, are the very things that we are trying to address when we say procedural requirements?

Mr. GRAY. This is our interpretation of your bill, sir.

Mr. WRIGHT. We are not asking that they do away with any substantive or statutory requirements, but simply that they compress in a sensible fashion the time lag consumed in those studies and bring these on.

I am sure that the economy in Kansas well could appreciate some beneficial effect from the beginning this year on the backlog of projects that you have ready to go.

Mr. GRAY. Very much so, sir.

Mr. WRIGHT. Not that alone, but the environment of Kansas well could be enhanced by earlier construction of these waste treatment facilities.

Mr. GRAY. At a much lesser cost.

Some of the agencies performing A-95 review must take the time to lay out all of their concerns on proposed projects before the plan has been committed.

I would like to give you a success story here in which I dangled the carrot before you earlier relating to procedures.

In the State of Washington, a State bond issue was held a couple of years ago in which they issued \$250 million for water pollution control, water supply and solid waste.

The State gives a 15-percent grant on all water pollution control projects. Approximately \$100 million of the \$250 million was for water supply and solid waste. They have committed about 10 percent of the \$150 million for water pollution control because they are associated with the Federal grants construction projects.

They have committed practically all of the remaining funds on water supply and solid waste programs.

In Colorado, and this is the carrot, Colorado fully expects to commit 56 projects to construction this year in this manner. These projects are outside the priority procedures as developed under EPA. Therefore, they have no hope of assistance, whether it be for a collection system or a treatment plant itself.

The community simply decides that "we have to expand our system or need additional treatment plant." They are knowledgeable with respect to State operation, and vice versa. They simply come into the State agency and say, "We would like to expand build a new plant. Are there grant moneys available?"

The State responds, "Yes, they are available. This is a worthy project. Go back home, submit your application, get your engineer to work."

Within 30 days they can have their application in before the board who reviews it, approves it within 2 months time from the inception of this application.

Mr. ROE. Can I ask a question on that point?

As I heard you, you are suggesting that, in spite of the priority list established by EPA, outside that priority list these projects are able to move on under the agencies of the State?

Mr. GRAY. That is correct.

Mr. ROE. Would they not be eligible, anyway?

Mr. GRAY. Yes, sir.

Mr. ROE. So we are saying, rather than drown in our own swill, we are going to go ahead and do it ourselves.

Mr. GRAY. Correct.

Mr. ROE. That means it is a political decision. I use the word in the sense I am using it. It is a political decision that takes a lot of courage because a lot of the communities have held back in many States, as we heard in your hearings, Jim, and said, "Look, we are not going to move ahead here because we will be killed politically if we move ahead when there is 75 percent money available."

So, in effect, what we have done, because of EPA's priority system, is abominable where they have forced communities into regional relationships. And depending on how they arranged their priorities, would approve one town on a sewer collector system, but not the other two whose input is necessary to complete the regional sewer system.

There was no way those towns could politically and financially, enter into a regional sewer agreement, because one town said, "If we do not put in the collector systems, we cannot generate the revenue to pay our share off."

So, in other words, within the structure of the priority system established by EPA, and I do not know the reason why they did it this way, some communities were eligible and some were not. There was just no rhyme nor reason except to say perhaps that it was based, purportedly, on the amount of funding being made available which also involved the impoundment issue.

So, what you are saying is that in Colorado they couldn't afford to wait for Federal approval to meet the needs of the people for immediate action thereby negating their position for Federal assistance which got back to the point of retroactivity and reimbursement. It also got back to the crazy rule EPA put through, as I recall it, where they said that if a community went ahead on its own and put one shovel in the ground, they would forever be precluded from participating in a Federal program.

I assure you that was never written into the law by Congress, just for the record.

Thank you.

Mr. GRAY. In conclusion, if I may summarize the Colorado situation, and it takes approximately 3 to 4 months from the gleam in the eye of the mayor to actual letting of a contract for such a waste treatment facility.

These are outside the procedural requirements of EPA.

We have some suggestions to make, and this represents a grouping from many different States.

No. 1. Be able to give combination steps; that is, one, two, and three for small projects, perhaps with limitation in the \$2 to \$5 million range on this.

No. 2. For some of the larger projects, be able to combine steps 1 and 2, or 2 and 3, as the case may be, on an individual case basis.

Mr. ROE. Which could be written into an amendment of the law.

Mr. GRAY. I do not believe that is prohibited in the original law, sir. I may be wrong.

Mr. ROE. It can be done administratively. But I for one have found that the only way you can mandate something to be done is to literally and figuratively spell it out in the law so that there is absolutely no question as to what the intent of the Congress is.

Mr. GRAY. If I read you correctly, then, protocol agreements would be illegal for plan and specification review.

But this is still being done.

Mr. WRIGHT. Will the gentleman yield?

I do not believe the chairman said they would be illegal necessarily.

Mr. ROE. No.

Mr. WRIGHT. I think what the chairman was saying is that none of these requirements that are presently being forced upon the communities are required by law.

Mr. GRAY. I beg your pardon.

Mr. WRIGHT. None of the shortcuts that you are recommending would be prohibited by any existing law.

Mr. GRAY. No, sir.

Mr. WRIGHT. They could be implemented administratively.

I think what the chairman was suggesting was that we have a terribly frustrating time in getting it across to the agencies that this is what we want done, unless we just write it out.

It is so thoroughly difficult and, I guess, almost impossible to anticipate all of the beneficial shortcuts and mandate each one expressly in the law.

Mr. GRAY. I appreciate that, sir.

Mr. WRIGHT. What we have been trying to do here is to come to some language that will say to the administrative agencies, "Look, fellows, just do not take so much time. We do not need such elaborate studies. Take into account these various things, but let us get it done and move on with it, and let the people get the programs underway."

Mr. ROE. If the gentleman would yield, what I am trying to get across is this, I represent half a million people. I am relatively a junior member, having been here only 5 years. It is a tough job to govern. You know it. You have to do it, too.

What is exasperating to us is that we know what Congress wrote and what they meant. Then you have the conference report that goes with the bill at the time of its passage, trying, as Mr. Wright so eloquently stated, to be able to give the flexibility to the administration that we need to run a government. You cannot nitpick on every point.

But, by golly, I will tell you, sir, I feel just as frustrated as you do, because we know what we meant. We want to build those plants.

We are not coming back as the adversaries to the environment because we want clean air and water, too. We wrote the legislation.

We cannot write every detail, every nitpicking point, into the law. The legislation would be 50 pages thick.

It seems to me that what the committee ought to be writing into the law specifically is exactly what steps the administration has to take, in many instances.

For example, if it is a \$5 million project, why shouldn't provisions be written into the law to the effect that if the project is estimated to cost \$5 million, this is the procedure that will be followed—and spell the procedure out.

A \$500 million project will require more study, but there is no need to have an expanded study for a town that is going to build a \$5 million sewer system. In some of the testimony that was given before our committee, the title V groups pointed out that there are many areas, in the West and Northwest—in Montana and Wyoming and those regions—where the towns are now subject to booming types of development, because of strip mining and other aspects, ad infinitum.

How can they hope to keep up or get ahead with their projects if they have to go through 2 or 3 years of these nonsensical delays.

In the meantime, they have swill in their street—do you follow what I am trying to get at?

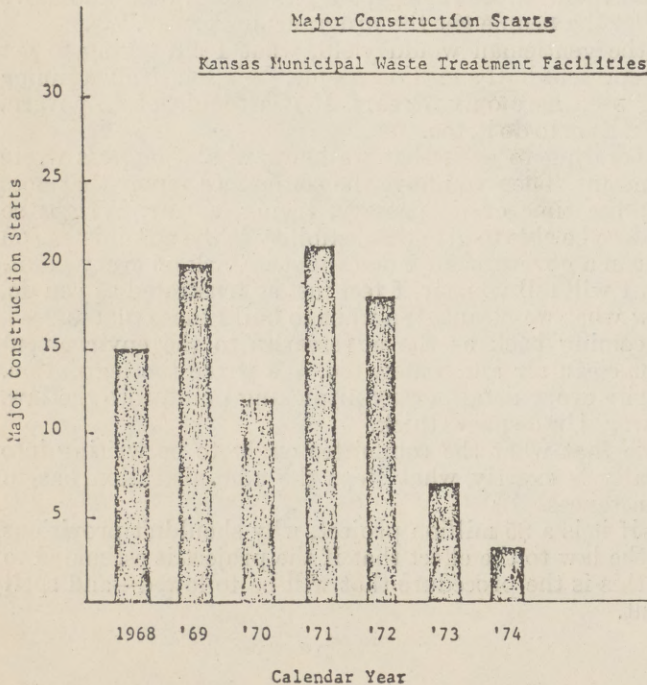
Mr. GRAY. Yes, sir. The same procedures are not applicable for Jetmore, Kans., as they are for New York City.

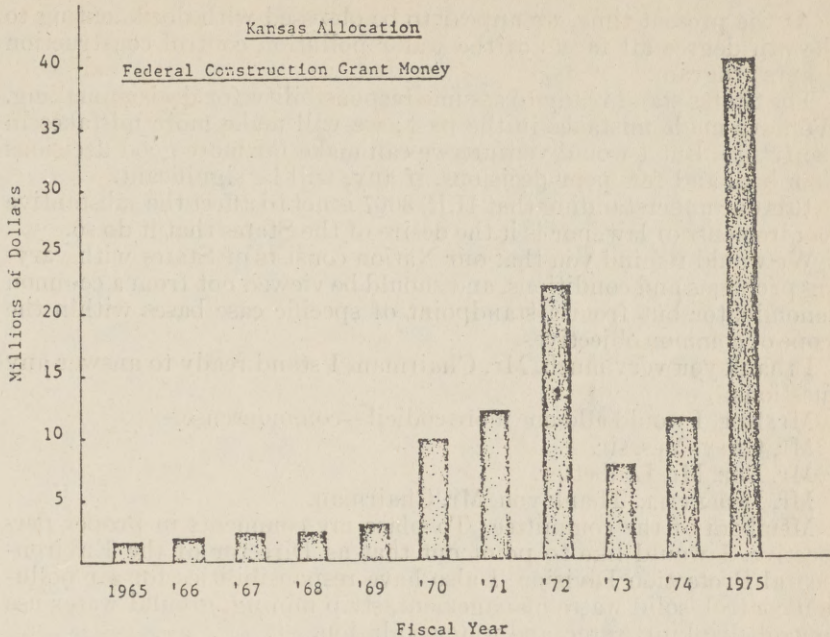
Mr. CLAUSEN. Mr. Gray, I am quite impressed with your understanding and sincerity and ability to present your testimony.

Now, you are an administrator. You have to deal with the complexity of procedures that apparently come about as a result of somebody having written them. Apparently, one of them was the previous witness.

In your judgment, what percentage of procedures, and look upon this as an administrator, do you believe could be eliminated and still get the job done consistent with the intent of Congress?

Mr. GRAY. I would say we could reasonably expect results by judicial application of existing procedures. We could eliminate probably 75 to 90 percent of the lag time in getting projects under construction. I do not necessarily disagree with the procedures, per se. I disagree with the administration of such procedures.





MR. GRAY. As Mr. Peloquin has indicated, the intensity of all levels within an agency for seeing that every "I" is dotted and every "T" is crossed, and it makes no difference whether it was Jetmore, Kans., or New York City, they shall approach this in an identical manner and procedure.

MR. ROE. The problems are not the same.

MR. GRAY. That is correct. They are not the same.

I would have to estimate off the top of my head that probably 25 percent of the procedural requirements at the present time provide no benefit whatsoever.

We could provide for accepting State certification and accept it for the plan of study, facility plan, and the plans and specifications.

No. 3, allow projects outside the existing priority list that are ready to go. Of course, this does bring forth the implication, are there going to be additional authorizations by Congress for succeeding years if we are going to achieve our objectives of cleaning up those worst violators.

No. 4, provide for flexibility at the local level in terms of hearings requirements and documentation and paperwork, particularly as it relates to extremely small communities.

No. 5, allow for some professional judgment consideration, as I indicated before, on the infiltration-inflow studies and development of the facilities plan.

Finally, in the above specifics, along with the previously mentioned problem areas, if we can provide an atmosphere of logical functioning by the elimination of a multitude of separate and distinct individuals who must provide their individual review before passing the project on to another level for review, and then onto another level, we can succeed in solving water pollution, stimulate the economy, and eliminate ulcers in State program directors.

At the present time, we appear to be obsessed with documenting to the *n*th degree all facets of the water pollution control construction grants program.

The States stand ready to assume responsibility for decisionmaking. We have made mistakes in the past; we will make more mistakes in the future. But I would venture we can make far more good decisions than bad, and few poor decisions, if any, will be significant.

It is our understanding that H.R. 3067 is not to affect the substantive requirements of law, nor is it the desire of the States that it do so.

We would remind you that our Nation consists of States with varying problems and conditions, and should be viewed not from a common denominator but from a standpoint of specific case bases within the scope of common objectives.

I thank you very much, Mr. Chairman. I stand ready to answer any questions.

Mr. ROE. I would add one more codicil—commonsense.

Mr. GRAY. Yes, sir.

Mr. ROE. Mr. Ledbetter.

Mr. LEDBETTER. Thank you, Mr. Chairman.

Members of the committee: To place my comments in proper perspective, I would like to point out that as Director of the Environmental Protection Division, I also have responsibilities for air pollution control, solid waste management, strip mining, ground water use control, drinking water, and water pollution.

The comments that I make regarding H.R. 3067 will be in that context, with the emphasis on water pollution control, because in our State, even though we started placing emphasis on water pollution control prior to these other programs, the No. 1 problem in Georgia today is still water pollution from our municipalities and local governments.

Slightly over a year ago I appeared in this room before the Investigations and Review Subcommittee of the Public Works Committee. At that time we were attempting to bring to the attention of the distinguished Members of Congress that the construction program under Public Law 92-500 was grinding to a halt. I regret to report to you today that we are still in serious trouble with the paperwork, and that, in Georgia, in this 1-year period since I was here before, we have gone to construction with three projects.

Under Public Law 92-500, we have had \$4.4 million actually paid to our towns and counties.

Mr. ROE. Out of what total?

Mr. LEDBETTER. Out of the 3 years we would have had about \$126 million for 1973, 1974 and 1975, and only \$4.4 million have actually been paid to the local governments.

Mr. WRIGHT. Would the gentleman yield at that point?

Mr. LEDBETTER. Yes, sir.

Mr. WRIGHT. I so well remember the splendid information that was brought to us in that hearing last year by Mr. Ledbetter, who appeared then as one of the panel of witnesses from several States, I think including the State of New York, State of Pennsylvania, and the State of Texas.

I think the gentleman will recall that at that time representatives from the EPA appeared and said, "Look, we know we have had problems; but we are on top of it now and are going to shortcut all these administrative procedures.

"We really think now we can get this money out into the field."

That was a little over a year ago.

Does the gentleman recall those statements that they made at that time?

Mr. LEDBETTER. Yes, sir, how well I recall. I think that same week they released the title II regulations that was going to clarify all of it and solve our problems.

Mr. WRIGHT. What a distressing thing it is to find a year later, that they have not speeded it up at all, apparently.

Mr. LEDBETTER. That is the analysis, yes, sir.

Mr. CLAUSEN. If the gentleman would yield. As you know, there was a lot of support for the clean water legislation that this committee started back in 1956, I believe it was. It really started to gain momentum in 1963. Then I think in more recent years, 1967, 1968, I think it started cranking up.

Then from 1968 on, there has been significant increase in authorization and in the funding commitments. There was a lot of support in the country for clean water.

How many of those people who are supporting the clean water legislation in your area are working with you to help clean up some of the redtape?

Mr. LEDBETTER. Well, one of the points that I might address, that Mr. Peloquin mentioned, that in his area they were going to be meeting with certain people in EPA and the States. We had such a meeting down in region 4, February 21. The environmentalists, environmental groups representing the eight States, presented a position paper at a seminar conducted for the eight-State region.

I presented a composite position paper for the eight States. We had local governments presenting position papers. This was a 1-day seminar. As a matter of fact, a member of this Public Works Committee presented the luncheon talk that day.

The environmentalists were saying in the Southeast, "Let's build some water pollution control projects. We recognize that you can do this in the context of environmental assessment."

And I appreciated the fact that they have participated in the seminar and support it. Let us get on with it. The States said that. The contractors were there. They presented a position paper, and the consulting engineers and labor groups, et cetera.

So all of the parties involved participated. We pointed out the problems. I think when you finally analyze all of it, you have to recognize that the real problem is that the title II regulations, which were presented about a year ago, were designed, and the whole process of the EPA grants procedures is that they are time-consuming because you go through three steps: Step one, development of the plan, et cetera; Step two, engineering plans and specifications; and finally the construction.

Now, I did digress some from your question.

But we have had in our area some of the people that supported the clean water legislation, some of the mayors that sent telegrams to

their Congressmen from Georgia, saying, "Pass the law; we want 75 percent grants."

They are still saying it. "Give us our 75 percent grants."

Therefore, I would have to disagree, as Mr. Gray did, with Mr. Sansom on the point of the local governments not moving forward, because it still is very much tied to the procedure and regulations and the long-drawn-out process.

Mr. CLAUSEN. Well, are you saying that the title II regulation is the primary problem?

Mr. LEDBETTER. They are very much a factor, yes sir.

Mr. CLAUSEN. How about the environmental organizations that were supporting this and gave us the support when we needed it? Why do they not use their influence on the EPA to address this question of the title II regulations and modify them? Or, are you suggesting repeal?

Mr. LEDBETTER. I am suggesting they be simplified, yes, sir. The impact that these groups can have on EPA may not be any more than the States can have on EPA at this time.

But at the same time, these are very involved regulations. It takes quite a bit of time. Really, if you sit down and read them, they do not appear to be that cumbersome.

It is when you go through the process with a project from the time someone has to say, "OK, Mr. Mayor, you are authorized to sign the forms and proceed with the project. And we are ready to proceed with our local share of the money."

When you get into the process from there on through, it gets to be a very involved process that just someone reading the regulations on the surface might not appreciate.

Mr. CLAUSEN. Let me ask you, you are an administrator. We do not very often have access to this kind of expertise, so we are drawing on this expertise. You said simplify the title II regulations.

If you and your peers were to be able to sit down and evaluate those title II regulations and "simplify them"; how long would it take?

Could you make a recommendation to EPA, or could you give us something here at the committee level? It may well be, Mr. Chairman, Mr. Wright is the chairman of the Investigations and Review Subcommittee, in addition to this being the authorizing committee, it may be that we need to start bringing some of those people up here that are writing these regulations and then bring you before the committee and get at the heart of the problem, see if there is a way of simplifying these things.

Mr. WRIGHT. Will the gentleman yield?

I recall that last year Mr. Peloquin, on behalf of the New England group, did bring some very specific recommendations to this committee for cutting out some of the delay.

At that time we asked EPA to look into these recommendations presented by the New England regional group because they seemed, at least superficially, to make eminently good sense to me.

They said, "Well, we surely will."

But I do not perceive that any of the recommendations that were then made by the New England group, which were quite specific, have been carried out.

Mr. Peloquin, have any been implemented, to your knowledge? Mr. PELOQUIN. I think some have Mr. Wright, not all. Mr. Gray and I are on the so-called Committee of Ten, which was established by Mr. Ruckelshaus right after the act was passed. We meet with EPA, Mr. Train and his top people about every 6 weeks. I am going to be speaking from a personal point of view here.

I have found this at times extremely frustrating. The Committee of Ten basically is one State representative from each of the 10 EPA regions. We have come in with specific recommendations; we have come in with arguments; we have come in discussing the proposed legislative amendments with EPA.

I personally have come away from the meetings at times and said, that I have blown a day. I have wasted my time. I am not interested in coming back. They are not listening to us.

At times, they have.

I think the impact of the State administrators appearing as a body on December 19th with EPA was a major factor in EPA trimming down its legislative requests. It is hard to say. At times they are listening; at times they are not.

Overall, I think we have won a few, but we have lost a lot.

Mr. CLAUSEN. You know, we talk about EPA. But in most cases you are dealing with certain individuals in these agencies. Are you suggesting that all of EPA is not listening, or is it just a select few that are not listening?

Mr. PELOQUIN. We are talking at the policymaking level. I would have to say that, from the outside, I think that there is conflict within the agency. There is a quest for authority as to whether the planners will govern and control, as opposed to the builders and so on.

There is that problem. I have told Mr. Quarles in conversation that I felt there had to be more direction from the top, down to the people at the lower level doing the writing on these things. I have told them that the people who write the regulations should be sent out in the field to implement them.

Mr. ROE. You can see our frustration. We have a gun at our heads in these hearings. You are aware of that.

The propaganda mill is a tough one to overcome. Suppose, as we are refining our thinking on this legislation—which I think is a Herculean, most courageous, just effort on the part of those who had the courage to sponsor this legislation—could we not be thinking about writing into the legislation the one important issue, a time frame?

Mandating time frames? Because you have nobody to blame this on.

It is so spongy and there are so many intricacies involved.

The review process should be simplified, as suggested by the three witnesses here, and categories established in dollar volumes which would not have as stringent restrictions as others. Perhaps we should write time frames into the law wherein these decisions must be made?

Mr. WRIGHT. Maximum time frame. It must be done within that time.

Mr. ROE. It might even be that a provision be included to the effect that if the agency, because of its ineptness and inefficiency or empire building does not function, then the authority would go to the State to move ahead with the project.

Mr. GRAY. I think we would endorse that.

Mr. PELOQUIN. In review of draft regulations, where regulations stipulated that the State shall, within 30 days, go through an action, then, say, that the Administrator shall initiate an approval action within 30 days. I have constantly opposed that position and made periodically the recommendation that the approval should take place within 30 days, not the initiation of action. I can initiate an action by taking a piece of paper and passing it on to my deputy.

It may sit on his desk for 10 days. The Administrator can initiate action within 30 days, and the thing still be hung up for a year.

Mr. ROE. There is one other thought we had considered, as you recall, within the framework of that legislation. We talked about setting up in each State an environmental court. If a situation arose whereby the project could not be delivered in time, whatever the reason may be, an appeal could be made immediately on that issue to some tribunal that would say, "OK, fine. Let us move with it." Or, "You cannot move," or "You have not done your homework" or whatever the case may be. So there would be at least some person or somebody some place to be able to make that decision.

Mr. GRAY. I would not object to that type of an approach. I would hope, though, that your previous statement regarding commonsense could prevent such drastic measures.

I might also, if I might, on behalf of the State administrators, rise to Mr. Clausen's suggestion.

I think we could put together a panel at your discretion that would be most willing and most happy to work with you, EPA, or anyone else with regard to regulations in relation to this program.

Mr. CLAUSEN. Allow me to say that, if you could put this together, we may be able to coordinate it between the staff, this subcommittee staff, as well as the oversight and review staff. I think that is enough.

Mr. ROE. Let us hear from Mr. Ledbetter.

Mr. LEDBETTER. First of all, Mr. Chairman, some of the points that I would have made were stated very well by my colleagues. So I will not go through the repetition.

We would be most happy to work with Mr. Gray and the association to recommend changes in the regulations, to simplify the regulations and to streamline the procedures. On many cases I think the answer is to proceed with conditions. Give the applicant the grant, stipulate certain conditions that must be met, and let them build it.

We can do the infiltration analysis, amend the grant and require it to be completed. I do not see that the act prevents that type thing. It requires the issue be addressed. We are all interested in that, at the State level, at your level, at the local government level.

But we sit around and wait months.

Another point we would like to make is that the Cleveland-Wright bill, we think, would help to a great extent. We would like to go on record that Georgia supports the concept of H.R. 3067.

The other thing that we need, though, more than just the State having the ability to review the plans and specifications, which we have, we do that, we have the agreement with EPA's regional office. Why do we not review the total project concept because my staff advised me we could save 4 months on just about all the projects if the

application came to our office and we reviewed the plan of study, went through the analysis, and we see to it that the requirements are met, so that it complies with Public Law 92-500 and NEPA.

Sure, we have the capacity and staff to do this type thing.

We go through the procedure anyway, so there is another 4 months on many of these projects we think we could save in our region.

Really, what I am saying is that the responsibilities of the States and local governments can only be fulfilled if we have the sufficient authority and flexibility on a lot of these projects.

For example, in Georgia we estimate we could move to construction approximately \$62 million worth of water pollution control projects in the next 6-month period if we simply could get the redtape out of the way, and an additional \$160 million worth of projects in the following 12 months after that.

In other words, in the next 18 months, over \$200 million that we could move to construction if we could get the redtape out of the way.

We are not saying to ignore the environment. These projects are to enhance the environment.

In addition to that, we built about 150 projects in the early seventies after NEPA. We had two environmental statements needed; environmentalists called for them. We agreed with them. Those projects have been built. But we cannot seem to move through the redtape under the new program.

I have one or two other points that I will make.

Mr. ROE. If you go ahead and build your own project as you were talking about in Colorado with your own money, you do not go through all this nonsense.

Mr. GRAY. That is correct.

Mr. ROE. So when one looks at it in a sense of objectives to achieve the goal, never mind the politics involved, if the States does their own project they cannot be doing wrong, anyway, can they?

Mr. GRAY. That is correct, sir.

Mr. ROE. Go ahead.

Mr. LEDBETTER. One of the real problems we see, I think, was mentioned earlier. That is that the regulations that are being used by EPA, their interpretation, results in, if it is good for the district, in Atlanta, New Orleans, and San Francisco, then it is good for Greenville, Ga., where we have 2,000 people. That is one of the No. 1 problems.

The 201 facilities plan is the term being used that you get into. You define the area and go through all the procedures. My staff tells me that is one of the real problems. Here we are back to the title II regulation that I mentioned earlier.

Another thing: Please, no more regulations for a while, unless they are simplified. Here are some regulations to amend the title II regulations for subagreements; in other words, architects and consultants. We do not need that, because my staff tells me that, if we get it into amending the regulations, the consultants, the local officials, they are busy with other projects, other things. So they hesitate. They have someone analyze this, and we will lose another 3 months any time they come through with a minor regulation.

We have commented on all the proposed regulations, just about. But we get very frustrated, as Mr. Peloquin just stated, with the fact

that, if it is good for the district and certain other places, then it is good for every place.

They ignore a lot of these things. We are to the point where we hardly have any flexibility with the program. I think that is one of the greater problems.

The seminar we had in Atlanta on February 21 was handled by EPA. I think they deserve credit for recognizing that there are problems in this thing. They set up the seminar, invited us, the environmentalists, the States, and so forth. The thing we are concerned about, we identified the problems, the regional office finds themselves more or less in the position that, to solve most of those problems, we come back to what my colleagues referred to a minute ago, to the top, to the decisionmaking level.

And there is very little flexibility given to the regions to solve some of these things, too.

If it is permissible, Mr. Chairman, I would stop there and submit a brief statement for the record later,¹ and work with Mr. Gray and his association in responding to specific recommendations. I have several. He covered some of them, but the hour is getting late.

Mr. ROE. We appreciate that. No objection; so ordered.

Are there any questions on my right? Mr. Oberstar?

Mr. OBERSTAR. Yes. Mr. Peloquin, one comment, and I do not expect you to respond.

In your statement, you suggest that Congress "put the onus on the States to get projects under construction."

By that, you suggest that the Federal agency, in this case EPA, or others be required to accept this written statement from the State that the project qualifies. My only concern with that would be that we might be transferring delay to the State level.

I like your "build first and look later" approach, but I am just a little bit concerned that we might be transferring that delay to another level of Government.

Using your figure of 24,000 jobs for each billion dollars of investment, how many jobs could we create this year if EPA were funded at its full authorization level, and how much of that amount of jobs would be delayed by redtape?

Mr. PELOQUIN. I have not analyzed the breakdown that much, Mr. Oberstar. It would depend on how fast projects could be put under contract.

If I may, I would like to address that point with my Administrators on the 18th of March, and give you an estimate which I feel would be fairly realistic and accurate.

Mr. OBERSTAR. I think your March 18 meeting would have some very great interest for this committee, and we would appreciate a report from you or whomever you would designate.

Mr. CHAIRMAN. That report could be helpful to the committee in our deliberations.

Mr. ROE. No objection; so ordered.

Mr. PELOQUIN. You are concerned with the States creating delays. I think I would have to say that possibly in some areas this could develop. But if we look at the success that Colorado has had putting

¹ See p. 71.

projects out with existing staff in roughly 3 to 4 months, I think, across the board, it would be a substantial improvement.

I do not think that would be a real serious issue.

Mr. OBERSTAR. I think a great deal could be served by telling the States, "You go ahead, move this program. We will look it over later. We will take your word for it. We will look it over later."

I think a great deal could be served by that.

Let me go back to my question of Mr. Gray. Delays through indecision. That is one of the great problems in administering Federal programs, the indecision by Administrators in carrying out the programs under their jurisdiction.

Over and over again I felt that communities throughout my congressional district, whose constant refrains were, "The application was sent back for further information," information which, in my judgment, should have been requested in the first place by the Administrator of that agency.

It borders on incompetence. I have no patience for that kind of thing. I think we should have field representatives who would go out and meet with the local governments and help them put their applications through.

How much delay, in your judgment, is consumed at that stage?

Mr. GRAY. I think a tremendous amount of delay is involved in the indecision. When I speak of indecision here, this may be brought on by a multitude of factors, among which could be political repercussions or local groups that may be violently opposed to such a project.

I think you will find that the majority of the State administrators have been used to an air of controversy and, for the most part, attempt to base their decisions on factual information, recognizing that the political decision is going to be the supreme authority in the long run.

Nevertheless, we are able and willing to face the controversies that might arise over a decision which would not be in favor in some areas. Specifically, I think that, depending upon the case, the size of the project, the location of the project, in some instances this can bring about delays as much as 2 years, which I have specific examples therefor.

In other cases, it might be only a month. I would like to think at the State level that these delays might be a week.

Mr. OBERSTAR. That is very encouraging.

Finally, you cited the proliferation of agency review. In your judgment, does that come from anything in the law, or is this something EPA people invented on their own?

Mr. GRAY. I would have to indicate it is invented by them, not being sympathetic in some aspects for them. But we do have cases where individuals work in compartments or offices, one, two, three, right along. They never speak to one another. They all go back to the States individually on items that have been covered by the person in the next office.

Mr. OBERSTAR. One comment on Mr. Ledbetter's presentation.

You referred to the infiltration inflow of studies required, and I agree that we ought to speed that portion up. I would prefer, however, to see the I. & I. study, itself, speeded up, rather than delayed until after the project is under way, because the original thrust of that portion of the 1972 legislation was to prevent unnecessary expenditure of Federal

funds on sewage treatment plants that would be far in excess of capacity, if infiltration could be controlled.

So we might be getting ourselves into another problem in order to solve this one.

Mr. LEDBETTER. Mr. Chairman, if I might respond to that, I agree with the Congressman. The point I was making is that we have a lot of smaller communities. I would clarify that in the statement that I will submit for the record.¹

We have in our State 450 of our 486 municipalities which are under 10,000 in population. In many of those cases we could do the inflow infiltration analyses concurrent even with construction, because we know the source of any industrial waste in the smaller communities. We know the quantity from the population. If there is an inflow and infiltration problem, we could analyze that while we were constructing the system.

Certainly, you could not do that type thing for Atlanta. We would not want to do that for our larger cities, and would not recommend it.

The problem we have, though, in a lot of parts of the country, even in our part of the country, we do have long periods of dry weather. It is very difficult because of some of the smaller towns having very poor flow records, et cetera, in previous years, to analyze any existing records for those type situations.

So if we do speed up the I. & I. study, we still get an incomplete picture.

So, I think we could get a much better I. & I. study by doing it over a longer period of time while we were constructing.

Certainly we would not do that for the larger projects, and we would not recommend or permit it, even if we had the authority.

Mr. OBERSTAR. That is a very helpful clarification.

I sense in the testimony, Mr. Chairman, that all three gentlemen have an underlying theme of kind of groping or searching for specificity on the part of the committee in this legislation. Each of you has suggested some particular areas, both in your own testimony and in the response to questions.

It seems to me that what you are looking for is some help from this committee to be more precise about those areas where we should cut the Gordian knot, so to speak.

Would that be a fair evaluation?

Mr. GRAY. If I may respond to that, not necessarily specificity in the sense that given this program to administer under the 3067, I think one could solve many of the problems we have related today.

Now, if it takes legislation of a specific nature to solve those problems, that is another question. We would defer to your judgment as to whether that would be necessary.

Mr. OBERSTAR. I think the question has been raised in other testimony. I believe it was in Mr. Mizell's testimony, that the legislation was vague and left too much to discretion.

So that formed the basis for his opposition to the legislation.

Maybe I have read you wrong, but I felt implied in what you are saying is, be more specific about where the red tape should be cut. I have a feeling that maybe we should be more specific about where it ought to be cut.

¹ See p. 72.

Mr. PELOQUIN. Mr. Chairman, may I comment?

Mr. ROE. Certainly.

Mr. PELOQUIN. Again, pressing a personal viewpoint, looking at it in a practical sense, we are dealing with an agency, with a bureaucracy which is made up of people. These people have a job to do. You look at the red tape, as we have been calling it; you look at the problems. The individual says, "Well, it is not my problem. I am doing my job. This is being generated somewhere else."

If we eliminate the red tape, that just means some decreased workload. It means somebody has nothing to do.

Mr. OBERSTAR. In cutting red tape, we might be cutting some jobs.

Mr. PELOQUIN. Absolutely. I personally think it is going to take a legislative mandate to say, "These are the areas, and they will be done."

This is, I think, the substance, of why we feel there should be more specificity in the act.

The last sentence on the first page, "reduction or elimination of procedural requirements," making this a discretionary action by agency directors will not really result in any great acceleration of construction. It goes back to the bureaucracy.

Mr. OBERSTAR. That statement is what I had in mind. It will be difficult, I think, for the committee to be terribly specific.

Mr. PELOQUIN. Absolutely.

Mr. OBERSTAR. If it means cutting out some jobs, you know the old adage, if you want a job done, give it to a busy man. It applies here, too.

Mr. PELOQUIN. I will make the suggestion again: Send them out in the field to implement the regulations they drafted. We will keep them busy.

Mr. OBERSTAR. Thank you.

Mr. ROE. Mr. Nowak.

Mr. NOWAK. Thank you, Mr. Chairman. Just a couple of comments.

Perhaps you can address yourself to a problem we ran into in surface transportation, which is different. It was a court decision relative to whether or not States should prepare the impact study that is needed, environmental impact study, or whether it is to be prepared by the Federal agency which has power over that particular type of construction.

I just wondered what your thoughts, as far as timeframes are concerned, would be, who is in a better position to prepare it, and to what extent you think the Federal review should consist.

Mr. PELOQUIN. I have not been involved in that.

Mr. LEDBETTER. We consider this as one of the areas that the Federal agency can provide assistance and be involved in this program, and not have to lose those jobs we were talking about a minute ago. In that, first of all, though, prior to making that point, I should emphasize that I think it is the responsibility of the applicant and the consultant and the State, and particularly the State, to see that a proper environmental assessment has been made and that at our level we have reviewed and analyzed that, and make the recommendation whether an environmental impact statement is needed or not.

That the Federal people, then, at the decisionmaking level, should put a lot of emphasis on that recommendation of the people out there with the responsibility.

We have encountered a couple of situations where a very small number of very vocal people have been able to cause the Federal agency to procrastinate, and we lose almost a year before a decision was made to do anything. That is something that must be addressed.

Mr. GRAY. Just a quick statement, if I may, Mr. Chairman.

I can assure you that if the EIS were actually made by the State, or written by the State, it would be considerably shorter.

I believe there were some allusions made to a few-page document as opposed to a voluminous report several inches thick.

Mr. NOWAK. Another party who testified talked about perhaps a single management concept to cut across the various agencies that have to handle the documents. I would appreciate your thoughts on that, if you feel that would be advisable, and if it has merit.

Mr. GRAY. I believe Mr. Ledbetter was the one who made reference to this. However, I think most States have assigned project engineers to a specific project. This is their baby. They are to ride herd on it through the State agency for all review procedures and be up to date on it.

So that I think this does provide more expedient flow of the necessary documents.

Mr. NOWAK. I was wondering, taking it from the State level to the Federal level, if you had a single concept manager there, so to speak, do you think that would help the various timeframes to get back to the States for any particular problem?

Mr. GRAY. I could see how it would help from the standpoint that some one individual would be responsible at the Federal agency to see that the area's counterparts of the review process did obtain their comments, get them out in a proper timeframe.

Mr. LEDBETTER. If I might add to Mr. Gray's comment there, we have been utilizing the project engineer approach for several years in most of the States.

The engineer starts the project, follows it through construction. When it goes into operation, he follows through. It makes for a better and more realistic program.

One of the problems we are encountering with the Federal program is that, right now, we have in the regional office a number of projects. When we keep prodding and checking, we are told one week. Well, it is in legal review. We call back 10 days later and they say that it is in environmental impact review.

If we could have someone that is the project manager, if they are going to continue being involved with this, we are hoping that through the Cleveland-Wright bill, we can eliminate some of this.

But as long as it is there, if we had a project manager at the regional office and it was his responsibility to move that project through, the problem you encounter is that someone has a responsibility, they check off that portion assigned to them, and they are through with it.

They do not feel they have any additional responsibility, and they certainly are not held accountable. Then it goes to someone else's office.

Well, he just got it this week, so he keeps it a week or so. Yet, when it gets through all of this process, it has been there 3 months.

Mr. NOWAK. Then you would think on that level, anyway, if you had one responsible person call and follow it through for you and get it back into your hands with approval or additional information, that possibly would be a very helpful step in the whole process?

Mr. LEDBETTER. Yes, sir, and someone to hold him accountable.

Mr. NOWAK. Right.

Certainly I think I have gained a lot of insight here, as to your problems. Your comments were very constructive. I would just ask you, if it has not already been asked, when I had to step out of the room, you call for a stronger and more definitive 3067. I would certainly welcome any specifics you could pass along to the committee for our consideration.

Thank you very much, Mr. Chairman.

Mr. ROE. Thank you, Mr. Nowak.

I want to thank you, gentlemen. You have been superb witnesses. I apologize for the long delay. I suggest the point of view that we would really welcome your putting together some documentation, specifically, that is what Don Clausen is looking for, and everybody else is.

We appreciate your coming.

I think everybody is trying to do the right thing.

I think the point that Mr. Peloquin is making to write specific time requirements into the law is a good suggestion.

If someone does not agree with a decision, they have a remedy. They can go to the courts with it. In the meantime, you talk about accountability. Somebody has to be in charge of the store to get the job done, as I see it.

What we are trying to do with this legislation is to devise some amendment to make it work. I agree with you. We are dealing with people. I do not think we are talking about cutting out jobs.

What we are really trying to do is get on with the jobs.

Again, I know you were called on short notice. It is an extremely important hearing, make no mistake about that. A lot of this input will be very valuable to this committee when it gets into oversight hearings and amendments of the particular Acts involved, plus trying to free-up the jobs for this country.

We look for your further reports and thank you very much for your patience and indulgence.

The hearings will remain adjourned until tomorrow morning at 11 o'clock,

[Whereupon, at 5:58 p.m., the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 13, 1975.]

[Subsequent to the hearing the following supplemental statement was received from Mr. Ledbetter.]

DEPARTMENT OF NATURAL RESOURCES,
ENVIRONMENTAL PROTECTION DIVISION,
Atlanta, Ga., March 24, 1975.

HON. ROBERT A. ROE,
Chairman, Subcommittee on Economic Development, Committee on Public Works
and Transportation, U.S. House of Representatives, Room 2165 Rayburn
House Office Building, Washington, D.C.

DEAR CONGRESSMAN ROE: Thank you for the opportunity to appear before the Subcommittee on Economic Development on March 12, 1975 to present facts and data relating to H.R. 3067. My presentation was made regarding the positive

relationship that H.R. 3067 could have with the water pollution control program (PL 92-500). In that context, we concur with the concept and support H.R. 3067.

A brief statement for the record is attached in accordance with the Committee's request.

The concern expressed by you and members of your Committee, together with your recognition of the crucial status of the Federal construction grants program for water pollution control, are encouraging to those of us charged with the responsibility of abating water pollution. Your continued interest and support through needed amendments to PL 92-500 and legislation comparable to H.R. 3067 will be greatly appreciated.

Respectfully submitted,

J. LEONARD LEDBETTER,
Director.

STATEMENT OF J. LEONARD LEDBETTER, DIRECTOR, GEORGIA ENVIRONMENTAL
PROTECTION DIVISION

The enactment of the Federal Water Pollution Control Act Amendments (PL 92-500) in October 1972 and the subsequent administration of the program by the Environmental Protection Agency (EPA) have severely impeded water pollution abatement efforts during the past 2½ years. Most of the \$9 billion released by the Administration during FY 73-74-75 has not been obligated by EPA for construction of badly needed projects. None of the \$9 billion recently released as a result of the U.S. Supreme Court Decision has been obligated.

Prompt and effective action is needed to expedite the EPA construction grants procedure to enable the State and local governments to construct water pollution control projects. Too much time has been spent by the EPA legal counsel and bureaucrats in their efforts to evaluate PL 92-500. Their interpretation of the law and the subsequent involved, voluminous regulations which have been promulgated have resulted in further delays in the program. While the analysis and attention of a majority of management level personnel in the Federal, State, and local governments have continued to be diverted for the past 2½ years to PL 92-500 and the incessant Federal regulations, the pollution has continued—mostly unabated.

It is imperative that the Congress provide specific direction and require accountability to change the course of the water pollution control program. The concept provided in H.R. 3067 can be the first major step by the Congress in giving EPA immediate notice to cut the red tape and accelerate the program. H.R. 3067 should be supported and promptly enacted.

The acceleration of the PL 92-500 construction grants program will stimulate the lagging construction industry, provide jobs, and more rapidly reduce water pollution. At the present Georgia has one of the highest unemployment rates in the Nation with the construction and building industry being particularly hard hit. Approximately 3,100 jobs could be provided within the next six months by moving projects to construction in Georgia. Another 8,000 jobs could be available in the following twelve months—if the construction grants procedure is simplified and accelerated.

In Georgia the 1974 "Needs" survey identified needs for construction of treatment plants and interceptor sewers (TABLE SP-3) to be slightly over \$1.0 billion. Over \$200 million in Federal construction grant funds are presently available in Georgia. Efforts to simplify and accelerate the construction grants program are greatly needed. Georgia's share of the Federal funds can, and will, be obligated to local projects if the Congress will provide a mandate which will require EPA to simplify and significantly eliminate many of their regulations.

Since Georgia has approximately 530 projects on the State's priority list with a total identified needs in excess of \$1.0 billion, what can be done to expedite the system? Through the authority of H.R. 3067 and other mandates the Congress should give EPA, procedures such as the following could be implemented:

1. Allow projects serving less than 10,000 population to proceed to construction as soon as engineering documents are adequate to allow for competitive bidding. The grant could be obligated with sufficient conditions to require a final project that meets the Federal and State requirements.

2. Permit in the future the use of the exception clause. 40 CFR 35.917(d), which allows construction grants to be awarded if sufficient Step 1 work has been completed to show that final size and location of sewers and treatment facilities will not be changed upon completion of a detailed Step 1 Plan.

3. For projects serving under 10,000 population, the inflow/infiltration analysis could be conducted while the treatment facility and appurtenances are being constructed. Sufficient information exists in the State office, the applicant's office, or the consultant's office to design a system. The inflow/infiltration study would document unusual problems and a condition of the grant would then require corrective action to control excessive inflow/infiltration. The recommendation would not apply to large cities with old sewerage systems; however, it would apply to 90% of the projects in most States.

4. EPA should allow the states to develop a priority system with more flexibility which would allow some projects to immediately proceed to construction. Collection sewers should be funded when serving an existing community and Federal funding is essential to initiation of a complete project. Several projects in Georgia have not proceeded to construction because the local share approaches 60% of total improvements to the sewerage system and the EPA grant pays 75% of only a portion of the project.

5. EPA is presently taking as long as 4 months on a project to review the plan of study, facilities plan, and sewer use ordinances. States are reviewing these aspects of the projects in order to certify project as eligible for a grant from that State's priority list. Why not accept the State's review and save up to 4 months time?

6. An immediate problem that will add to delays is 40 CFR 35.925-18(a)(3), which prohibits grant assistance for Step 1 or Step 2 project work conducted after June 30, 1975, if prior to a grant approval. This requirement should be repealed immediately. It encourages delays by local governments.

7. In the past 2½ years EPA has on several occasions changed regulations and procedures while applications for grants were being developed by applicants or were actually pending in EPA offices. These applications were returned for compliance with changed regulations. The failure of the Washington EPA personnel to understand and appreciate the work and time lost has been disastrous to the program.

8. Enact the Cleveland-Wright Bill and transfer the construction grants process to the states, but only with the requirement that the EPA regulations be simplified.

9. Revise Title II Regulations, 40 CFR 35, to eliminate the time consuming aspects of 201 Facilities Plan, Step 1, especially for projects under 10,000 population.

10. Prohibit additional regulations that do not comply with Items 8 and 9 above. H.R. 3067 does not provide for substantive or statutory bypassing by EPA and other Federal agencies. As a State agency charged with the responsibility of abating water pollution in the context of enhancing the environment, the Georgia Environmental Protection Division supports the concept of H.R. 3067. At the same time it is apparent that immediate, significant amendments are required to PL 92-500 and the Committee on Public Works and Transportation is urged to proceed with such efforts.

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PUBLIC WORKS PROJECT AND PROGRAM ACCELERATION

THURSDAY, MARCH 13, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, D.C.

The committee met at 11:06 a.m., in room 2167, Rayburn House Office Building, Hon. Robert A. Roe, subcommittee chairman, presiding.

Mr. ROE. We will reconvene the hearings on H.R. 3067, which is the legislation now before this committee to expedite construction starts on approved public works projects and to eliminate certain procedural requirements in order to reduce delays and accelerate public works programs and projects.

I am sure the witnesses have had an opportunity to look over this legislation and we are, of course, looking forward to their presentation. For those of you who were not here yesterday, we are aware that there have been some nuances in dialog floating around the Capitol that this legislation is some vicarious scheme to negate our environmental laws and at the outset the Chair would like to make it very clear that this is not the intent whatsoever of this committee. The intent here basically is to evolve expeditious methodologies with the help of our citizenry and our good Governors here today whereby we can work out amendments and beef up current public works legislation so as to get approved construction works underway and put our people back to work—in effect, to rebuild America at a much more rapid pace.

The Chair wishes to express its best wishes and good will not only of himself, but of the committee, to the Governor of the great State of Rhode Island, Governor Noel, who is our first witness.

Governor, we welcome you to this committee again. We appreciate your great help over the years and the presentations you have made to us in the past.

If you will take the witness stand we can proceed. I see you have a prepared statement, which we will, with no objection, enter in the record in full.

[Prepared statement follows:]

STATEMENT OF HON. PHILIP W. NOEL, GOVERNOR OF THE STATE OF
RHODE ISLAND

Mr. Chairman and members of the committee, I appear before you this morning on H.R. 3067, which addresses an issue of growing importance. It is my view that this legislation represents a badly needed stimulus to meet our economic situation.

Mr. Chairman, while others in our Nation may debate whether we are in a recession or depression, the stark reality of an unemployment rate reaching 14

percent in Rhode Island precludes any such academic discussion. In addition, the percent of unemployment impacts our labor force in a variable manner. For example, the unemployment figure in our construction industry now is estimated at 35 percent. Indeed, I have taken two major steps in our State which begin to suggest the urgency of the legislation which is before you.

1. I have asked for a 5 percent cut in the wage of every public employee in State service, and I have had to level fund State aid for education to our local municipalities. These actions are necessary because of the projected shrinkage of our State revenues, which are primarily derived from our sales tax and personal income tax. We are expecting a short fall of \$50 million in revenue.

2. In order to meet the decline in the cash flow in our state's economy and to impact our unemployment rates, I have asked our state legislature to enact special legislation of an emergency nature to bring before the people a bond issue referendum totaling \$40 million in programs to be matched by federal funds and total \$167 million.

As a preliminary estimate, we expect to generate 8,000 job positions within six months after approval of the referendum. Every project in that bond issue is ready for immediate implementation.

In short, Mr. Chairman, the State of Rhode Island is embarking on its own version of an accelerated public works program.

H.R. 3067 has, however, another dimension which is important to recognize. It goes to the question of the congressional intent in the many programs which meet societal needs. Construction for environmental protection, in terms of sewers and interceptors; public buildings or urban mass transportation have been encouraged by federal programs, on the one hand, and on the other, a series of regulations and unreasonable procedures have in many instances so severely curtailed the congressional intent of the program and have put that program into a posture of paralysis.

In addition, we have seen during the last few years the increased interdiction by the judiciary into the manner in which state and local government meets the responsibilities mandated for meeting the social needs. What I am saying is that whenever legislation, be it state or congressional, imposes statutory requirements upon executive agencies, the potential for judicial intervention is markedly increased.

These two constraints, the bureaucratic regulations and the defusion of power to deliver the necessary services by the intervention of the courts, are major hurdles which those of us in the states now confront. In stating this problem, I do not wish to slight the following issue:

1. The requirement for accountability with federal government divisions and departments feel is necessary.

2. The series of statutes enacted to make government more aware of the indirect results of their actions such as the environmental impact statement, civil rights movement and the Davis-Bacon Act. The manner in which congressional intent is administered and the lack of uniformity are indeed major obstacles.

We have all read recent newspaper accounts of the plight of applicants for food stamps. These are people who need help now. In most cases, the need for such assistance is not a result of some fault of the individual in need, but results directly from the state of our economy. Obviously, the federal government needs some reporting and accounting procedure to assure that people who are not eligible for food stamps don't get them, but do we need an eight page form and a monthly recertification process to guard against possible abuses? While the food stamp program is not within the jurisdiction of the committee, it is a current example of our frustration at the state and local level with federal red tape. Those people who must undergo that bureaucratic nightmare required to get their food stamps look to me as well as to you to solve their problems.

Another example closer to this committee's area of responsibility is the accelerated public works title on the public service employment act. In December, the 93rd congress authorized \$500 million and appropriated \$125 million in a special effort to accelerate work on already approved public works projects. It is now March 13th and the Department of Commerce, which was charged with the responsibility for administering the title, has not even circulated a draft of procedures for awarding these funds. The congressional intent and purpose of the title was to get people to work. Unemployment is now higher than it was then, but the administration and its bureaucracy have not acted.

While I think this legislation would be a major step in the right direction, I would like to point out what I believe may be at the root of the continuing prob-

lem; that is, the general lack of concern on the part of the U.S. Office of Management and Budget for actually managing the federal government. Only a continuing pressure for efficiency by the president's management arm can effectively stem the tendency of each federal agency to grow and prosper at the expense of all else. After years of talking about the problem, with the establishment of an Office of Management and Budget, and a federal government-wide effort to identify and correct duplicative, burdensome, and unnecessary red tape, we still see:

- No evidence of a concern for on-going management oversight of the agencies by OMB.
- Lack of follow up or enforcement of already existing federal management directives such as OMB circular A-95, GSA federal management circular 74-7 and 74-4, etc.
- No evidence of a central clearance point for approval and coordination of new procedures, rules and regulations.
- No apparent system to make use of the numerous study reports and management recommendations published from time to time by the general accounting office.

In summary, Mr. Chairman, I congratulate you on this legislation. It is a bill which is badly needed now. I believe the governors will support this and other attempts like it, for we can no longer match needed programs, flounder in a maze of bureaucracy while those persons the programs are intended to assist wait for help.

I would urge the committee to add truth to this bill by strengthening the mandate to both the agencies concerned and to the office of Management and Budget to get moving.

First, I recommend that the committee add language, which specifically requires OMB oversight of the steps taken by the appropriate administering agencies. Such language should also include a requirement that OMB and the agencies concerned report back to this committee within a specific time on the steps which have been taken.

Second, I recommend that the committee direct OMB to take those steps necessary to assure that the development of future regulations applicable to progress over which this committee has jurisdiction is carried out in a manner which avoids the proliferation of needless reports and procedures.

Third, I would underscore the fine work done by the General Accounting Office in documenting the problem we are addressing here. The Committee may wish to call for GAO oversight of executive branch actions in implementing this legislation.

Finally, Mr. Chairman, it must be clear that any reporting mandated by the committee should not be allowed to slow the process of implementation. Reports on steps taken can be submitted after the fact without slowing the implementation process.

TESTIMONY OF HON. PHILIP W. NOEL, GOVERNOR OF THE STATE OF RHODE ISLAND

Governor NOEL. Thank you, Mr. Chairman, distinguished members of this committee.

I would first like to assure you, Mr. Chairman, I welcome the 1-hour wait, because it was the first respite I have had in many days, so probably it would help to rejuvenate me physically and spiritually.

I am not going to read this testimony. It has been submitted in writing and as a result of your ruling, Mr. Chairman, made a part of the record.

I will try to, for the sake of time, briefly summarize the statement and add some comment that I think might be helpful to you in your deliberations.

In reference to this legislation, it is my view that such an act is badly needed to stimulate or to increase our capability as a Nation, to stimulate our sagging economy.

I point out that although some classify our present economic dilemma as "recession," we in Rhode Island refer to it as an absolute "depression." We have unemployment that is now in excess of 14 percent, and in our construction industries the average is in excess of 35 percent. Some of the trades were as high as 60 percent.

Things are so severe in my State that I have recently submitted a budget that calls for a reduction of State employees of 1,300 in number, which is about 7½ percent of the total work force.

I have asked all State employees to take a 5-percent salary reduction and recommended that we level fund State aid for education to our local municipalities.

We anticipate a revenue shortfall of about \$50 million and we have been doing whatever we can as a State to combat those economic distortions.

We have a referendum that will be going to the people, asking them to authorize \$40 million in borrowing, so that we can start some construction programs along with Federal matching money that we estimate will generate about 8,000 jobs within a period of 6 months. In short, we are making our own effort, we need the help and cooperation of the Congress—this kind of legislation.

The issue that is surfaced by this legislation would be of great help not only to our State, but to the entire Nation.

I think that the legislation goes to the question of the great contradiction that exists in our Federal, State, and local system between the intent of Congress to put programs into place that are designed to meet human need, on the one hand, and the severity of the bureaucratic regulation and rules and requirements on the other hand. And the way that that redtape and that bureaucracy impacts the original intent of Congress—simply stated—many of the great acts and resolves that have come out of the Congress are designed to meet human need and to reach those goals at the pace of a runner or fast walk, by the time the program gets to us we are lucky if we can commence at the pace of a crawl, if we can get off the ground at all.

It is a problem of staggering dimension.

I have served 6 years as a mayor and now 3 years as Governor, and I have witnessed the emergence of these programs from Congress. I have had the responsibility of trying to implement them as both a mayor and now as Governor, and I tell you, gentlemen, that this is one of the Nation's most critical problems today.

I just cite some examples—not that one example categorizes the problems in every area, but I think it tells the story.

Two years ago the Nixon administration announced that in Rhode Island, they were taking out all of our naval installations. Now, that meant, Mr. Chairman and members of the committee, 10 percent of the State's total economy. We lose 17,000 military positions, and we lost 5,000 civilian military jobs and 20,000 additional civilian jobs.

They surplused the property and we still have not gotten to the point in negotiations with GSA where we are able to start to negotiate purchase of that property.

The Federal Government has spent millions of dollars and the State government has spent millions of dollars. We perhaps could have 15,000 people working in private industry in those abandoned military

facilities that were built at the expense of the taxpayers of my State and this Nation—and we still have not begun negotiations to determine an acquisition price. Because, you see, under the GSA rules and regulations, Federal Government must sell that piece of property back to the taxpayers who financed its original construction.

What has happened in this country is that many of the rules and regulations were put in place, I think, at a time when the Federal Government appropriated money and financed Federal projects and the States appropriated their own money and financed State projects. And now we have a change and we have a Federal-State-local fiscal partnership and relationship, and we are still laboring under many of the old laws, archaic laws that do not recognize that now we are partners in a true sense and it is Federal dollars that are being matched with State dollars and local dollars to try to meet human need.

If the U.S. Government had turned that property over to us the day that it was abandoned and surplused, we wouldn't have needed millions of dollars in Federal aid. We would have produced thousands of jobs. And those people would have been paying Federal income tax. And we would not have the severe economic distortion that we have in our State today.

So that the issue that is addressed by this legislation is profound.

I compliment you, Mr. Chairman, and those on your committee, who are considering this legislation.

This book, we tried to get all of the Federal rules and regulations and guidelines from all of the Federal agencies, but we could not find a vehicle big enough to bring them to this committee hearing.

This book of almost 300 pages is only the index that leads you into the rules, regulations, guidelines, and procedures for one Federal agency, and that is the Environmental Impact Agency—300 pages of indexes, just, you know, to the rules, regulations, and procedures.

And I submit, gentlemen, that if we ever get all of those backup documents before you, we would need five wheelbarrows, and five strong men, to clearly demonstrate a point. That is one agency.

We cannot have this kind of a gap where Congress intends and legislates into place programs that are designed to meet human need, and then, because of all of these bureaucratic entanglements, dissipate the Nation's ability to implement those programs.

So this kind of legislation I think is of vital importance.

We support the legislation. I recommend that the committee also consider adding language which would require specifically that OMB perform some of the oversight function that they are supposed to perform relative to all of this Federal-State-local program area.

I would also recommend that the committee direct OMB to take the steps necessary to assure that in the development of future regulations, that they avoid proliferation of needless reports and procedures.

Much of what is required under these rules and regulations in my opinion is needless information, and I recognize the requirement for accountability and I recognize that we cannot turn our back on environmental concerns and a host of other very real commitments that we must stay with. But I submit that many of the rules and regulations and reports are needless information.

Third, I would underscore the fine work that has been done by the General Accounting Office in documenting the problem that we address

today. The committee may wish to call for the General Accounting Office oversight of the executive branch actions in implementing this specific regulation.

Finally, Mr. Chairman, it must be clear in any report mandated by the committee, we should not allow that kind of reporting to slow the process of implementation. The reports on steps taken can be submitted after the fact without slowing the implementation of the program.

That is a brief summary of my testimony. I would be willing to answer any questions you may have or to cite other profound examples of how a bureaucratic administration of congressional programs in some instances amount to a total obliteration of the intent and the value of the dollar spent is totally dissipated.

Some programs are seriously eroded, other programs it is totally dissipated. So that there is no value for the dollar spent as a result of the initial intent of the Congress when the programs are enacted.

I do not know how much time you have, Mr. Chairman. I have had 9 years working with these programs. I stand ready to answer any questions you might have.

Mr. ROE. Thank you, Governor.

Let me ask you a question: What kind of situation do you run into in your State vis-a-vis raising the matching money through bond issues for Federal programs? I am thinking about the point of view, are your bonds salable?

Governor NOEL. No.

Mr. ROE. Is it easy to get them to the marketplace?

Governor NOEL. No. It differs from State to State, as you know, Mr. Chairman.

Mr. ROE. Right.

Governor NOEL. We do not have restricted fund accounts.

We rely on general obligation borrowing, which must be authorized by people at referendum.

Because of the difficulty of our economy, people have rejected all of those borrowings, because it is very difficult to relate to the people they should authorize the borrowing because then we would have better employment in the State. They look at the multimillion-dollar price tag, get scared—they are unemployed—they come out overwhelmingly rejecting the issue.

So the recent release of \$2 billion is a senseless project. It is well intended, but what will happen is the States that are the most advantaged economically will be the ones that will spend the money and the States that are severely disadvantaged from the economic point of view will be helpless and will not be able to use those moneys.

Now, I know that Ash comes in and testifies one way and the Governors testify another, and that may lead to some confusion.

I submit that you should not listen to them, because they are guided and directed by the industry that supports them.

The Governors are the public servants and some of these—it is the Governors' fault over the years to allow their directors and employees to spin off and create a myriad of special purpose associations. And when you look at where they get some of their funds, then you get at the heart of the problem, and so that you have that conflicting testimony.

I think it makes Governors look bad and it creates some confusion in the minds of Congress who are trying to elicit valid testimony.

The match is a serious problem; I do not care what Ash says, we have to raise the money.

Many States will not be able to come up with a match. The States that will are the ones who need it the least.

We could not come up with that kind of money.

Mr. ROE. I think we have a double-headed ax here, which could be lost, in part, in these hearings.

For example, take your State. We know through the New York Supreme Court case, that the impounded funds for construction of wastewater treatment works have been released. Question: How much of your allocation of those funds are you able to put in actual construction?

Governor NOEL. Right now, none.

Again, the people rejected the bond issue last November.

I am coming back to the people in June with another request. Of course, our unemployment has reached catastrophic proportions and I am hopeful now we can sell the message they have to authorize the borrowing; if they do not, we cannot use the sewer money. We cannot use any portion of the \$2 billion that has been released and we cannot use our normal allocation of highway trust fund money that has never been impounded. So our situation continues to worsen.

Mr. ROE. So you have, in effect, two problems—two of many. Your dilemma is how to get the project moving with the Federal money held in reserve for the State of Rhode Island that could be put to work to create jobs. One route would be to short-circuit this myriad of paperwork and delays and the other would be to convince the people that if they voted for a referendum to match the Federal money, the project would, in fact, be able to move ahead and the work would be done.

Governor NOEL. Yes.

I just parenthetically point out, of course, people authorize borrowing. Under our law we have to start to set aside money out of general revenue to meet the debt service requirements and capitalization requirement and we are not in all that good shape.

We are predicting in that tiny State a \$15 million general revenue shortfall, because our situation is so severe that the normal revenue generators are failing miserably, but it is a gamble that we are willing to take because of our serious dilemma.

That is why I say, I think the notion of waiving the local match has great validity.

It depends on what region of the country you look to for definition of their particular problem. In our region it would be a lifesaver.

In some other regions, the fuel production States, the agricultural States that have not suffered the fantastic distortions we have in revenue, they may not need a waiver of the local match.

Unfortunately most of the programs are designed to apply universally throughout the Nation when the economic crisis impacts different regions in very different ways. Virginia has 4.1 percent unemployment. Rhode Island has 14 percent unemployment. Massachusetts has 10.5 percent unemployment.

Mr. ROE. New Jersey has 11.

Governor NOEL. Eleven. Right. The industrial States——

Mr. ROE. What we are saying is that we have two dilemmas, one is how to expeditiously free up programing authorized by Congress to build water and sewer plants and roads and highways and mass transit.

The second is the fiscal crisis locally in order to raise the local matching funds.

One sure way to put people to work in constructive production that will add to the economic base of the community state or is some kind of an accelerated public works program across the board that would not be bogged down by taking another 10 years for environmental impact statements or some other lengthy inquiry that could be expedited. In other words, we need flexibility to move.

Governor NOEL. You know, I applaud that statement, because those are my sentiments.

I would like to add two points. One, and I recognize the need to protect this Nation's environment, I consider myself an environmentalist. But when the index is 300 pages long to get into the various rules, regulations, and requirements, I want to make this point, you set in force a very strange set of circumstances.

For every regulation that is published, that is a possible interdiction in the Federal courts by those who would challenge any kind of forward motion.

Now, we are bogged down for two reasons. One, the bureaucratic regulations, and two, the fact that those bureaucratic regulations raise the possibility that in a direct correlation for interdiction in the courts.

So between the regulation and then the ensuing court challenge, most of these programs have ground to an absolute halt.

The problem is just starting to surface.

I cannot count the number of legal actions that have been brought against the State of Rhode Island and against the industrial proposals in recent months in the State of Rhode Island. Just our cost for counsel fees is becoming a burden. We are having trouble financing enough legal talent to answer all the various claims and cases that are being filed on the basis of regulations that are put in place by the bureaucracy in an attempt to follow out the mandate of Congress.

Mr. ROE. Just one final question, then I want to call on Mr. Wright.

Based on your knowledge of the proliferation of lawsuits involved, what kind of issues do they raise?

What factors are our citizens who are going to court concerned most about? Or does it cover a whole gamut?

Governor NOEL. I will give you one example. I sat in President Nixon's office and was briefed on his energy announcement and he said: "Nuclear power had to be a part of our quest to become energy independent."

I was with President Ford when he articulated the need to develop 200 new nuclear power production facilities in this Nation.

Now, to get to your question, in Rhode Island, New England Power System said there is a piece of surplus and excess Navy land, because, you see, it is now all vacant, they would like to use for nuclear power-plant. But it cost them \$18 million for research before they can file their application with the AEC.

They made a very sensible proposal to GSA, they said, "Before we spend \$18 million up front to find out whether or not we qualify, we want to be sure that if we do, that we can buy the land."

GSA entered into an option with them, said, "We, GSA, will hold the land while you spend the \$18 or \$20 million; go through the exercise of satisfying all environmental concerns. If you fail, you cannot exercise the option. If you succeed, you can exercise the option."

The antinuclear powerplant advocates bring an action in the Federal district court alleging that GSA has exceeded its authority, because they cannot enter into such an option.

If they cannot enter into such an option, that nuclear powerplant cannot even be studied.

Federal judge—by the way, they all have life tenure—[Laughter.]

The Federal judge imposes a temporary injunction to prevent the proponent from gathering weather statistics so that they can prepare their application. Temporary injunction, pending hearing.

Now, this company had already spent a few million dollars to build a weather station on the site, to begin to accumulate weather data required by the AEC.

Without even having a hearing on the merits, the judge says you must cease and desist accumulating ecological information, weather data.

You are not going to build one nuclear powerplant in this country—anywhere. Not even on an island in the Pacific. If that is the procedure that we are going to go through.

Now, that is a concise example of the kind of litigation that lifts off as a result of Federal rules and regulations.

And you cannot combat that kind of approach to this Nation's problems unless we change the rules.

Mr. ROE. Fine. Thank you, Governor.

Governor NOEL. I am not a proponent of nuclear power. I think you should at least be allowed to do the studies to decide whether it is good or bad. But he cannot get through the study phase.

Mr. ROE. You are pinpointing a third dimension. The third dimension you are suggesting here is that the approach of the citizen through the courts is also part of the delay. Right?

Governor NOEL. You see, they base their jurisdiction on the regulations put in place by the bureaucrats.

Mr. ROE. I understand.

Governor NOEL. Otherwise they have no standing before the court.

Mr. ROE. Mr. Wright, from Texas.

Mr. WRIGHT. Thank you.

I would like to express my appreciation to Governor Noel for his very excellent testimony.

I do not know anybody else in the United States who is on the firing line more than he, given the drastic levels of unemployment in his State.

And we are going to get things going, get people back to work, building constructive useful projects for his State and for the Nation.

We appreciate your statement.

I was intrigued by one of your comments. You said you regard yourself as an environmentalist.

I have always regarded myself as an environmentalist. In fact, in the very early days when it was not popular to be an environmentalist, I was an environmentalist.

Before the word "environmentalist" was invented, I was an environmentalist.

One of the saddest things I have seen occur is the manner in which a vital, vibrant, useful movement to clean up this Nation's streams, and air, has been distorted by militants who want to keep them from happening, instead of making it happen.

I applaud your position. I think all of us want to have a clean environment, and one way to get it is to clean up the water, and we cannot clean up the water as long as we are hamstrung and prevented in cleaning up the water.

What we on this committee are trying to do is to get something going, and we appreciate your help.

Thank you, Mr. Chairman.

Governor NOEL. Thank you.

Mr. ROE. Mr. Clausen.

Mr. CLAUSEN. Bill, I am most impressed with your basic understanding of the administrative process so that it adds strength and validity to your testimony; it is clear you have been doing your homework. You have made certainly a very fine witness.

There is one point that you touched on that I was just discussing yesterday, and I would like to have your response.

We are dealing with two basic problems; one inflation, the other recession, reversing trends.

I have felt if we are going to address ourselves to those problems as it relates to the funding from these various programs, that in areas where you would have, as an example, a clear indication 14-percent unemployment, Rhode Island, OK? But there are some of the areas in the country that are recognized as prime contributors of inflation. I think there is enough basic information that might be obtained from the Census Bureau or from the Department of Commerce that would permit us, in effect, to classify areas "inflation prone," "recession prone."

Now, you are in a smaller State, certainly I from California would face a bit more difficult task in attempting to accomplish this, but is this a realistic objective and potentially an attainable goal to, in effect, administratively hold funds from going into an area that is inflation prone and administratively released into the areas where there is a recession unemployment indicators?

Governor NOEL. Absolutely. I think that the only way we will ever really solve the Nation's economic dilemma is if we have that kind of flexibility in our spots, so that we can recognize that the economy is impacted in the regional context and design our programs to address national economic ills in the regional context.

I can cite one example; I am going to go over and testify before Senator Bayh's committee next. When it comes to waiving the local match, it need not be a waiver of the local match.

You can set up a repayment provision.

Mr. CLAUSEN. We did this in highways.

Governor NOEL. You did?

Mr. CLAUSEN. Yes.

Governor NOEL. What I was going to suggest was the repayment criteria could be made to directly correlate with the level of affluence of forward movement in the economy of any given region.

Fourteen percent unemployment in Rhode Island, you might allow us a 6-year payback period.

Some other part of the country has no unemployment, 4 percent unemployment, the program may say that they cannot waive the local match; they are funded.

And you know that kind of flexibility in the program would make it much more effective in combating the Nation's economic ills.

That is just a quick example off the top of my head. I could cite others.

Mr. CLAUSEN. No; I do not think we need to go any further. I think we might have difficulty with extended payback periods for that period of time, because conceivably we have to develop on the basis of within a given fiscal year or two.

I do not know what the prerogative of the Congress is in terms of obligating future Congresses.

Governor NOEL. I just made that as a quick example; a more reasonable program, the one I am going to testify to, would be that the repayment escalate as unemployment statistics fall, because we put our people to work in Rhode Island, we can afford to pay back those funds very readily. So the payback could relate to unemployment statistics.

As your unemployment falls and you go to full employment, your rate of repayment would escalate. It need not be an arbitrary figure like 6 years, 2 years, or 3 years, or whatever.

Mr. ROE. Then, in effect, what we are doing is we are going into a CETA—Comprehensive Employment and Training Act—program of vast magnitude.

We are providing public service employment projects of vast magnitude, extending unemployment compensation benefits which were increased \$95 to \$105 per week. We are talking about multimillion-dollar food-stamp programs and expanding assistance programs under social security. These Federal programs are desperately needed on the short range.

On the other hand, they are not producing new capital wealth to serve the new dynamics you are talking about in your State.

So there has to be some kind of transition that ought to take place very quickly. In my judgment, I do not see anything wrong at all in considering the establishment of a \$5, \$6, \$7 billion Federal program in open-end 100 percent grants for public works projects needed now to put people to work. We will be building something for the people of our country.

We have had testimony from people in the Midwest, for example, who are caught in situations where they are getting into increased demands for mining of coal, metals which we are looking desperately for now, uranium and other minerals and resources of this nature which are creating boomtowns in their towns which have no capital base whatsoever to be able to build their water supply, sewers, and other public facilities—towns with populations jumping from 2,000 to 10,000 people.

Jim Wright, that was before your committee, as I recall the testimony.

There is no way those communities could possibly match the Federal money under a 10-, 15-, 20-, or 25-percent matching formula—because they do not have the capital base to begin with.

So why would it not be bold thinking to say we must rebuild this country, and the necessary billions of Federal funds ought to be put into capital improvements projects that are going to create a chain reaction for the whole economy. I am talking about permanent chain reactions. You hear reports that this recession will be over in 6 months. I do not believe that to be so in any stretch of the imagination. I think that is part of the thrust you are taking.

Mr. Howe, from Utah.

Mr. Howe. Thank you.

Governor, it is so nice having you before the committee.

I am sorry I was not here earlier to hear all your statement. It reads much like one of your colleagues, the Governor of Utah, who is National Governor Chairman at the present time, a person I have worked with closely over the years.

I note that one of your themes is something that I have identified, in the time I have been associated with Government at different levels, the truism: "The general lack of concern on the part of the U.S. Office of Management and Budget for actually managing the Federal Government," where managing the Federal Government seems to be the real problem we are talking about before the committee today.

I noted some of the suggestions which you have in your recommendations to the committee of directing and pinpointing some responsibility on OMB for taking those steps that are necessary to actually carry forth some expediting of these procedural routes.

My question is, in your experience, do you feel that we can expect that that will bring the results that we need if we try to pinpoint that responsibility on an agent?

Governor NOEL. I do not want to sound overly pessimistic, Congressman, but this whole Federal-State-local relationship has grown so complex and vast that I am not hopeful that those recommendations will result in any dramatic turnaround of the dilemma that I think is confronting this Nation.

I think the recommendations are designed to help us a little bit.

I have had some good assistance from OMB. I do not want to criticize the people in the Agency. For example, when you get into one of these fantastic entanglements, if you go to OMB and they assign a staff person to you, then insofar as that individual problem is concerned, they work very hard and diligently and there are some very devoted people there.

So I do not want my testimony to be viewed as a criticism of OMB and its personnel, but rather testimony that is directed at the lack of effectiveness of the Agency when trying to deal with all other Federal agencies in this regard.

Now, I am not hopeful of those recommendations or anything we could legislate into place would really take us out of what I consider to be a very serious dilemma that weakens our capability as a Nation to repond to areas of need.

Mr. HOWE. I gather, Governor, your emphasis is really on trying to make that Agency, the Office of Management and Budget, do what it appears should be the intent, to really manage and not just control.

Part of that management process, as I gather from your testimony, is to attempt to move along and administer and expedite those programs that are authorized and funded under the law?

Governor NOEL. I do not think they have any more clout with the rest of the bureaucracy than we do as Governors or than Congressmen might have, or than mayors or county executives or officials.

The strength is in each area. And, you know, they operate with sort of a tunnel vision approach, because they have one specific goal.

So OMB's task is a mighty one. I think they could try to do a better job if they had some prodding from Congress, from the executive branch of Government.

Mr. HOWE. I appreciate that, Governor. Thank you.

Mr. ROE. Just to amplify a bit on Mr. Howe's thrust; one of the threads of the testimony yesterday by different witnesses was based on a possibility of Congress considering to write into law a definitive time frame for the project review period, so that there would be a mandated provision in the legislation whereby a decision of either yea or nay, approve or reject, must be made on the project within that given time period.

In other words, I think you are hitting upon a very, very important nerve center in saying that the mechanism is so spongy there is nobody to blame it on per se.

But if a dimension of time were created by legislation within which decisions had to be made, would that not be helpful?

Governor NOEL. That would certainly put their feet to the fire, so to speak.

I do not know that realistically that is possible. When I was mayor of a city and tried to certify an area as eligible for urban renewal and we ultimately succeeded, it took us over 1 year to compile the data and the application weighed 11 pounds.

I was mayor of a city of 100,000.

I do not know how much, you know—we weigh the Federal documents. We do not count the pages—we cannot count that high. [Laughter.]

Mr. ROE. The time frame would have to be related to regulations that provided a realistic achievement within a given period of time. The rules would then have to be written to meet the time frame?

Governor NOEL. Like I say, Mr. Chairman, it would really put their feet to the fire. It would stimulate a whole new direction of thought. And maybe Congress might want to experiment in one program area, see what happens.

We have got to get away from a situation that now exists because it has become intolerable.

Mr. ROE. Mr. Cleveland.

Mr. CLEVELAND. Thank you, Mr. Chairman.

I want to thank the Governor for a very interesting statement.

I plan to quote at least part of his statement, when you speak about these unreasonable procedures in many instances so severely curtailed the congressional intent of the program, put the program into the posture of paralysis—fine use of the English language.

Governor, I wonder if in supporting this legislation you have given any thought to the possibility of adding to the legislation some section that would speak of the court proceedings?

We cannot under the Constitution, of course, do away with the courts, but legislatively we might be able to have a challenge under this type of emergency legislation at least move quickly on a court docket, perhaps by a three-judge circuit court of appeals to expedite the inevitable court challenge that will come out.

Is that something that either you or your staff have given any thought to in studying this legislation?

Governor NOEL. No, but it is an intriguing thought.

I would make a strong statement, but I am already fighting with most of the people in the northeastern part of the world, and I do not want to start a battle with the courts.

But we have a real dilemma in that area and that, of course, is the very lengthy process to get through the litigation when some of these issues surface.

I have not given it any thought and I would rather not address the question, it is a profound question, for fear of giving a not too intelligent answer in an area I am not really up to speak on. I would rather defer it.

Mr. CLEVELAND. Thank you.

Mr. ROE. Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman.

Governor, I am very much impressed with your excellent presentation which covered a number of issues I think of importance to the committee, and we will find very helpful in our further deliberations.

Just a moment ago your reference to urban renewal, although that program has now been phased out by HUD, there was a period of time when we did battle with the bureaucracy, finding in the same spirit that you did that the mayor of a city of 100,000 people—you said it took you on the order of 18 months to get an application through HUD? Do you know how long it took the city of Cleveland to get a similar application through HUD? 18 months.

Chisholm, with 7,000 people, my hometown, it took 18 months to get urban renewal out. For a lousy \$300,000 application.

Now, we went to HUD and asked them to devise a short form, like the IRS 1040 short form for poor people, little towns—they could not do it. Did not know how; it was beyond their competence.

This is the kind of thing we are trying to get at in this program, in this legislation.

Now, you have cited a bond issue of \$40 million to match these funds for \$167 million, 8,000-job program.

How much of that can you really get underway fast unless we, you know—unless we change this burdensome red tape?

Governor NOEL. Well, for example, by the time—I have to have authorization from my general assembly, which they have assured me will pass, then we have to set up mechanics to have a statewide referendum, looking several months down the road.

If we were able to—and I say this in a partnership sense—use imaginative procedures for the use of Federal dollars that are already available, we could start to put those people to work within 5 days.

So even if my program succeeds, it will be several months before we bring people aboard as employees. And by then we might be up to 20 percent unemployment.

Mr. OBERSTAR. What programs will be covered by this bond issue?

Governor NOEL. About \$15 million to \$16 million is in the environmental area for water pollution control programs, which include interceptors, pumping stations, the heavy hardware end of those environmental systems.

About \$14 million for ABCD roads. I am talking about primary and secondaries as opposed to Interstate, because the time lag to get Interstate going is enormous. You have right-of-way acquisition problems. You have environmental impact statements, et cetera.

The only fast track work that is available in transportation—road system area—are the primary and secondary roads because the right-of-way is there and the environmental considerations are very slight, and the engineering timespan is very short.

And then some urban mass transportation money to begin to develop a better mass transportation system in the State.

And the other area is in the area of high-rise construction, university system, where we already have the engineering designs completed and are ready to go to bid to build some libraries, university, vocational training facilities, other kinds of buildings to be used in our university and educational systems.

Those are the three major facets of that program.

Mr. OBERSTAR. Those are labor intensive areas of the programs that can put people to work fast.

Can you identify for us in those—just take one of those programs—the sticking point, the bottleneck areas, and with some specific suggestions of what redtape should be cut, what is worthy or not to be sliced?

Governor NOEL. Well, I will admit this, but this program is designed in areas that avoid the Federal bureaucracy.

We have many other projects that would otherwise have a higher priority, but we have given up on those. So that we are only going for a program where we have already either met the Federal requirements or where there are no Federal requirements that would be burdensome.

But we cannot afford—this is a make-work-now project, and we are not so sure that this legislation will pass and become so readily effective in a short timespan that we could deal with other areas. Not to be facetious, but we have avoided other areas where we know that it would take years to fight our way through the bureaucracy.

Mr. ROE. Will the gentleman hold for a moment on that point?

Mr. OBERSTAR. I yield to the chairman.

Mr. ROE. What we are saying basically to those who think that this committee, who wrote the laws to improve the environment, would now negate the environmentalists and become antienvironmentalists; nothing could be further from the truth.

What they do not understand is the basic point. If your State had the capital wealth, you would say to the Federal Government—pardon my language, I mean it as a colloquialism—“Be damned, we will build it under our own steam. Therefore, we are going to build it anyway, and we are not going to be hung up by a lot of nonsense”.

Governor NOEL. That is the attitude that pervades all State and local level government right now.

If I thought we could fly on our own, I would go back and write out one big check and send all the money back to the Federal Government. Because we just are stymied and frustrated and stopped and prevented—and it is becoming intolerable.

We are looking now in the health care area to see whether or not it is worth our while to refuse further participation in title 19 and title 16 money because we think we are now at the point where we can provide a better level of health care and not spend that many more State dollars and turn all Federal money back.

We think we can almost now—if it keeps going this way, we will soon be at the point where we would be better off to avoid participation in Federal funding, because we are convinced that we would be able to deliver better health care using State dollars through the avoidance of the Federal regs.

Now, that is a tragedy, but I have a study under way now in my State to see whether or not we have reached that point. It is very close.

Mr. ROE. Mr. Oberstar.

Mr. OBERSTAR. Governor, in your statement you refer to, or if I may quote, "A series of regulations and unreasonable procedures have in many instances so severely curtailed the congressional intent of the program."

You may not be able to here enumerate right at your fingertips those programs, but it would be helpful, I think, for the committee if you could have those people in your executive offices that could submit something for us.

Governor NOEL. I have it.

Mr. OBERSTAR. Submit something for us, go into detail on this. That is what we are trying to get at. Those specific regulations and reasonable procedures, that is the whole point of this legislation.

You know, we used to call them paper shufflers in the Federal bureaucracy. They do not shuffle the paper any more; they massage it.

Governor NOEL. Mr. Congressman, you probably came in late.

Mr. OBERSTAR. No; I was here.

Governor NOEL. This book is 300 pages of indices. This is the index to lead you into the rules, regulations, and requirements of one agency, EPA.

Mr. OBERSTAR. Are those the troublespots?

Governor NOEL. No—Well, if you have 300 pages required, printed on both sides, just to list the index into the rules and regulations, you cannot even find one agency that has them all. I mean, it has reached preposterous dimension.

I mean, we can lay them all out for you if we could ever find them and figure out a way to physically move them before the committee. It would fill the room. At least to a level of 5 feet.

Mr. OBERSTAR. Mr. Wright's subcommittee, which really has led the way in this field of red tape and how to cut it, had testimony a year or two ago by people from the State of Pennsylvania who showed that in 1 year, they were able to present their whole State water pollution program to the Federal regional office of EPA in a manila folder.

The following year they needed a station wagon to bring all of the stuff EPA wanted—in compliance with the new law we had enacted in the interim.

There is something wrong there.

I wanted to ask you, you are the first person I have heard to have very kind words for OMB.

Have you had experience with A-95 authority; in your judgment has it worked?

Governor NOEL. I do not think so. I think it has become a pro forma kind of approach. Everybody signs the paper.

You know, I had one of my aides the other day, just to inject levity, bring in the new agreement between the State of Rhode Island and Civil Defense Preparedness Agency. It was about that high [indicating]. This young fellow, very, very bright, said, "Sign here."

[Laughter.]

And I signed it. And I do not even know today what is in it. Because it was several hundred pages long. And I knew he had not read it, and he is a fine employee and very bright young fellow, I did not want to embarrass him. I do not know who has read it.

But the reason I signed it was because I had my budget director sitting next to me with another pile of papers that was twice as high that involved reporting systems that had to do with general revenue sharing, which was supposed to be sort of a grant program.

I did not have time to read that stuff. I do not have staff—they do not understand it all. And so you just start signing things.

That is what happened to the A-95 procedures. It works a little bit. I do not want to speak with disdain about it, it has some effect, but—

Mr. OBERSTAR. Very little effect?

Governor NOEL. Congressional intent and what is happening out there in the real world is a chasm, you see. It is unreal.

Mr. ROE. But not before Mr. Shuster.

Governor NOEL. OK. I want to tell you about a Labor Department program I ran when I was a mayor, a public service careers program.

One of my bright young people came to me in a rush, said "tomorrow is the last day, if you do not apply for the grant now they are going to send it to Texas." The kid was enthusiastic.

I had done this many times before. I sat at my living room table until 2 o'clock in the morning. It took me 2 hours to fill out the application. I could write a report to satisfy any bureaucrat—it does not matter whether you are performing or not, you qualify on paper if you know how to write, you pass; if you do not know how to write, you fail.

I wrote the program in 2 hours. The kid hustled it up to Boston next morning. We were awarded the grant.

Now, I had to hire an administrator for this program. I found an eminently qualified retired superior officer from the Army who had done personnel manpower training in the service. He was a man of substantial means in his own right and had a military retirement salary.

He said money was not an object. So I said, "OK, what would be a decent pay?"

He said, "\$12,000." The man was worth \$20,000. I hired him.

The region rejected the hire because I came from a city of 100,000. It seemed in the books, we had certain demographics in the population

related to disadvantaged and unemployed; we could not hire this man unless we paid him \$18,000.

I said, "Is the man qualified?"

He said, "Yes."

I said, "He is willing to work for \$12,000."

They said, "The requirements are he be paid \$18,000. If you do not pay \$18,000, you cannot hire him."

I called the man back in. I said, "General, I have got some bad news and good news. I will give you the bad news first. You cannot come to work for us at \$12,000. I want to give you the good news: If you are willing to accept \$18,000, we will hire you today."

He said, "I do not need \$18,000."

I said, "You have got to take \$18,000 or find another job."

So we hired him.

Next step in this bureaucratic proceeding was we had to have a place to locate the agency. The cellar of the City Hall, I suggested. "Fine."

They measured the City Hall, said, "It does not qualify. The cellar does not qualify."

"Why?"

"Because if you come from a city of 100,000, you have certain characteristics in the demographics of your population. As we analyze those statistics, you need x number of square feet. And this space is 8 square feet short."

The janitor bailed me out. He said, "Mayor, we have an old restroom we have not used for years, just storing policemen papers, and it is more than 8 square feet."

I said, "Come on, let's go down and measure it."

I took the Federal man down with me, took out the tape measure—10 square feet. The cellar qualified.

That is where we located the new agency.

Then we started training, using Federal money to train people. We won a medal. "finest Federal program in the country." [Laughter and applause.]

Mr. ROE. Mr. Shuster.

Mr. SHUSTER. I certainly want to congratulate you—you took the fangs out of my sting.

Governor, I am very sympathetic with the unemployment problem which you have. Yet I am perplexed by almost insurmountable problems which we face when we start looking at the matching question to which you have addressed yourself.

As long as human nature is what it is, when State Governors come to Washington—and if I were in your shoes, I am sure I would be the same way, and I am not referring to you specifically; I am generalizing—if Governors can persuade Congressmen that they do not have the matching funds, and if they can persuade Congressmen to eliminate the match, this becomes one of the most significant windfalls a State can possibly achieve.

Now, I know your problems are very real. Yet problems at the Federal level are very true, too. Probably an \$80 billion deficit we are facing. My question is: Is it reasonable for the Federal Government to eliminate the match when it is the people of a State who benefit most,

and when the most of the money, 70 percent in most cases, comes from the Federal Government?

It seems to me there is a point from which the Federal Government should not recede. What is your reaction to that?

Governor NOEL. We have a strong philosophical disagreement, because I view our system quite differently.

It is the same taxpayer who pays the municipal tax, that pays the State tax, and that pays the Federal tax. And I do not distinguish any more. If we went back in history 20 years, I think there was a fine distinction between Federal revenue, Federal programs, and—

Mr. SHUSTER. I understand the point you are making. But then that gets to the question of equity, in terms of those States which are willing and can make the match, as opposed to those States which either are unwilling or honestly cannot come up with the match.

Why should the people of one State be taxed twice because another State only is taxed once and gets the 100-percent Federal share? There is a great inequity here.

Governor NOEL. Well, Congressman, I think that the way to handle that would be to either waive or not to waive, put on repay requirements or not put on repay requirements, depending upon the economic plight of various regions and States within the country.

Now, I do not know if we can do that politically, because I understand that everybody has to protect their turf. But I think that would be the best way to handle it.

Also, I do not come down here hat in hand looking for any more money. I am convinced there is already enough Federal dollars in my State to do a much better job than we are doing, and to provide much more service than we are now providing. It is just that under the programs with the regulations and the rules, we so dissipate those Federal resources, and those Federal rules and regulations require us to dissipate our State resources in nonproductive ways.

If we could rearrange this Federal-State-local partnership so that we make productive use of the money that has already been appropriated around, that would satisfy me greatly.

We do not need any more money if we can use the money we have productively.

Now, that public service careers program example, the people of my State and the people of this Nation did not get 1 penny's worth. It was, maybe, a \$300,000 program. We got nothing. But we won the award.

So it is not a question of us wanting more money. It is a question of us wanting some relief from the burden of all this bureaucracy so that we can spend the money that we do get at both levels more productively.

Mr. SHUSTER. I think you make a superb point, and I certainly agree with it. I thank you very much.

Mr. ROE. Thank you, Mr. Shuster.

We thank you, Governor.

Let me say before you leave, sir, your testimony has been honest and sincere.

One thing is for certain; if your State has 14-percent unemployment, and my State, the most urban in the Nation, has 11 percent with 40 percent of our construction people out of work, we are not going to

solve the problem with billions of dollars worth of doles. What we have to do is take our Federal and State money, and invest it in the future of this country and rebuild this country. We have to be bold and have to have the courage to do that. I do not think there are two governments in this country. Maybe that is what some people think. There ought to be one government and there ought to be a government that is based upon the consent of the people. And the reason that the people will vote bond issues down is because they have become discouraged with government. They look at their government as being their enemy, not their friend. We have to break that cycle, so people have faith in their country again.

Your testimony has been most helpful and for the benefit of our people, and we do thank you very much.

Governor NOEL. Thank you very much for your patience, and thank you, gentlemen, for your participation.

Mr. ROE. We have a communication from the Governor of Indiana expressing his views and thoughts on this legislation. With unanimous consent, I would like to enter that statement in the record. There being no objection, so ordered.

[Statement follows:]

STATE OF INDIANA,
WASHINGTON OFFICES,
March 12, 1975.

Hon. ROBERT ROE,
Chairman, Economic Development Subcommittee, House Public Works and Transportation Committee, Rayburn Office Building, Washington, D.C.

DEAR CONGRESSMAN ROE: A review has been made of H.R. 3067 which provides a means of expediting construction starts on approved public works projects to reduce unemployment and enhance productivity. Indiana supports the concepts of this bill.

However, I believe that the language in Section 3 should be more forceful and require federal agencies to eliminate such procedural requirements (many of which were imposed by regulation rather than law) when respective state agencies certify that proposed projects are urgently needed and will accomplish the purpose for which designed.

With the relaxation of procedural rules, which have little effect on a project's ability to treat sewage, Indiana could proceed in the near future with approximately \$150 million in sewage works projects with federal grant funds now available under the Federal Water Pollution Control Act. This would provide needed employment in many Indiana communities.

It is understood that H.R. 3067 is now under consideration by the Committee on Public Works and Transportation. Early passage is recommended on this bill which would serve to implement the intent of Congress when the respective laws were passed.

Sincerely,

OTIS R. BOWEN, M.D.,
Governor.

Mr. ROE. We are now on a quorum call.

We will have to be going back and forth during the course of this hearing to respond to these calls to the floor of the House.

We will recess for this quorum call and reconvene in ten minutes.

Thank you.

[Whereupon, a short recess was taken.]

Mr. ROE. We will reconvene.

We appreciate your patience.

Our next witness is Mr. Tabor, director of Federal affairs, National Association of Counties.

Welcome aboard. Glad to see you.

I assume you have a prepared testimony, sir?

Mr. TABOR. Yes; thank you, Mr. Chairman. I have a very brief statement.

Mr. ROE. If there is no objection, we will enter it into the record. If you choose to read the statement, you may do so.

**TESTIMONY OF RALPH L. TABOR, DIRECTOR, FEDERAL AFFAIRS,
NATIONAL ASSOCIATION OF COUNTIES, WASHINGTON, D.C.**

Mr. TABOR. It is brief. I would like to, since it is very concise also.

First of all, Mr. Chairman, we support the thrust and goals of the Emergency Public Works Association Act of 1975, H.R. 3067. As all of us have learned over the last several years, it is not enough to just authorize new programs or to appropriate funds. This has been particularly true for public works programs.

Apart from the uncertainties caused by impoundment, proposed rescissions and deferrals, there is a long list of other administrative actions that can delay or even hold up the approval and funding of projects. The proposed legislation, H.R. 3067, addresses itself directly to this problem.

We are somewhat encouraged, however, by the attempts of several Federal agencies to speed up the processing of grant applications.

While the statutory and administrative requirements involved in approving a project under the Clean Water Act are complex, the Environmental Protection Administration appears to be gearing up to obligate the recently released \$9 billion. An additional 150 people are being assigned to their regional offices just for this water program. We will have to see what happens with this effort.

We understand the Federal Highway Administration plans to obligate the recently released \$2 billion of Federal aid highway funds in the next couple of months. NACO is hopeful that Congress will enact legislation this month to help us with the necessary State and local matching so that all States can take advantage of these funds. NACO strongly supports H.R. 3786, which is before the Surface Transportation Subcommittee. This bill would allow us 100 percent matching in advance against our future apportionments.

Counties and cities having transit projects ready to go are impressed with the way the Urban Mass Transportation Administration is committing capital grant funds under the recently enacted legislation. While we believe UMTA's regulations are far too detailed and there is too much administrative oversight, the program is moving ahead fairly quickly.

It also is worth mentioning that the Committee on Public Works and Transportation soon will be considering administration proposals to fundamentally revise the airport and highway programs.

NACO will be testifying next week generally in support of the administration's airport proposal because it does offer increased local discretion and flexibility in the use of funds according to a local improvement plan, there is predictable formula allocations of funds, and there is much less detailed surveillance of each project by the Federal Aviation Administration.

While we have many reservations about the administration's proposals for highways, there are aspects which are appealing to State

and county officials. The 20-some-odd categorical highway programs would be consolidated into three basic programs. This proposal in itself would reduce drastically the amount of red tape and time-consuming Federal project surveillance. Again, States and local governments would be given a considerable degree of flexibility and discretion in the use of the funds.

These two legislative proposals are mentioned, Mr. Chairman, because the administrative redtape and delays in funding involved in so many Federal programs can be traced directly to statutory requirements. The task of speeding up project approval and funding cannot be done just by authorizing agency heads to change administrative procedures. Both the airport and highway programs are examples of programs grown increasingly complicated over the years by constant adding-on to the basic legislation. A considerable amount of our difficulty right now in accelerating the level of funding goes back to statutory requirements.

While we have pointed to several actions and proposals of the administration in recognizing the need to quickly fund certain public works projects, we are at a complete loss in understanding why the administration is failing to implement the new job opportunities title of the Public Works and Economic Development Act.

We were very disturbed at the testimony presented to the subcommittee earlier this week. It is obvious from the testimony and our contacts with county officials that little effort is being made by the Economic Development Administration to solicit project proposals from designated EDA counties or eligible counties and cities under the manpower program. Draft regulations have not even been developed. We are not satisfied with the assurance that the Department of Labor and Commerce are "starting to develop a process" for selection of highly labor intensive projects. Funds for the program were appropriated more than 2 months ago, and the House yesterday approved \$350 million more for the program.

The plain fact is that the administration is dragging its feet and the agencies are acting accordingly.

Mr. Chairman, no amount of legislation permitting a reduction of administrative redtape will correct a situation where the administration does not want to fund a program.

This leads us to a weakness we see in H.R. 3067. We believe little will happen unless there is clear direction from the top. The Office of Management and Budget should be written into the bill and be directed to take actions to reduce or eliminate unnecessary procedural requirements. We also recommend that the legislation require OMB to report to Congress in 90 days on the actions agencies have taken and the results of these actions.

It is important to emphasize that we are not recommending that OMB prepare a report in 90 days on what could or should be done by the agencies. The report should be on what the agencies have done.

Concern has been expressed that the bill could be used to circumvent certain statutory requirements such as the Davis-Bacon provisions, civil rights and environmental impact statements.

We seriously doubt that any Federal agency would interpret H.R. 3067 as written right now to include authority to reduce or eliminate these particular statutory requirements. However, if this fear is felt

strongly enough by some Members of Congress and could cause a delay in enacting the bill, we would recommend that language be added to H.R. 3067 specifically excluding authority to reduce or eliminate these three statutory requirements.

Mr. Chairman. NACO appreciates the opportunity to testify in support of this legislation.

If you have any questions, I would be pleased to answer them.

Mr. ROE. Thank you, Mr. Tabor. That is a very good and concise testimony.

There is one point that you stress, namely:

Legislative proposals are mentioned because the administrative redtape and delays in funding involved in so many federal programs can be traced directly to statutory requirements.

Perhaps you are partly right.

It has been the policy since I have been in Congress that the framework of these most complex and involved projects are devised by legislative proposal you might say, but the legislation does not spell out every detail as to the way we expect the administration to carry it out.

We find that a lot of the dilemmas we have been encountering, not only from the congressional point of view, but also from many witnesses who have testified already, are based upon the point of view that statutorily we did not direct the administration in their procedural requirements. This is particularly true in a number of pieces of legislation, particularly the Water Pollution Control Act. It seems to me one of the problems we are running into basically is that when the Congress devises the statute and it leaves broad gaps, you might say, for the discretionary action of the Administrator, this is where we begin to run into trouble.

Without rehashing the whole session of this morning, as was testified to by the Governor, we come down to the rulemaking issue. Every time you turn around, there is a whole host of regulations issued. You start to change your direction to comply with Monday's regulations and get into the spirit of getting the application going and the next Monday there is another whole list of instructions or rules to be complied with which are not statutory.

In view of your statement, is there some thought you may have had in mind that Congress itself ought to tighten up on in this legislation? Could you be more specific?

Mr. TABOR. I think, Mr. Chairman, taking the highway program as an example, we have had many programs added almost every 2 years when that legislation comes up for reauthorization. And we have now got to the point somebody gave me a figure of 27 categorical programs that we have in the highway program.

Well, from the county viewpoint, we have got to deal with the State in trying to qualify for those programs. Their paperwork is compounded, our paperwork is compounded. The Federal Highway Administration to protect itself, divisional level and regional level, are adding on further requirements.

So even admitting all of the paperwork that comes in trying to get the regulations out that go way beyond the statutory, the more important things many times are things we have got to substantiate, we

have got to prove on specific projects. And from our viewpoint we would like to have fewer programs and we would like to have a lot more discretion in how we put them together. We think that with the way that program has gone for so many years, that our State highway departments are perfectly capable of satisfying national goals without all of that surveillance, detailed regulations. And I think it is also true for a lot of our urban counties, we have got as much capability as some State highway departments have, also true for some of our large cities. For our smaller local jurisdictions, the State highway department is there to help. We do not need the Feds. And it has come down to the point many of our county officials have come around to the viewpoint they would like to see the highway trust fund done away with except for funding the Interstate and they would raise all their own money themselves.

Mr. ROE. In effect, what you are saying is that in the legislative process, which is a dynamic ongoing situation as it should be, if you take any particular given piece of legislation that has been in existence for awhile, such as the Federal Aid to Highways Act, and the Water Pollution Control Act, where amendments are devised and created to expand, change, ameliorate, and meet ongoing situations that were not even thought of, before serious attention ought to be given by the Congress to consolidate, coordinate, and bring together ongoing programs in an entirely new piece of legislation. Cutouts, the tail on the kite, you might say, that evolves from amendments in the Senate, or whatever the case may be, should be tightened up.

Mr. TABOR. You cannot satisfy all of the needs. You look at the different programs that have been added, again using the highway program as an example, every time someone expresses a need for a particular constituency or something that is not being handled, what do we do? We create another categorical aid program. And it just keeps going on.

We have topics, now we are on the off-system; some place along the line we are going to keep—if we are going to keep—the Federal-State partnership going in the highway program, we are going to have to come back to some basic, rural, urban, and Interstate program. That much we can agree with what the administration says they are going to propose to the Congress on the highway program.

Somehow we have got to get back to what this whole thing was about originally, and at one time that is what our programs were. We had an A, B, C program and Interstate program and that was it.

Mr. ROE. Mr. Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman.

I want to thank Mr. Tabor for a very fine presentation.

Your organization represents a group of people that I have great sympathy with, people that I have always felt are at what I call the trench warfare, or foot soldier level of Government. That is where it gets tough, where you have to respond immediately to very direct and immediate concerns and needs of people. So you have a better understanding of how redtape and Federal programs frustrate the delivery system to people.

So I would like, if you could cite for the committee a long list of administrative actions that can delay or hold up the approval and funding of projects.

Mr. TABOR. Yes.

Mr. OBERSTAR. Would you give us some examples? I think this is what we are looking for.

Mr. TABOR. Several. We had several task forces over the years, Mr. Oberstar, that have worked on this, that have come up with various studies about different programs. But taking just a look at some general things that we run into. You pass a law, there may even be a timetable on that legislation about how soon it should be implemented. There may have been congressional intent about getting the program out, then we start in with the regulations. And all the people that have to be involved in those regulations, in writing them. And sometimes we get some chances for input in, we can tell them about, to make the regulations better. But we finally get those regulations out. And so many times the things that are covered in there, the steps that we have to go through, the Governor recited some of these ridiculous situations this morning in his testimony where there was probably even the head of the agency does not realize the kind of requirements that are being placed on them to meet.

We have a situation many times where as far as approval goes, that we think we are going to get approval at the division level or some area office, for example, in the HUD. It turns out that they have been given quotas, but then to check back with the quotas they have to go back up to the regional office, and many times the regional quotas have been readjusted, so they are coming back into Washington here.

We run into delays on trying to get the funding done. A plain situation is sometimes we want certain kinds of local jurisdictions to qualify, well, then again we start putting in other qualifiers on this.

The list just goes on and on and on about the kinds of problems many times we have in trying to meet the really changing requirements all the time.

I will give you a very recent example. Some of it may be justified on HUD's part.

In the New Community Development Act, we have a potential eligibility of 85 counties. When they talked about the legislation, they thought that there would be maybe 10 that would qualify in the first year, maybe go up to 20 the second year, because basically we are a city program.

They wrote a lot of different conditions that counties had to meet into the legislation that was not true for municipalities. HUD took this several steps further.

Now, they met the first deadline, which was January 15. Everyone was shocked and amazed to find out that there were 77 counties that were going to qualify under a power test they had to meet, also cooperation agreements they had to come up with with municipalities. And the shock was so great that all of the counties that qualified were told to go back and renegotiate their cooperation attempts with the municipalities. They were also told about new conditions they had to include in these cooperation agreements, including specifically writing out public assistance housing, urban renewal.

We are still going through hoops—the only thing is we might get extensions of time.

Mr. OBERSTAR. That is the kind of example we are looking for. Where the agency has written in things that were not intended in the law; maybe they are necessary.

In citing that you bring to mind a problem that I see with this legislation and that otherwise have addressed themselves to; that is, need for implementing this program.

You mentioned HUD writing into a program unnecessary regulations.

How do you write them out? What mechanism can we use to see it that those frills are dropped?

You suggested a moment ago in your presentation giving that authority or some such authority to OMB, but in my judgment, that is kind of like letting the fox into the chicken coop.

I do not think OMB gives a hoot how these programs run. All they went to do is chop the funds out.

I think we ought to get somebody like GAO, or I would like your reaction to a suggestion given yesterday by the National Utility Contractors Association of a kind of watchdog committee composed of industry, State, and local government, and some Federal representatives.

What would your reaction be to that kind of thing?

Mr. TABOR. First of all, Mr. Oberstar, as far as OMB goes, they do have a mandate to manage, and they are supposed to be doing this.

We are seeing increasing instances where OMB is really pulling out of the management field. They are concentrating much more on the budget side. It may be a Watergate reaction. There may be several other reasons to explain it. But it is a fact it is happening. We think that OMB should be in there. Somebody at the top; with a new mandate of the Domestic Council, they are not the one to do it, but someone has to be telling the agencies what to do and setting out clear guidelines.

As far as GAO goes, we talked about that and some of—well, the Governors specifically, and making certain that our views would not be inconsistent when we appear before you.

GAO has had all kinds of things heaped on it over the last 2 or 3 years. It has grown. It is spread thin.

I would question if the Comptroller General did not want the job at this point in time, with the other kinds of things Congress put on him.

As far as having the other outside group, who would this group report to, to this committee, to the Congress, to the administration?

If it was reporting to the Congress, there might be some value in it. But I cannot see it coming in as—it is just going to be another study group and—

Mr. OBERSTAR. We do not want a study group. No; we want some kind of action group that is going to go through EDA, for instance, and just like a surgeon with a fine scalpel chop out those regulations that just clutter up the desks and delay action on projects, go through EPA.

The Governor, as you recall, in his testimony, he had just an index of several hundred pages to the various regulations, just to find them. Surely that stuff can be cut out.

But I do not think we can thrust that job to the bureaucrats themselves. I think there has got to be some watchdog group that does it.

Mr. TABOR. Well, one thing we were very impressed with back in 1970 and 1971 was the effort that the administration was making to

what they called Federal Assistance Review, FAR. Many people were assigned to this from OMB, from the agencies. There was participation from State and local officials. This was tremendous.

But what has happened, apart from getting some uniform reports General Services Administration are now handling, there are a lot of reports on the shelf. That is where it has all ended. And yet that was a mammoth study of just the type of thing this bill is directed toward.

Mr. OBERSTAR. I think the problem of similar Federal programs, the water and sewer in FHA, water and sewer in EDA, water and—well, just the sewer program in EPA, and HUD used to have a water and sewer program. Four agencies, poor confused town clerks did not know which one to go shopping at. All they knew was they had a need, and there was a Federal program to solve that need. And you may recall a bill that was handled in the House Government Operations Committee a few years ago that might have solved that problem, Joint Funding Simplification Act. Good idea. Unfortunately it was killed by the Rules Committee.

But this kind of thing, I think, would force the Federal agencies to get together, compare notes, and within a specific period of days—as I recall the bill, I think it gave them 30 days to consult with each other and act on an application from a town clerk. If it did not fit in HUD, they should not send it back to the town and say, “Go shop somewhere else.” HUD should then confer with EDA, which then should confer with FHA, until they find someone who is responsible for responding to that need.

That is one kind of delay that I think we ought to get at.

Then once you are in the right pew in the right church, how do you get your prayer answered fastest?

This is where we get at the program that this legislation deals with.

I think we need to get your help and guidance on cutting out that red tape.

Mr. Chairman, I have no further questions.

Mr. ROE. Having served in county government, I know what you are talking about.

I do not want to be critical, we are trying to get help. I agree with Mr. Oberstar; we have people responsible for certain facets of these Federal assistance programs. On the other hand we are talking about, as you pointed out in your testimony, perhaps part of the problem is the statutory situation and the need for revising the law itself.

The second point you made pointed out that no matter what legislation we pass, the success of its results depends upon the regulations that are invoked.

The intent of this legislation is, in effect, to take a position by Congress with the administrative branch to get the job done. People are fed up with their own Government now because the administration cannot get out of their own way to get the job done. Or is it a deliberate subversion of what the intent of Congress is?

I think you have a good point. In the legislative procedure you are dealing with 435 Representatives and 100 Senators and maybe 10,000 vested interests. The environmentalists are just as much a vested interest as bankers are in my judgment. And I do not say that

unkindly. I do not say they are trying to do something evil. They are not.

On the other hand, one thing is abundantly clear, that the Government is no longer functioning. It is not functioning at county level, it is not functioning at municipal level, and it is not functioning at the Federal level.

We are not looking for somebody to blame it on. But somebody has got to be responsible and somebody has got to move it.

You seem to be suggesting in your testimony that what we ought to have are less categorical grants and more block grants for towns to utilize to accommodate their individual needs.

That is great, except for the point of view that there are diversified needs throughout our country from your own experience to know that counties have different needs from one to another. Let's call an ace an ace.

If you place the block grants in the hands of the political ruling group at the time, they are the ones that are going to be able to get the job done and the rest of the communities are not going to get their fair share. That is partially what is happening at Federal level.

It sounds good on paper that it ought to be revenue sharing per se, and it ought to be block grants, with the use of funds to be applied by local self-determination but depending upon who is in charge of the chicken coop that day, that responsibility, as you know, comes down on the heads of both political parties.

So that when we are dealing with the fragility, if you like, of a democracy, we have to take into consideration the political differences and philosophies that surface. What we are looking for is what can the Congress of the United States do to put into effect the consent of the will of the governed, which is our constituency.

We are the people elected to do the job. What can they, the consent of the governed, tell us that they in their wisdom think we ought to do specifically to get the show on the road and get the job done?

That is what we are looking for, and this committee is not looking for somebody to blame it on.

We have come up with a framework of legislation. I want to make it clear, as you did in your testimony, that nobody is trying to subvert civil rights. That is nonsense. To me that should not even be in the testimony, in my honest opinion.

We are looking for an answer. In your judgment do you think the block grant approach is the answer?

Mr. TABOR. Ultimately, yes, sir. There is no question.

There are a lot of different kinds of block grants we talked about. The ones we have, LEA program around for a long time, that is one kind of block grant.

We have got the manpower program, which we have been dealing a lot with because of the tie-in now with EDA.

We have got this new communities development block grant.

We have got some form of—

Mr. ROE. Hold on that point. Now, on the LEA program and the CETA programing and on the public service jobs program, I subscribe to what you are saying.

The intent and the thrust and the purpose is to direct their—

Mr. TABOR. It is spelled out.

Mr. ROE. Spelled out, that is the point I am making.

Mr. TABOR. Right.

Mr. ROE. You do not need 25 regulations. The legislation spells out the specific purposes.

So I do not think we could place these measures in the same category as the legislation we are considering today. They are different types of programs that do not require commiseration with 20 different types of interests.

When you go to community development programs, your problems are just starting. In my own State I have been monitoring some programs where their applications have been submitted and, a point you made earlier, although they had made some progress, some place along the way they had to come back with cooperative agreements again. Then the administration changed the regulations which set back a specific program in a city in my district 3 months.

The counties and cities in my State work on a calendar year basis fiscally, January to January. They have to be able to be prepared with some kind of framework to work with in their budgets and be in position to know what payments they have to pay on their bonded indebtedness and the Federal matching funds are needed now, not 5 years from today.

I think part of what we are saying is that there is a short-range approach needed to meet the economic crisis that exists in this country, that is one approach; the other is, how can we carve out a longer-range approach; can we consolidate seven different titles into three in the highway legislation, for example? Yes, but that is going to take time.

What do we do right now in this economic crisis to break this log jam and get our people back to work on meaningful capital improvements construction projects?

Mr. TABOR. Well, one thing we suggested as far as highway program goes, and that is to get this legislation enacted; surface transportation.

Mr. ROE. That is not going to stop the red tape and the regulations. It is a right step, I grant you.

Mr. TABOR. One step.

Mr. ROE. Unless a project is sitting there ready to go, except for funding which the State does not have to put the project into effect, it is not going to mean twiddle-dee-dum, in the main, throughout this country.

If there are 17 different regulations yet to be met, it is not going to move a project in my State, not one.

Mr. TABOR. One of the things, Mr. Chairman, we had considered, and we would like to work with the committee on that, would be if you did want to come down with some specific things in the bill, to make it stronger. We would be glad to work with you on that.

We also would be glad to bring any county officials in.

Mr. ROE. We would greatly appreciate having from you as the leading public agency representing all of the counties of these United States your suggestions for resolving the dilemma we are faced with.

If there is any thought that there is going to be a major move in this Congress to negate all the categorical programs and put them into block grants, forget about it. Do not even bother to present that as the only answer. That is wasting your time and ours.

We are interested in having the observations of the county governments in this Nation as to the areas where they believe action can be taken both short-range recommendations to break the log jam and long-range recommendations to build in legislative remedial procedures which will take time in the Congress to create a long-range resolution to the problem. Does that agree with your thinking?

Mr. TABOR. Yes.

Mr. OBERSTAR. Will the gentleman yield?

Mr. ROE. Yes, the gentleman from Minnesota.

Mr. OBERSTAR. Following up on the chairman's suggestion, would it be possible for you to send a message out to your members and ask them to take those programs that are labor intensive in the construction field and enumerate the specific steps that in their judgment would cause local government the greatest worry and agony and delay, and cite or enumerate as I say those specific steps that they feel could be eliminated and expedite the implementation of the program?

Let's take water pollution. Let's take EDA, let's take water-sewer programs. Any other areas that you might suggest.

And I think you could get that information back to this committee in a very short time.

Mr. TABOR. Yes, we can.

Mr. OBERSTAR. Because I know how you people respond.

Mr. TABOR. I would be happy to do that. I think that would be useful.

Mr. OBERSTAR. That would be a great service, do you not agree, Mr. Chairman?

Mr. ROE. I certainly do. I appreciate that.

Mr. Tabor, do not misconstrue my fierceness of direction as being adversary. It is not.

We are tired of people wringing their hands. We are coming back to the people of our country and saying, "This is all of our problems. We need help. Give us solid specifics."

Thank you very much.

Mr. ROE. Commissioner Herbert A. Goetsch, Commissioner of Public Works, Milwaukee, Wis., and president of the American Public Works Association. The full text of your prepared statement will appear in the record at this point.

[Statement referred to follows:]

STATEMENT OF HERBERT A. GOETSCH, PRESIDENT, AMERICAN PUBLIC WORKS
ASSOCIATION

I am pleased to act on behalf of the American Public Works Association and present this statement on the proposal embodied in H.R. 3067 known as the "Emergency Public Works Acceleration Act of 1975." The professional engineers and administrators who are employed by the public works agencies throughout the nation play a key role in the implementation of public works legislation enacted by the Congress of the United States. They represent the largest segment of our membership and would, I am sure, applaud the efforts of those of you in Congress who are trying to cut the red tape which is associated with the Federal aid programs that have been enacted in recent years.

The importance of public works and their impact on the social and economic growth of the Nation cannot be denied. The highways, water supply, waste disposal and energy systems are indispensable and make it possible for business and commerce to function in our highly industrialized society. We have invested billions of dollars in public works systems and the economic life of our communities

and the Nation is indeed dependent upon these facilities. Nearly \$60 billion each year is invested in these systems—about one-half in construction and one-half in maintenance and operation. The Federal Government provides an increasing share of the cost of these facilities; however, I hasten to add that State and local governments also invest large sums in public works programs. In recent years, due to inflationary pressures, funds normally earmarked for capital improvements have been reallocated to public safety and other types of public service programs. Maintenance funds have also been reduced. These trends are cited to indicate that public works agencies at the local level have a wide assortment of job-creating programs which are under-funded at the present time, in addition to the Federal grant-in-aid programs which are bogged down in redtape.

Since the proposed legislation currently under consideration is designed to accelerate public works programs, it seems appropriate to consider the job-producing aspects of this and other related programs. In discussing this subject it is important to differentiate between work relief programs, which are designed primarily to provide work for needy unemployed persons, and regular public works programs, which are needed regardless of the employment situation. We should give top priority to moving ahead with needed projects since these will provide jobs for people who are unemployed in the construction industry. Some unskilled workers can, of course, be utilized in building these facilities. Equally important are the large number of persons who will be put to work in the private sector on off-site jobs producing needed equipment and supplies. The secondary effects resulting from the employment of people in the construction industry will help to stimulate other sectors of the economy.

Most public works agencies are prepared to put qualified persons to work on needed programs but not on work relief projects. APWA at its last annual meeting adopted a resolution urging public works officials to take prompt action to plan and identify needed programs for quick implementation. It also encouraged them to prepare for emergency employment legislation by identifying standby supervisory forces and training them to usefully employ the unemployed in a timely and constructive manner. What is most discouraging, however, is to find ourselves in the position of reducing our trained and experienced work forces because of budget restrictions and, at the same time, be called upon to put less qualified persons on the payroll under the federally funded public service job program. We do not deny the need for work relief programs, but they should not be established at the expense of public works construction and maintenance programs which are needed to sustain the economic vitality of both rural and urban communities.

Billions of dollars have been appropriated by the Congress for the construction of facilities needed to comply with water pollution control legislation and other worthy programs. Yet the lag time from the date a project is authorized by the local governing body to its completion is continually increasing. Projects in many jurisdictions that took 4 years to complete a few years ago, for example, now take 7 years because of the involved approval and clearance procedures that have been established. Much of this red tape is due to a lack of confidence in public officials. Unfortunately, examples can be cited to support this concern and such instances are widely publicized in the news media. However, 9 out of 10 times the projects are well planned and designed and significantly benefit the people in our communities. Steps are continually being taken to improve the quality of educational programs for the training of engineers and administrators responsible for the planning, development and management of public works facilities. It is heartening to note the increased citizen involvement in the governmental decisionmaking process. However, it must also be pointed out that there are many complex factors to be considered in the development of public works programs. It sometimes appears that we are moving in the direction of trying to educate the masses to make highly technical decisions. By using democratic procedures we will always have a minority view. If we wish to accelerate action on public works projects, careful consideration must be given to the question of *who* should make *what* decisions. Some should be made by the electorate, others by their chosen representatives, and others by the professional staffs whom they employ.

The starting and stopping of Government programs to adjust them to the ever-changing views of the masses is a costly procedure. This is especially true in the case of public works projects which must be planned and designed to serve the long-term needs of the people. This practice discourages private investment be-

cause the investors cannot proceed with confidence and know that planned public improvements will actually be developed. This contributes to a lack of confidence in government which is a common ingredient of many of the problems facing this Nation.

We want to preserve the maximum degree of freedom for our people, yet we must ask them to make certain sacrifices if they wish to live together in high density urban areas. It is politically unpopular to restrict the use of private property, for example, yet how people use their property vitally affects the quality of life in an urbanized area. More restrictive planning by public agencies seems inevitable. Private property cannot be effectively used without adequate water supply, waste disposal, transportation and related public works facilities. Therefore, we desperately need to build more stability into our urban development programs.

This can only be done by establishing long-range planning and funding programs—that is, by programming and budgeting funds for at least 3 to 5 years in advance for capital improvements. This will enable the responsible agencies to prepare the necessary impact statements, conduct the needed hearings, clear up the legal issues involved, acquire the needed rights-of-way and handle related time-consuming procedures well in advance. If we know what projects are scheduled and cleared for construction 2 years from now, they could be advanced with proper funding to help alleviate a severe unemployment problem or for other reasons which may be unique to a particular locality. Long-range capital budgeting procedures are essential if we in public works agencies are to minimize the social and economic costs associated with the implementation of the legislative programs that have been enacted in recent years.

We support, in principle, the measures proposed in H.R. 3067 to reduce delays and accelerate the construction of public works projects. By giving the administrators of Federal grant-in-aid programs discretionary authority to reduce certain time-consuming procedures should definitely help. However, I must say in all candor that we are forced to adopt a wait-and-see attitude because of past experience. At the last annual meeting of the American Public Works Association, our membership passed a resolution commending the Congress, the President and the U.S. Department of Housing and Urban Development for developing improved procedures for implementing public works programs as provided for in the Housing and Community Development Act of 1974. We also urged other Federal agencies to initiate action to bring about similar improvements in the administration of grant-in-aid programs.

As you know, under the newly enacted legislation HUD has developed implementing regulations which utilize a simplified application form. It encourages local governments to certify compliance with Federal requirements on civil rights, citizen participation, and provisions of the Davis-Bacon and the National Environmental Protection Acts. The Federal Government's role under this new legislation is now aimed at monitoring program performance and evaluation of progress in relation to program goals. Although the act just went into effect on January 1 we have been informed that over fifty applications have already been received and that seventeen have been approved. Unfortunately, the director of Public Works in Fort Worth, Texas—one of the cities with an approved project—has been notified that no funds can be committed for implementation until HUD prepares an environmental impact statement for the project. Thus, it appears that this program will likewise be bogged down in the courts unless congressional action is taken to clarify the legislative intent of the act.

Because of our members' past involvement with the red tape associated with Federal grant-in-aid programs, the Executive Council of the Institute for Municipal Engineering—a constituent organization of the APWA—recently recommended that consideration be given to the use of an alternative procedure. This council is composed of the top-ranking public works engineer-administrators of both large and small cities and counties from coast to coast, including St. Petersburg, Florida; Flint, Michigan; King County, Washington; Hempstead Township, New York; Maricopa County, Arizona; Lincoln, Nebraska; and Los Angeles, California. It unanimously recommended that consideration should be given to allocating funds appropriated under title X of the Public Works and Economic Development Act of 1965, as amended (more commonly known as the job opportunities program) in accordance with the general revenue sharing formula. This would be a pilot program to expedite implementation of legislation which is already on the books. It authorized \$500 million to stimulate job-creating activities in areas

suffering from unusually high levels of unemployment. Partial funding of \$125 million is now available, and steps are presently underway to appropriate the full amount under the Emergency Employment Appropriations Act of 1975. The Economic Development Administration could, perhaps, do more than anyone to demonstrate how to cut red tape by using a post-audit monitoring procedure in connection with the allocation of these funds. We realize, of course, that members of Congress have differing views on general revenue sharing legislation but do not feel that this should prevent consideration of this proposal. In fact, an alternate formula could be used, but the point of the pilot program would be to demonstrate that red tape can be cut and that State and local public works agencies have large backlogs of useful, job-creating projects which can be placed under contract almost immediately and that a post-auditing procedure can work.

One problem associated with this proposal, as with virtually all others, relates to the restrictions that might apply to the use of Federal funds for this program under the provisions of the National Environmental Protection Act. Prompt action by Congress to clarify or modify its intent under the serious economic conditions now facing the Nation should, in our opinion, be high on its agenda. Our position is not to disregard the provisions of the act which safeguard the quality of our environment, but rather, to streamline procedures so the people's elected representatives can weigh *all* factors which affect the health and well-being of their constituents and arrive at decisions which can be quickly and expeditiously implemented.

The American Public Works Association has, for many years, conducted a wide variety of educational and research activities designed to assist professional engineers and administrators in public works agencies to improve the quality and effectiveness of their programs. The APWA supports, in principle, the concept embodied in H.R. 3067. Its members are ready and willing to cooperate with the Congress and Federal agencies, as they have in the past, to develop procedures for the efficient implementation of public works programs.

TESTIMONY OF HERBERT A. GOETSCH, COMMISSIONER OF PUBLIC WORKS, MILWAUKEE, WIS., AND PRESIDENT, AMERICAN PUBLIC WORKS ASSOCIATION

MR. GOETSCH. Thank you, Mr. Chairman, members of the committee.

I will try to keep this brief and paraphrase to the extent possible, hopefully, the items that have been included in the prepared statement.

The American Public Works Association, which I represent, I want to make it clear to the committee I am appearing today in the role as president of that organization, rather than as a representative of my city, although I might interject that the objectives are quite similar.

The American Public Works Association represents some 16,500 members, most of whom are employees of Federal, State, and local governments. Consequently we feel that we have much to do with the implementation of the various programs that are enacted by the Congress of the United States.

We are here presenting this statement, of course, in response to bill H.R. 3067, the Emergency Public Works Acceleration Act of 1975.

Our membership, I am sure, would applaud any effort, and especially the efforts of the sponsors of this legislation, to cut redtape, which is, of course, very much associated with all of our Federal aid programs, especially those in recent years.

I think we might make a statement or two about the overall importance of public works and the impact that it has on the economy and on the social and economic welfare of our country.

I hesitate to enumerate any to this body, because I am certain you know what is included in the subject of public works.

Certainly we have invested billions of dollars in our public works systems, and we estimate that about \$60 billion each year is invested

in these systems and about one-half of that is capital and the rest is maintenance and operation.

Mr. ROE. It seems to me that the investment of our public dollar, people's money, into the expansion of public works in all the categories this committee is responsible for, has an enormous impact upon the economic dynamics and vitality of our country to a greater extent than the \$60 billion we spend. Is that not really fair to say?

Mr. GOETSCH. Absolutely. Not only would not our people enjoy the quality of life as your statement suggests, our entire economy is based on it, our transportation, our communication, all of our energy systems, all of the water systems that people and industry need vitally. Then, of course, the complete management of all of our wastes, liquid as well as solid wastes, all of these come under the umbrella of public works. Certainly we have no doubt in our mind as public works people that these are perhaps the most important ingredients in keeping our economy going.

Mr. ROE. As we listen to different economists around the country, they pontificate on the state and health of the economy, and that orientation in different administrations has been, say, toward the automobile. Their statements would have you believe that if the automobile is utilized, all of our economic ills will be over. The fact of the matter is that economic policies devised in the last 10 years were devised around the automobile per se.

But then when one takes the public works aspect into consideration, would it not be reasonable to say that water, sewers, hospitals, schools, quality of life, everything that relates to human existence relates to the facilities created under public works, which are services for people, and without those services, the automobile or steel industry or any other industry cannot function in a modern technological society, such as we have, unless we are doing our homework in rebuilding the fiber, if you like, of the public works of this country?

Mr. GOETSCH. I would certainly subscribe to that statement. In fact, I might even emphasize it even more than the chairman has.

I think this is becoming increasingly so as we become an urbanized Nation and as our entire society becomes more complex. We are less able to do some of these things for ourselves and must rely on public works to provide them generally for the entire Nation as well as individual communities.

What is happening, of course, because of the economic situation, is that more and more of these funds that are required for public works are coming from the Federal sector.

As economic problems beset local governments and in many instances they are limited substantially to the property tax, and therefore they have limited sources of revenue, we rely more and more on Federal regulation—Federal assistance financially.

And, of course, many of the current Federal regulations imposed by the Congress in response to the will of the people have carried with them, of course, the commensurate financial support which local government was unable to provide.

So we find that this has been the trend. But in recent years, because of other pressures, moneys have somewhat been diverted from the area of public works to public safety and other types of programs,

and with the inflation, the remaining dollars were such that they were not buying the amount that we thought we could get and, furthermore, many of them had been delayed either by impoundment or, as we are discussing here in this bill, by all of the administrative red-tape that is involved.

Now, since this legislation is designed to accelerate public works programs, I think we might just point out what we feel is an important consideration, and that is the job producing aspects of public works programs.

Now, there is a difference between some of the employment, public service type employment programs and public works. And each has their place and I think we know what the objectives of each might be.

I think that we feel that the public works not only provide needed public improvements, but at the same time provide the employment which is vitally needed.

The problem with public works, of course, is that they need to be moved ahead more rapidly if they are going to have an impact at the time you wish them to have an impact on the economy.

I think it might further be argued that sometimes public works is not labor intensive enough or it requires too many skilled people.

We feel, of course, that there would be a great spinoff from this in the area of materials and construction equipment industries and many others that are related to public works projects, so that in addition to merely employing additional public employees, we would also employ people in related industries.

Mr. ROE. That is a terribly important point, because there have been some people that have made statements, including statements on the floor of the House, that say that a massive public works program is not going to put bread on the table, or put a paycheck, if you like, in the pocket of as many people as the CETA program would. I am not running the CETA program or the public service jobs program down. But this point you are stressing, which is extremely valuable, is that every dollar expended in putting public works into place opens up an enormous chain of 10 times that amount in the manufacturing plants across this country—in the steel, concrete, pipe, every kind of hardware, wood, lumber, and other industries on infinitum. Public works projects create permanent jobs rather than shortrange, stopgap public service jobs.

Is that a reasonable assessment?

Mr. GOETSCH. That is our position, yes.

Now, most public works agencies are generally prepared to put qualified persons to work on these various needed programs.

One of the problems, of course, that we have is on the relief programs, the public service programs. Generally those are involved only in providing moneys to pay that individual who is employed. It provides local government with none of the additional money such as additional supervision, additional equipment, additional space for the people to work, additional materials.

If you want to take advantage of those and really of that program, and really employ these people productively, then it will be up to the local government to provide these other factors that make the complete picture.

In public works we feel that that is less a problem because we worked through industry then and will stimulate the development of these others by using the Federal moneys on public works projects.

Now, it is true that in many instances there are local matching funds. But, generally speaking, those projects that are already in the pipeline and have been delayed for some reason, if the local government has applied for them, they do have those matching funds available somewhere, perhaps are holding them.

So I think that is one of the things—

Mr. ROE. Or if they knew they could build a project say, within 30 days, then it is incumbent upon them to go the extra mile to get the money to do it, and no doubt they would do it at that point.

Mr. GOETSCH. In some instances, what has happened, on certain Federal aided projects, when a project was originally authorized, there was a limited amount of money that was available; because of the delays and the increase in the total cost, that increase had to be entirely made up at the local level, which proved quite a financial hardship in some instances that I can cite.

Mr. ROE. Right.

Mr. GOETSCH. The American Public Works Association at its annual meeting last fall adopted a resolution in anticipation of some of this, urging all of our public works officials to take prompt action to plan and identify needed programs which could be implemented quickly. And we further encouraged all of our members to prepare for this by identifying supervisory people that might be rolled up in their organization and give them some training.

This is, of course, one of the strong points of our organization. We feel we can communicate rapidly with our membership. We feel we have excellent facilities and capabilities for quickly disseminating training information to our members by various workshops and so on, that are available to us, and part of our regular program.

Now, it is discouraging sometimes to find ourselves in the position of, because of the pinch at the local level, to have to lay off some trained people and, at the same time, be expected to employ in public service programs others who may be very well qualified for some other job but not for this specific one. And it does take a certain amount of retraining and a certain amount of time to make them effective and productive.

Now, we do not dispute that there is a need for these programs and we are working hard to implement them and to make them as successful as we possibly can, but we feel that the public works programs are an essential part of this entire fight against unemployment.

I think one of the items that I have already mentioned—we emphasize it again in our statement—is the lag time that is experienced, and this has been considerably covered this morning.

I think in many instances it appears to us at the public works level—and many of our people, as I have cited, are professionals who go through generally engineering and similar types of training as well as administrative training. We feel that they are competent in some instances to make judgments on these programs. But there is an apparent lack of confidence which requires this substantial series of steps of reviews that must take place.

We admit there may have been a few instances where there were some improprieties and unfortunately those were so widely publicized in the news media that I believe the public received an impression it was far more widespread than it actually was.

We feel that 9 out of 10 projects certainly, maybe that is low, are well planned and well designed and will significantly benefit the people in the local community.

We certainly try to, as I have said, constantly improve our education so that we are right up to date in providing the latest improvements and that we are also aware of all the latest social and environmental and other regulations, which we feel have always been a part of our program.

Certainly at the local level where many of our public work officials function, this business of having public hearings and working closely with the citizen has been a way of life for a long, long time with us. Almost all projects require public hearings and require justification before neighborhood meetings, and so on.

This is not really a new feature as far as public works people are concerned.

But I think what we do have to recognize is that not all decisions can be perhaps made at one level in this hierarchy. The electorate, of course, has to make some, the representatives of the voters have to make some, and we think some of them have to be made by trained professionals. And there has to be a mutual trust among those three levels if this entire system is going to work and work rapidly.

I think another costly procedure is the starting and stopping of some of these Government programs, in order to adjust to change, and sometimes perhaps what we ought to do is once having embarked upon a certain project, even though new regulations come in, there ought to be a cutoff time in which those would become effective. So that perhaps programs which are already down the line where people have contractual and other kinds of commitments or where local moneys have been expended, staff assembled, those ought to go ahead.

The new regulations perhaps could be applied to others at some earlier point in their progress. Because this starting-stopping, while the objective of doing this may be very, very justifiable, I am not so sure, and there may be some instances we feel, where we could prove that the cost does not justify that change.

Here, once again, doing this stopping and starting also contributes to eroding of public confidence. And certainly it erodes the confidence of local elected officials who probably would not proceed unless they can be absolutely certain.

This is true of industry, too. In public works we work very, very closely with the contracting industry of the United States and they too need to do their planning and their gearing up in advance, and they need this kind of leadtime, and they cannot generally tolerate starts, and stops and starts, and feasts and famines, in this kind of situation.

We certainly are, as I said, very much in favor of freedom for the people of this country.

Unfortunately we in public works build something tangible, and it has to be located somewhere in the community, and somewhere on

someone's property, so frequently we get involved in acquiring property and doing some of the things that have resulted in delays.

Once again we feel that everyone should be treated fairly and equitably, but we have to build more stability and provide more long-range planning.

It has been our experience that the total length of time involved from the inception of a project until it is finally completed has been increasing. But actually the construction portion of that has not really been increasing. In fact, it has probably had to shrink because of the extension of all of this preliminary time. It is because of that extension of the preliminary time that there is great pressure then on public works officials and on contractors to pull the rabbit out of the hat, so to speak, and at times it is not in the public interest either to speed it up to the point where you might be neglecting some other important items.

When you look back and see where much time could have been saved in the earlier stages of development of a project, we feel that many, increasing number of cities and local communities are providing long-range capital programs from 3 to 5 years. In Milwaukee we have a 6-year program. We think therefore the availability of funding from all of the various sources, including the Federal source, ought to be somewhat geared to this kind of a time frame because you cannot do your capital planning very intelligently, nor can you provide for an advance acquisition of land and advanced planning and the advanced environmental impact statements and other things, unless you do have that kind of leadtime.

By having a long-range program like this, you will then have perhaps partially completed on the shelf some plans and then if there is an acceleration required at any point in time, you then do not go wildly scurrying around to find something, but you have an orderly program already there which is previously determined to be of need in that community. So we feel that that is an important concept.

For these and a number of other reasons, we support in principle all of the measures proposed in 3067, to reduce the delays and accelerate the construction of public works projects.

Now, if we can somehow do this. We, of course, have been confronted with this so many times, we really in all candor, are going to take a wait-and-see attitude to see whether this can actually be accomplished. But I will reiterate we will do all in our power to help in assisting this.

We also, at our congress last fall, adopted a resolution which commended the Congress and President and various departments, especially Housing and Urban Development, when they developed the procedures for implementing the public works programs under the Community Development Act of 1974, which, of course, has been talked about here before, the block grant.

Now, we urged other Federal agencies in addition to HUD to consider this type of approach.

There perhaps could be some checking on the HUD program, simplifying the application for one thing. And especially that part where local government certifies, and then later on there is kind of monitoring of this.

Certainly we want to comply with all the worthwhile regulations which have to do with civil rights citizen participation and environ-

ment and Davis-Bacon Act, and so on. But I think, as I said, if this could be certified to at the local level and then monitored at the Federal level, and perhaps if this was not thought desirable across the board, certain of the jobs that are currently in the pipeline could be so exempted by someone who would be given that kind of authority. In 3067, the discretion is given—certain discretion is given to the Federal administrators. But I am not quite sure how each and every one will exercise that discretion.

We cannot document this, but there apparently, in the past, has been perhaps different application of discretion in various regional offices, of some of the Federal departments, some of the Federal projects.

Mr. WRIGHT. Will the gentleman yield for a question?

Mr. GOETSCH. Yes.

Mr. WRIGHT. Mr. Chairman.

Mr. ROE. Mr. Wright.

Mr. WRIGHT. Of course, you put your finger on one of the things that have frustrated those of us on the committee. We have taken this mass of paperwork and morass of delays that increase year after year after year. We have had several of the Federal administrators in here, talked to them, and asked how can we get this thing moving.

We wrote these bills to try to get needed public works, to try to get them in place.

They will talk with varying degrees of enthusiasm, about the need to do this. Programs needlessly bogged down by needless delays encumbered by needless regulations. What would you think of ordering them to do it through a bill of this kind? You do not feel that is the way to do it?

How would you do it? You sure do not want to start a whole new bunch of regulations on how to expedite. That would be just another layer of fudge added on top of the rest. How are you going to do it?

Mr. GOETSCH. I think what we are suggesting is to eliminate some of the preliminary reviews and rely on local certification in order to get the work started, the Federal review involved in the monitoring later.

Mr. WRIGHT. Mr. Cleveland, of New Hampshire, and I have a bill to do that on the water pollution program. That is one way to do it.

But that is not going to solve the whole problem, is it?

Mr. GOETSCH. No, it certainly will not. And this is why we are supporting this in principle, but essentially—

Mr. WRIGHT. Why did you have to say "but"?

Mr. GOETSCH. Because we are not yet convinced, as I indicated, that the Federal administrators will feel that they have the freedom to exercise the kinds of discretion—and I am not sure if that has been defined here—just what the extent of that discretion will be.

Mr. WRIGHT. That is the reason to ask the question. If this is not the way to do it, how do we do it? Help us.

Mr. GOETSCH. My suggestion again, or our suggestion is to allow the initial certifications to be made at the local level and eliminating the prereview of Federal agents.

Mr. WRIGHT. That will cut out a little bit?

Mr. GOETSCH. Yes.

Mr. WRIGHT. In addition to that, what would you do?

Mr. GOETSCH. I think that is the major thrust which is related somewhat to what has already begun in the block grants. That has some problems.

Mr. ROE. Has the gentleman concluded?

I have listened to the testimony with the greatest respect. But we are going through a dialog in your testimony. We have been spending 2 days expressing among ourselves the terrible dilemma we are faced with.

There are engineers on this committee. There are public officials on this committee who have served at every level of government. And we are coming back and we are saying you ought to be doing this, doing that, change that one thing—that is not going to change anything.

I know what you are talking about, you are totally correct. In my State we went ahead and spent something like \$3 or \$4 million in advance. We got bombed on it. Why are you not putting that in production?

We invested that money to do plans and specifications, knowing one day you had to have them on the shelf to have them ready to move.

That is part of what you are saying.

There ought to be a provision in the law that says that States have available loan funds to go ahead and advance their capital program, put it on the shelf—exactly what you are talking about.

This is a succinct clear recommendation to this committee. This can be written into legislation. I think that is the point.

The second point is we are struggling with a situation as to how to open up our Nation's public works projects so that our people can go to work and get the job done.

That is what Mr. Wright has been trying to do.

People are coming back, everybody is wringing their hands to see who they can blame it on, who should be given the omnipotent power to make the decision, see?

Mr. GOETSCH. Yes.

Mr. ROE. I think your points are very valuable.

Talking about recessions, determinations, changes ad infinitum, changes of administrators, changing of secretaries, changing of policy-makers taking place. The question squarely before the American people and this Congress is what do we do, how do we do it with the consent of governed to get on with building what has to be built.

What we are looking for is your organization to come back to us and say we think this is specifically what should be done.

And that is the kind of courage that has got to be brought before this Congress or we have been wasting our time at these 2 days of hearings.

You say the bill is spongy and is going to take away somebody's rights.

That is a lot of nonsense. The bill is there for a framework. The purpose of public hearing is for all of our witnesses to tell us what they think we ought to be doing specifically, sir, A, B, C, D, E. That is what I would like to hear if I may.

Mr. GOETSCH. I think it was mentioned, Mr. Chairman, by a previous speaker or by perhaps a member of your committee, that when the law was passed—one thing, when any particular law was passed—one thing was in mind, in the mind of the committee, and the subsequent

regulations that were published were voluminous. And I think this is part of the redtape that we are talking about.

Now, is there some way—

Mr. ROE. Can we say right on that point—excuse me for interrupting—this has been running through the chain of this testimony in the last few days. Mr. Wright has been talking about this for years. The Congress out of necessity in view of its structure, does not write a finite piece of legislation but allows that those people who are administering in governments throughout our country, are responsible to carry out the will of the Congress and the consent of the governed.

Now, could it be that we could come back and say, definitely, specifically, when we write our legislation as we are about to do for Federal aid to highways and in amendments to the Water Pollution Control Act, and the EDA Act, that we would spell out in these legislative measures that within a specific framework of time the administrators of the law shall act “yea” or “nay” on an application and you shall not have 5 years to make your decision. If you cannot give an answer yes or no in 90 days, tell the applicant why so that they can provide the information you need to make the decision.

Should we write into the legislation a framework of time then, say, for an 8-month period of time wherein certain cardinal steps must be taken and you must answer yes or no to that town or that city or that State—either approving or denying the application?

Because if you deny their application, then they have an adversary position in the courts.

Mr. GOETSCH. Yes.

Mr. ROE. See what I am trying to get at?

The testimony of the Governor of Rhode Island today was very salient and right to the point. He came out and said:

It is impossible for me to govern my State because every time a new set of regulations come out I am opening up a dimension in the courts for an adversary position for the citizen who chooses to reject the project. If only one citizen with sufficient money in his pocket wants to start something, the States are placed on the defensive.

Could time not be written into the law so that within, for example, six months, the application must be approved or denied and, if denied, declare based on the facts of the law, why the application is denied. Because then the State can go into the court and say, “You have done wrong by me, Mr. Administrator, and I am entitled”—if I represent 7 million people as in my State or 30 million people as in California—“to my day in court.” Otherwise what are we electing public officials to do?

We are spinning our wheels. It is the tail wagging the dog. These are the kinds of definitive decisions we need from our people. That is what we are asking you for and pardon my enthusiasm, I just want to get the point across strongly.

Mr. GOETSCH. I certainly subscribe to that suggestion, which is not at all without precedent in some levels of government, set a time level. Failure to act means it is approved.

I think that is certainly an important suggestion which we subscribe to.

Mr. ROE. Thank you, sir.

Mr. GOETSCH. Going back to the point made previously, one of our constituent organizations within the American Public Works Association is our Institute for Municipal Engineering. These are all people

who are top administrators and registered professional engineers. And their executive council, representing both large and small cities and counties from all over the United States, unanimously recommended that consideration should be given to allocating funds appropriated under title 10 of Public Works Development Act of 1965, as amended, which is really the job opportunities program, in accordance with the revenue-sharing program.

What we are suggesting is this be a pilot program to expedite the implementation of legislation, which is already on the books.

Now, the \$500 million which was authorized——

Mr. WRIGHT. Would the gentleman yield at this point?

Mr. GOETSCH. Yes.

Mr. WRIGHT. That might be a worthwhile suggestion, to have a pilot program, see how you can cut out redtape.

But we are faced with a crisis. We are faced with 8.2 percent unemployment in the Nation, and probably more than that.

We are faced with an enormously larger body of unemployed in the construction phase—we are faced with millions of dollars worth of construction equipment idle.

A pilot program in a limited area is not going to do it this year.

We want something that will do it this year.

Do you have any suggestion as to how we can make these things move more rapidly this year?

If you think our bill would not do it, let's find out how to do it. That is what we have to do to put Americans back to work.

Mr. GOETSCH. I certainly agree with that. I think, however, it may be necessary in order to get acceptance of this, that it may carry with it the additional requirement that this will be studied.

The earlier suggestion was to take certain of the projects that are currently in the mill, exempt them from the current procedure, or authorize the Administrator to do so. And rely entirely on local certification with monitoring that can take place later of those that are already in the mill.

Now, I think that essentially completes our statement on our position.

We do not want to, in any way, give the impression that we are trying to cut back on the requirements such as the environment and others. There were those considerations.

But to streamline the procedures, and we think that can be done by relying on local certification and we have tried to make a case that competence does exist at the local level, which is able to consider the environment and all of the other social and other restrictions that need to be considered and also the matter of public hearings which, as I said, has been part of our way of life all the way through.

And also that we stand ready through our association, using our communication system which we have to most of the public works departments, most local governments, cities, counties, as well as State, Federal agencies, to not only disseminate the information, but also to carry on whatever educational programs are needed which will help at the local level to assist, to give assurance to those Federal administrators if that is what is needed for them to use their discretion that perhaps they can defer some of that discretion down to the lower level and reserve the right to review after construction has started.

Mr. Chairman, that concludes our statement.

Mr. ROE. You have made a splendid witness.

Please believe one thing, that the enthusiasm and vigor with which we present our questioning, in no way, has been meant as a personal affront to you.

Your testimony has been greatly appreciated.

What we are trying desperately to do is to get from a gentleman of your esteem in this Nation some help and direction.

Let me ask a question. We have discussed the extensions of programs that have been helpful in the field of CETA programing, public service jobs, helping senior citizens on food stamp programs, and other such assistance programs. We know that in the construction of many of the types of projects we talk about in public works—whether it be complicated highway programs or complicated water pollution control projects—there is a legitimate period of time needed for engineering and design and to evaluate systems approach and so forth.

So it appears to us that in our desperate attempt to get the solid investment projects going in America, and as we discussed earlier in testimony relating to increasing our economic dynamics, there are some legitimate obstacles where time is required to overcome.

The billions of dollars that have been now placed into these other programs which we know are only short-range, are only stopgaps. The key area for us to move most vigorously on is a broad-based, bold, solid public works program, across the board, town to town, city to city, State to State.

Would it be reasonable to assume that in many of our cities, towns, and communities, hamlets and villages, there are schools, there are town halls, there are libraries, there are recreational programs—above and beyond the water and sewer and highway programs—that are really ready to go or could be geared up in 6 or 7 months time with final plans and specs ready to go ahead?

Would it not be wise for us to consider an adjunct to what we are trying to do here and provide maybe a massive public works program across the board—not just letting ourselves be hung up on water and sewer and mass transit programs which we know are going to take time to engineer, design and work out the intricacies needed before they can be put into construction?

Do you care to respond to that approach?

Mr. GOETSCH. I certainly think it would, Mr. Chairman. These kinds of facilities you describe are those that are frequently left to deteriorate without proper maintenance and so on, because of the lack of funds at the local level. I know, having done a similar survey for our mayor just recently on community facilities in Milwaukee, I am sure we are not different from most other communities. There are needs required to be met in those areas which could be put to a contract relatively soon.

We in public works do not design all of our projects, as I mentioned we are made up primarily of publicly employed engineers, engineering administrators, we also work very, very closely with the architect, consulting engineering profession, and many of those are themselves in a depressed situation at the present time and could be brought to

bear on those kinds of projects, as you suggest, in a relatively short period of time.

Mr. ROE. If we moved ahead on such projects, we could be able to eliminate part of this enormous proliferation of paper work that we are aware of and some of these checks and balances would not be necessary. For example, if a mayor wanted to build a new town hall, had the preliminaries done, knew that he would get the straight up and down grant to go ahead and do that town hall, could finish his architectural work, be ready to go into construction within 6 or 7 months, and would not need a complicated environmental impact statement for a project he is going to build on a block within the city, would that not free up the earliest possible shot that we need in the reinvestment of Federal funds for building facilities such as a town hall, a library or a school. When we say short term, I think it is a misnomer. You cannot do something like that in 30 days. It is ridiculous. But if you say 6 months, for those types of projects, is that not reasonable?

Mr. GOETSCH. I certainly think it would be reasonable.

But once again, I would have to question whether that particular Federal agency which would be dispensing those funds, whether they would not require some form of environmental impact statement.

Mr. ROE. I am not quarreling on that. We are on the same team.

I am saying if I am going to build a town hall in the middle of a city, I do not need an environmental impact statement.

When we have two blocks torn down and only need 700 feet of sewer lines to make those blocks operable to build \$10 million worth of buildings and we cannot get construction of the sewer line approved for 9 months because we have to wait for an environmental impact statement, something has to be wrong.

If I am going to run a sewer line that has been designed by a technically trained engineer from this to that street, it should not cost \$50,000 or \$100,000 and take 7 months to prepare an environmental impact statement.

I think I would be an absolute fool, as a public official to take that approach. See what I am getting at?

Mr. GOETSCH. Yes.

Mr. ROE. Nobody is talking about new towns, new cities. I am talking about libraries, schools, sewer lines of 700 feet—where do we need an environmental impact statement for that?

Otherwise, we may as well throw away every planning and zoning program that has been provided in every community in the State.

Don't tell us that we cannot put \$4 million into a project and build it in a year's time. Free us up and let us do it.

We may not be able to build interstate highways or a dam and or a reservoir, but we surely can build these types of facilities within this time frame. Is that not reasonable?

Mr. GOETSCH. Certainly reasonable; as I said before, with the professional training the people that make these plans have, plus they must still pass the muster of their local people—

Mr. ROE. Of course.

Mr. GOETSCH. It seems to me that would be adequate certification.

Mr. ROE. Beautiful.

Mr. Wright?

Mr. WRIGHT. I have no further questions.

Thank you, very much, Mr. Chairman.

Mr. HOWE. Mr. Chairman, one question.

I note in your statement, Mr. Goetsch, your illustration that projects which took 4 years to complete a few years ago now take 7 years because of the involved approval and clearance procedures.

I think you and I would agree from what you said in your testimony that some review and some meeting of criteria for projects is certainly worthwhile.

But what we are trying to get out I think is best said by your statement where you indicate that if we wish to accelerate action on public works projects, careful consideration must be given to the question of who should make what decisions.

Is that not really the heart of what the entire problem is about?

Mr. GOETSCH. Exactly.

Mr. HOWE. And the pinpointing of responsibility to individuals who have some jurisdictional authority over review procedures to make their decision within a certain given time frame and within certain bounds as allocated to them by the various laws in which they operate and then to get on with the decisionmaking process whatever that decision happens to be. So that finally you can add it all up and see whether you have a viable project, or not, taking everything into account.

Would you agree with that?

Mr. GOETSCH. I certainly would agree that that is a good summary of the position, yes, sir.

Mr. HOWE. In that regard, I think as other members of the committee have indicated, anything you could give us by reason of your background and experience and that of members of your organization on pinpointed responsibilities of who ought to decide what, how we can pinpoint this better, would be very helpful to use in trying to arrive at a meaningful result of this proposed legislation.

Mr. GOETSCH. That is a request from the chairman? We certainly would try to do that.

Mr. ROE. Certainly is.

Mr. GOETSCH. Certainly try to do that.

Mr. ROE. Mr. Cleveland?

Thank you very much, Mr. Goetsch. We certainly appreciate your time. We are really waiting for you to get back to us with these specific points, if you would be so kind.

[The following was received for the record:]

HON. ROBERT A. ROE,
Chairman, Subcommittee on Economic Development, Committee on Public Works and Transportation, U.S. House of Representatives, Washington, D.C.

DEAR MR. ROE: Commissioner Herbert A. Goetsch, President of the American Public Works Association, has asked me to respond to your request for additional information concerning the statement he presented at your hearings on H.R. 3067, "Emergency Public Works Acceleration Act of 1975," on March 13, 1975.

At that time, you requested additional information concerning: (1) The types of local public works projects that could be ready for construction within 6-7 months from the time funds are made available and thereafter completed in one year; and (2) More detailed recommendations on the decision level thesis contained in my statement; i.e., "If we wish to accelerate action on public works, careful consideration must be given to the question of *who* should make *what*

decisions. Some should be made by the electorate, others by their chosen representatives, and others by the professional staffs whom they employ."

In response to the first question, President Goetsch reviewed his own operations in Milwaukee and gave me several suggestions. I also received input from other public works directors concerning type of projects which could be designed quickly and put under contract or done by force account within the time limits of no more than six months for planning and design and no more than one year for execution. The time constraints have necessarily limited the projects to those which are already designed and awaiting funds or those that do not require real estate acquisition, relocation, environmental impact statements, or extensive public hearings.

Typical of the projects that can be carried out within these constraints are:

Transportation—Projects which do not normally qualify for Federal matching funds such as: reconstruction and/or resurfacing of residential streets; sidewalk repair and construction; curb and gutter construction; construction of bus loading bays and bus passenger shelters; street lighting improvement; bridge renovation; curb ramp construction for use by handicapped; and traffic improvements similar to those carried out under TOPICS.

Water and Sewer—Water main extensions, storage and treatment facilities; water meter servicing; update water and sewer maps, sewer testing and repair to reduce infiltration and inflow.

Drainage—Storm drain construction and repair, catch basin cleaning and rehabilitation.

Public Buildings—Renovation of city and county buildings, installation of facilities for the handicapped, construction and equipment maintenance and service centers, fire stations, etc.

Solid Wastes—Landfill improvements, service roads and transfer facilities, and resource recovery facilities on existing disposal sites.

Grounds—Clean-up, mowing, landscaping, tree planting.

General—Updating maps of utility locations, inventories of public works facilities, litter surveys.

The second question is more difficult as it is more political than technical in nature. There was a time when relatively few people had the educational background to discuss the many complex factors involved in the development and operation of public works systems. People recognized their limitations and the need to rely on the judgment of professionals who had extensive training and experience to make certain decisions on their behalf. Today our citizens are better informed about everything because of their formal and informal education through various institutions and the news media. The lay citizen may not be well versed in all of the factors which must be considered in making a sound decision but he is frequently articulate and skilled in persuading others to support his position.

It is natural for elected officials to be responsive to the pressure exerted by people who have been influenced by such persons. On the other hand, this can and has, led to the enactment of legislation which is extremely difficult, if not virtually impossible, to implement. This leads to the suggestion that more serious consideration be given to the views of the professional engineers and administrators in public agencies who are responsible for implementing the programs enacted by legislative bodies.

In the rapidly changing democratic society in which we live, it is not feasible to precisely delineate who should make what decisions. The level of difficulty of the decisions as well as the qualifications of people in different positions of responsibility varies so much that this would be risky to say the least. The best we can probably hope for is to develop a flexible framework for decision-making which would give first option to the governmental jurisdictions whose constituents are most directly affected by the decisions.

In other words, if some cities and counties have well qualified personnel, or retain well qualified consultants, to do what is required to comply with federal legislation they should be permitted to function without all the review procedures that have been established. A post-audit to assure that local decisions comply with the "intent" of the legislation should suffice. In these cases where the post-audit indicates they are not complying with the legislation enacted by the Congress, they would then be subject to the review procedures which would, of course, delay implementation, but, at least, assure compliance with federal legislation.

I hope these comments will be helpful to you in connection with your consideration of H.R. 3067 and other public works bills.

WILLIAM F. HENSON, P.E.,
Director.

Mr. ROE. Next witness, Robert Georgine, president, Building and Construction Trades Department, AFL-CIO.

Mr. Georgine, if you will identify your colleagues for the record.

TESTIMONY OF ROBERT GEORGINE, PRESIDENT, BUILDING AND CONSTRUCTION TRADES DEPARTMENT, AFL-CIO, WASHINGTON, D.C., ACCOMPANIED BY JACK CURRAN, LEGISLATIVE DIVISION, AND DAN MUNDY, LEGISLATIVE DIRECTOR, BCTD, AFL-CIO

Mr. GEORGINE. Thank you, Mr. Chairman, Accompanying me are my colleagues, Jack Curran and Dan Mundy, representing Legislative Division, Building and Construction Trades Department, AFL-CIO.

Thank you, Mr. Chairman.

It is good to see Congressman Wright here.

I want to say at the outset that we support the bill.

We have not seen any bill up to this point that addresses itself to the problem as this does. We do not see anything better coming along. And we do not have any suggestion for a better one. We do support it.

I might say that before I begin to read my formal statement, that many of the comments that you made a little earlier, Mr. Chairman, to the previous witness, I would like to just sign my name to and say they came from me.

I concur wholeheartedly with most of them.

Let me say that America is in a depression and when unemployment rate is 8.2 percent, representing nearly 7.5 million people without jobs, it is time that the administration stopped kidding itself and trying to kid the people. It is time that appropriate policies be adopted to reverse the decline; time for measures more immediate and far-reaching than any the administration is contemplating.

The year 1974 was simply a disaster for hundreds of thousands of construction workers and tens of thousands of building contractors. Homebuilding all but disappeared. Utility construction dropped off precipitously. Highway construction slowed to a crawl and commercial construction dried up.

The most recently available statistics give little reason to expect anything better from 1975. Unemployment for the month of February in the construction industry reached a staggering 15.9 percent. This translates into 688,000 unemployed construction workers.

Even those workers lucky enough to still be employed are weathering hard times—the average number of hours worked continues to drop.

According to Labor Department studies, the average full-time construction worker works less than 1,500 hours at his trade each year—at least 500 hours less than the average industrial worker.

Even these sad figures do not fully portray the enormity of the problem. In Detroit, for example, unemployment is 40 percent, the electricians are 35 percent, laborers, 40 percent and painters, 55 percent

unemployed. I could go on—Oakland, 20 percent, Boston, 25 percent, New York, 24 percent, Chicago, 25 percent, San Diego, 29 percent, and Flint, 45 percent.

The suffering and human tragedy underlying these figures cannot be overstated. The personal strain on the unemployed of being idle and unproductive is of course immense in a society which prides itself on its industriousness. Family life is disrupted when its breadwinner has to travel to find work. Proper medical services and education become expendable budget items and lifetime savings are liquidated to provide for necessities.

Not only is unemployment still on the rise with no foreseeable help in the near future, but current construction expenditures and contracts for new construction are continuing to drop.

In January new construction actually put in place dropped 3 percent from a year ago. Adjusted for inflation, construction is off 15 percent from last year.

According to figures released by the F. W. Dodge Division of McGraw-Hill just yesterday, January's contracts for future construction work declined 13 percent from the previous January total. When this statistic is adjusted for inflation, the total decline rises to over 26 percent.

Unless this situation can be turned around, no substantial improvement can be expected in the overall economy. In each of the previous five economic downturns we have experienced in recent times the construction industry has led the country back to a healthy economy.

A depressed building industry has dire consequences for the entire economy. It is estimated that the taxes lost to the Federal Government from unemployed construction workers alone is presently close to \$650 million. An additional \$820 million is being lost to social security. State and local governments are also being badly hurt. And that is not all.

Corporate taxes are lost. The buying power of those workers unemployed drops and the industry's demand for durable goods weakens. Unemployment begins to feed on unemployment. In fact, it has been suggested that a rough yardstick of the true cost of such unemployment and the overall business downturn in the building industry may be in the neighborhood of \$7 to \$8 billion.

This dependency of the overall economy on the state of the construction industry is reciprocated by the building industry's sensitivity to national economic trends and policies. Historically, the construction industry is the first to feel the pangs of recession. Long before the administration was willing to admit that the country was even in a recession, the construction industry was in a state of depression.

The construction industry has carried a disproportionate burden of the administration's misguided economic policies. Impoundment of funds, tight money, high-interest policies and cutbacks in other Federal programs have all laid the construction industry low.

The time has come for Congress to help the construction industry. As I have already stated, recovery in the construction industry will lead to a recovery in the general economy.

The idea of using public works projects to stimulate construction activity, particularly through the accelerated construction of such projects, is not new. In 1962 the Kennedy administration and this

committee saw fit to institute a \$900 million program to accelerate public work projects. This program was responsible for funding of approximately 7,700 projects.

The 1962 program funded projects which could be quickly started and in which the majority of those on the payroll were employed within the first 12 months of the project.

This country's need for public works has not decreased since 1962—if anything, it was increased.

The value of a healthy level of public works expenditures is twofold. First, vital community needs are met through the building of schools, hospitals, libraries, recreational areas, streets, water supply and sewage disposal facilities. And second, development of these facilities are necessary for, and help to promote, economic and cultural development.

An actual backlog of public works projects exists—projects which if accelerated through their remaining planning stages and then funded could begin this year and, therefore, constitute a start towards economic recovery.

A recent Department of Commerce survey indicates that there is an estimated backlog of upwards of \$4 billion in public works projects which are ready to go. In fact, \$1.5 billion of these projects are simply awaiting funding. And there are additional State and local projects not included in this study which could substantially raise this figure.

These measures go far beyond the confines of H.R. 3067—particularly in the area of funding. However, the Emergency Public Works Acceleration Act of 1975 does address itself to a very crucial problem—the procedural requirements which serve to delay construction starts on approved public works projects.

I would like to make one point clear. Our experience with planning and procedural requirements has often been frustrating. Nevertheless, I am not advocating a reckless policy of uncontrolled growth and construction. I am instead arguing for a better balance between the two.

For some time now, the group from which I come—the building and construction trade unions—has been regarded by many so-called conservationists or self-appointed environmentalists, as their mortal enemy.

Because we are the guys who often build in virgin territory—because we put down the pipelines, put up the power plants, cut through the highways, bridge the rivers, construct the factories, erect the skyscrapers, build the housing developments and industrial parks, the transit system and the chemical plants—you name it; we build it.

Therefore, it is charged that we are the anticonservationists and the antienvironmentalists.

It seldom occurs to anyone that the members of the building and construction trades are people—plain, ordinary people, who have the same concerns, the same frustrations, the same ambitions, the same disappointments, the same high hopes as all other people.

Conservationists did not invent pride in our Nation—how it should look and how it should operate.

Environmentalists do not have a monopoly on fighting disease, desiring beauty, protecting our heritage.

If anything, we in the building and construction trades are much more aware of the situation than many others in our society.

We hold a deep interest in nature because we are builders and artisans.

And one thing we are deeply conscious of is that we are a living, working society and that certain adjustments, certain balances are necessary if we are to live and work together. Accommodation must be reached, between the human and physical needs of an expanding economy and legitimate environmental and planning concerns. Perhaps the best means of insuring this result is to approach all projects with the thought in mind of providing the greatest good for the greatest number of people.

In this way, environmental and planning concerns become one of a system of factors affecting the final decision regarding a project.

In closing, I want to stress our realization that this is an emergency measure designed to be in effect only for fiscal years 1975 and 1976. We are not looking to permanently bypass various environmental and planning review procedures.

Instead, we view the present economic situation as so critical that certain emergency measures must be taken. H.R. 3067 is one such emergency measure and I hope that this committee in its wise judgment will take affirmative action to insure its passage.

Let me also emphasize that it is our hope that departmental and agency heads will not abuse this law or run roughshod over the expressed intent of any acts passed by Congress. We hope instead that there will be sufficient congressional oversight to prevent this occurrence.

Finally, let me again stress that we view this bill as only one emergency measure among several that are urgently needed. One step we feel to be extremely crucial is a new version of the 1962 accelerated Public Works Act with funding sufficient to start up the backlog of projects I already mentioned, and put more of our men back to work.

I sincerely expect this committee can play an instrumental role in insuring that this sort of legislation passes the 94th Congress.

Thank you.

Mr. ROE. Thank you, Mr. Georgine. That is an excellent statement.

I like what you are basically saying, that the efforts of this committee in this respective bill in no way relates to attempting to subvert or negate the much long hard work we have done in providing long sought after environmental rules to achieve quality environment for all of our people.

I think you are stressing that, but you are also saying that there are emergency measures that we have to take to get things going again.

I think this is very important.

Mr. Wright.

Mr. WRIGHT. Mr. Chairman, I would like to add, by way of commentary or question, I think it is an eloquent statement. Obviously it is a statement that comes from the heart. Obviously it is one directed to a very real and critical need on the part of the members of Mr. Georgine and his associates, and I just want to express my appreciation to him for being with us.

Mr. GEORGINE. Thank you.

Mr. ROE. Mr. Howe.

Mr. HOWE. Thank you, Mr. Chairman.

Mr. Georgine, I would like to congratulate you on your statement. I think it is an excellent summary of the experience that your organizations have with the slowdown procedure in getting these projects moving.

I am interested, of course, in what we can do to attempt to accelerate projects, and I emphasize again to also continue to look at the required provisions that must be met in order to fund projects. I do not think the intent of this legislation as I understand it is to circumvent the law and I am sure that your testimony indicates that is your understanding.

I might try one thing out on you that was suggested to me by some people who feel that sometimes in the delays that are contemplated in projects, and it does irreparable damage in a community for people who are awaiting the benefits of the project, there might be some type of a provision for bonding pending the outcome of certain decisions.

As a lawyer I know that that has sometimes been required in various lawsuits. The court has ruled in some jurisdictions some laws do require some type of supervision—I do not know if you have ideas on that, but I might suggest that as it has been suggested by some people in my State.

Mr. GEORGINE. I think that the bonding in that particular situation might be a very good idea. I do not know all of the details that would be involved in doing it. But I think that certainly would not hurt. I think it might slow down a lot of the litigation that now exists, holding back many, many, many, many jobs for no real reasons.

There is no better example than some of the jobs that exist today. Con-Edison, for example, weathered 10 years of litigation and spent \$4 million in legal fees on Key Mountain. Then they start the job—have 100 men on the job. A month later it is stopped for further studies, studies on striped bass.

Those are the kinds of things that are crippling the economy.

That job built 10 years ago would probably cost 25 percent to half as much as it is going to cost by the time it gets built just because of inflation alone.

These are the things that you should try to find solutions to.

Mr. HOWE. I appreciate your views.

Thank you, Mr. Chairman.

Mr. ROE. Thank you.

Mr. OBERSTAR.

Mr. OBERSTAR. Thank you, Mr. Chairman.

Mr. Georgine, I guess I want to commend you on really an eloquent statement. You have outlined the problem of unemployment and its effect on the individual and on the economy, the way that it gets right straight to the heart of the problem—I think you have done an excellent job, one of the best presentations I have seen in any committee in a long time.

You give us a wealth of statistics to substantiate the effect of unemployment and the effects of Federal foot dragging. But you are not helping us enough in getting at the thing that we want to get at with this legislation and that is those check points, those bottlenecks in Federal programs that delay and hold up implementation.

Your people are the builders in this country and some of the greatest people I have ever known, in my opinion. And they see the frustration of the contractors for whom they work. They are in touch with local governments. They know some of the problem areas.

I know Mr. Curran, your able assistant, with whom I have had the pleasure of working for many years, is familiar with complex regulation in Federal programs.

From your experience and that of your representatives could you cite for us some areas, some specific examples of things in Federal programs that could be cut out to speed up the project by 6 to 8 months or a year?

Mr. GEORGINE. I think really if you just backtrack a little bit and read some of the chairman's remarks to the speaker immediately before me, he outlined some of them very eloquently. But I could supply this committee with a list of those things that we think impede the progress of jobs and are caused by Federal redtape. I could do that very easily.

Mr. OBERSTAR. We are trying to get as broad a spectrum, I think, as possible of all the different aspects. Each one has a little different viewpoint, each one of the witnesses has a little different viewpoint. We would sure like to have yours.

I am very appreciative of the mention of accelerated public works program. I think that was the best example of Federal assistance in action. The least redtape, the fastest, the lowest administrative cost of any program that I have witnessed in 12 years in Federal Government work. And it got people to work soonest and got the economy back on its feet.

I am grateful for your support. I hope this committee can consider melding together the various public works programs under our jurisdiction and reestablish the early 1960's accelerated public works program which did more for the building and construction trades than any other similar program I have known of. I am grateful for your support.

Mr. GEORGINE. And I might add, helped the economy along, too, as a whole.

Mr. OBERSTAR. That is our ultimate objective. But you are the ones who are hurt most in this economic period of ours.

Thank you, Mr. Chairman.

Mr. ROE. Thank you, Mr. Oberstar.

We have talked about paper layoffs which we have seen in the public service employment program and which is a problem. You might not want to answer, but I will ask you the question, anyway, so ponder on it.

As union officials responsible for the work force of America, how are you handling the situation as it relates to the level of wages by your contractual agreements or through collective bargaining when your people are unemployed?

Obviously if they are working with the UAW—you mentioned the high level of unemployment, 40-some-odd percent or higher in Detroit—there is a mechanism in that union contract that is helpful where the average employee, although he is in a deferred position or on furlough at the moment, has under union policy or collective bargaining an agreement with the automotive producers, for example, a source of revenue above and beyond his unemployment compensation which

gives him a fairly reasonable balance, at least, not full wages but funds to be able to survive on through a tough economic period while he is being furloughed.

I think that is an accurate statement of that situation. Now, what do we do with construction workers, however? They don't have that kind of a contractual agreement. They don't have that type of a program. If they are out of work, they collect their unemployment compensation, which amounts to about a hundred bucks a week or thereabouts under the present situation.

What is your policy where these people are trying to hold together the structural labor relations and organizational structure, and at the same time they don't have enough to eat?

In other words, can they take public service jobs where they get paid, I think it is a maximum of \$10,000, that is twice as much as they will get on unemployment compensation?

Or is it a policy to say to them, "Look, just hang on a little longer until we break the redtape"? But men who have worked for 20 years to make \$17,000 to \$18,000 a year to try to raise their families on, have either got to take unemployment at \$100 a week or they have to break the union structure.

Mr. GEORGINE. The fact of the matter is that construction workers, of course, don't get any subsidies. When they are out of work, they are out of work. As a matter of fact, even in good times, if it rains and they are out of work, they are out of work. They don't get paid.

A man can only stay out of work so long. His unemployment runs out and his savings are gone. He has to go to work someplace, wherever he can get a job. There is nothing we can do for him.

We have no big pot of gold we can dip in and proportion out to those who need it the most. That is one of the serious problems that is hitting us right now. We have this kind of unemployment right now. We have those people who have run out of their compensation right now, and they have no place to go. They have no jobs to get. Some are lucky enough to find some jobs, and are leaving the industry.

This country is facing a most serious energy self-sufficiency problem. Unfortunately, when in the immediate future, or the near future, after we get this economy back on its feet, we begin to tackle this problem—those people who would be in the work force to help build those energy facilities, to help build those gas fabrication plants and shale to oil, and so forth, and powerplants that are badly needed, are not going to be there. They are not going to be available if they have gone into other industries. Once they get into these other industries and see that there is that constant paycheck every week, unlike construction, they may not come back.

That is a problem we are facing. We don't have any solution to that problem.

Mr. ROE. Let me ask you the second question. I want to know from your expertise and responsibility in the public sector—

Mr. CURRAN. Mr. Chairman, could I get back to your original question?

Mr. ROE. Of course.

Mr. CURRAN. I think the answer specifically to your question is not in terms of whether we have supplemental insurance, unemployment insurance. But the question is what are we doing to provide jobs for

our people. And if the chairman will recall, this is not our first visit before this committee. We have been here many times. Just a couple years ago we appeared before this committee. We had proposed at that time a breakthrough on the mass transportation highway problem that was existing in both the Senate and the House side. So those are the things that we are more expert in.

Coming before the Congress and laying out a program which we think is, in our best judgment, a federally financed program to stimulate the economy to advance construction jobs, because indeed we rely upon the Congress for this kind of aid, aid to the cities, aid to States, aid in construction of new houses, new highways, mass transportation, and indeed I hate to say this, but a couple of years ago when we were here, we had proposed at that time a separate trust fund for the mass transportation program.

If they would have put 2 cents aside at that time, tax on the gallon of gasoline, we would have been that much further down the road now in terms of billions of dollars in the mass transportation program.

So this is why we put our best foot forward, Mr. Chairman. In fighting for legislation for those kind of jobs that our people do.

Mr. ROE. I am sorry, perhaps my inquiry was not succinct enough. I am trying to get a point across.

During the preparation of these hearings, and I think this is fair commentary to state it in this form, some people started a rumor going, that this legislation was a diabolical scheme to negate all kinds of existing laws.

It was going to knock out the environmentalists and set us back in any progress we may have made in our environmental endeavors.

It was going to rip off the Davis-Bacon Act and civil rights measure. This rumor started to permeate through the press, making our committee look like the bad guys with some diabolical scheme in mind.

The point and thrust of my question is this: Is it right that under collective bargaining the artisans have to make up their mind whether they are going to try to get a public service job to paint the city hall at \$10,000 a year when they fought for 30 years to be able to get \$18,000 a year through collective bargaining, or they don't work? That is basic. Who really is union busting around here? That is the point I want to get on the record.

The fact remains this is not a diabolical scheme to break the Davis-Bacon minimum wage provisions. The public service job program is doing just that, if your construction people want to continue to work and get a job under that program until we can get a massive public works program going at prevailing wages.

Isn't that a fair commentary to put on the record, sir? Isn't that germane to your industry?

Mr. CURRAN. The point is very well taken, Mr. Chairman. That is one of the reasons why we are here today. We concur in the legislation that is before the committee. We do hope for quick passage.

Mr. ROE. All right.

Now let me ask you to do us one more favor. I would like you to do something, which you started to do in your statement, Mr. Georgine, but you didn't carry it far enough. You pointed out that inflation was *x* number of dollars. You point out the increased cost of construction and went right down the whole chain of our economy. Every single

nut, bolt, gasket or piece of pipe which is produced by the input of energy or imported energy which has risen 300 or 400 percent higher in 1 year's time—whether we break this logjam or not—is going to cost that much more to produce, isn't that reasonable? The input of energy is going to cost that much more and is one thing that is dislodging our entire economy.

And you came back and said, I want to call to your attention it is not only inflation and increased cost of construction involved, but you made another point. These people are unemployed. Therefore, we have unemployment compensation. That is an enormous drain on the public treasury. At the moment our State had to borrow, I think, \$50 million or \$60 million in the State of New Jersey because our unemployment compensation fund is bankrupt. They had to borrow these funds from the Federal Government.

Who is going to replenish that unemployment compensation fund unless our people are put to work and they can provide the money to go into that fund? You talked about social security, the retirement funds of the people in the future. You said, well, we have drained the social security funds of \$680,000 already because these people weren't working; therefore, the person running the construction company the employee is not making any input into the social security fund along the line.

We came back and said fine, you are talking about extending the unemployment compensation then. We talked about the engineering news record and what the level of employment would be and level of construction would be, the drop in the level of construction. What a valuable document you could give to us if you could put your economists to work.

I would like to see coming from you added testimony in the form of an economic report taking the facets that you talked about and translating them into dollars on all of these public service, food stamps, ad infinitum, Federal funds that have been paid out so that when we are talking about expending billions of dollars to accelerate public works, we are simply taking money that is now going down the drain to keep our people alive instead of putting them back to work and making an investment in America.

Isn't that the kind of substantive document we need? Isn't that what we are really talking about? We are not talking about a motion between the environmentalist and construction man. We are talking about the enormous open end drain upon the public treasury now because the issue is not understood.

Mr. Burns made a statement only last night, and he said never mind this \$34 or \$40 billion deficit situation in our budget. He, himself, in the Washington Post said it looks to me like it might be more like a \$100 billion deficit in the fiscal year that we are in right now. That is the order of magnitude of the crisis we are faced with.

So I think you could do this committee an enormous favor if you would take the area of your expertise and translate that unemployment into the public flow of capital that is being used to sustain it versus no production work going on.

What does it mean in billions of dollars to the American treasury then? This would be helpful to us if we could ask you to take on that chore.

Mr. GEORGINE. We will do that the best we can. We touched on it lightly in our statement.

Mr. ROE. I would like to see a subsequent statement to that degree.

Mr. GEORGINE. We will do the best we can. We feel very strongly that there is no need to create a new work force. The need is to get the money into the economy to keep the work force that exists working.

Mr. ROE. We must demonstrate to the 435 Members of the House that without this kind of action we are talking about, that we are going to be talking about \$100 billion deficit of money that is not going into production, it is just keeping our people eating.

We want to put them to work.

Mr. OBERSTAR. Will the Chairman yield?

Mr. ROE. Yes.

Mr. OBERSTAR. I think the record has been made in the past and should be made again on this point because it is too easily forgotten. That is when men are out of work and on unemployment or early social security retirement benefits, we are paying them not to work.

What we are talking about on this committee which underlies your mention of accelerated public works is paying people to work. Paying people to get back into the production line, in the broadest sense of that word. Paying people to contribute to the reconstruction of this country. That is what we are talking about here on this committee and trying to build a record for the future.

I think it is far more productive and constructive to engage in the long-range program, accelerated public works such as we had in the early 1960's, such as we can do if we can cut through this redtape that this legislation here is aimed at and move this country ahead.

Thank you, Mr. Chairman.

Mr. ROE. Any other questions?

Mr. Wright?

Mr. WRIGHT. Mr. Chairman, not a question. I just want to make a comment, because I think one thing that was said, I think by Jack Curran, expresses what I am certain is the feeling and hope and aspiration and yearning of 99 percent of the members of the building trades that these gentlemen represent.

He said in effect, I think, we don't like to be talking in terms of extended unemployment compensation. We would a whole lot rather be talking in terms of something to give these folks production work to do. There is a lot of nonsense that you hear occasionally from someone saying, "Oh, all the people on unemployment compensation or relief, they don't want to work."

Well, that is quite untrue. Certainly it is untrue with respect to the people in the building trades. And I know that these gentlemen do speak for their membership. Certainly those who live in my area, 99 out of 100, and probably 499 out of 500 of those fellows want only one thing: They want an opportunity to make a living. That is all they want.

If we can contribute to giving them that, then I surely do endorse what has been said by these witnesses, that the building trades which have been the vanguard of recession, also can be the vanguard of recovery. That will help pull the whole economy back.

That is the task facing this Congress and there is not a more important one.

Mr. ROE. Thank you.

No more questions.

Gentlemen, we thank you very much. Your testimony has been excellent and most helpful. Thank you so much for your time.

Our next witness is Mr. John Gunther, United States Conference of Mayors.

TESTIMONY OF JOHN GUNTHER, UNITED STATES CONFERENCE OF MAYORS, ACCOMPANIED BY CARL RIEDY

Mr. GUNTHER. Thank you, Mr. Chairman.

I am John Gunther, executive director of the United States Conference of Mayors. I am accompanied by Carl Riedy, assistant executive director.

The conference is an organization which serves as national spokesman for the mayors of virtually all cities with population in excess of 30,000.

While I am sorry a mayor could not be present to express our viewpoint, I certainly thank the committee for the opportunity to comment upon the Emergency Public Works Acceleration Act of 1975 on behalf of the Nation's mayors.

Mayor Alioto just got home when we found out this hearing was set and he couldn't come back because he had some city business to take care of today.

Mayor Landrey is in the middle of a bus strike reaching its 80th day, and he is trying to settle it in his office this afternoon.

I want to thank the committee for the opportunity to comment on the Emergency Public Works Acceleration Act of 1975 on behalf of the Nation's mayors.

Mr. Chairman, before beginning, I would like to congratulate you on your appointment as chairman of the Economic Development Subcommittee. With your proven expertise in national economic policy and economic development programs, and your past experience as both mayor of Wayne and commissioner for conservation and economic development, you bring to this subcommittee the qualifications to develop the kind of comprehensive program so urgently needed to reverse the current economic recession.

I am also pleased that another mayor, a former member of the conference, Mr. Wright serves on this committee.

I understand members of my staff have already been discussing with you some of our concerns. We certainly look forward to working with you and the members of this committee during the coming session. We hope you will call on the mayors often.

Congressman, I need hardly report for you the chronic economic ills that the cities of America have been experiencing for the last two decades. The litany is well known: Persistent and substantial unemployment, reliance on regressive and constantly increasing property taxes, flight of employers and middle-income residents, poverty, ballooning welfare rolls, and municipal fiscal crisis.

If the economic conditions of our cities have been less than bright for the past 20 years, they are now intolerable. The combined forces of inflation and recession have taken a devastating toll.

Unemployment levels well above the national average with pockets of extreme unemployment and poverty—New York, 10.6 percent; Detroit, 23 percent; Los Angeles, 9.1 percent; and Buffalo, 13.4 percent, to name just a few.

Double-digit inflation increasing municipal costs perhaps 50 percent higher than the inflation measured by the consumer price index.

Reduction of essential municipal services and/or the laying off of employees coupled with the delay of critically needed capital projects.

The premises of the Emergency Public Works Acceleration Act of 1975, as set forth in section 2, are absolutely true—only disproportionately so in the Nation's urban areas.

The United States Conference of Mayors recognizes the critical relationship which exists between economic development and economic recovery. The disastrous effects of recession and inflation only serve to underscore the critical need of a national economic policy which is sensitive to, and deals directly with, specific problems, areas, and sectors of the economy. Substantial Federal investment in concentrated economic development is not an act of charity, but rather a rational growth policy to treat the chronic ailments we are suffering.

As this committee and the House of Representatives develops this comprehensive and overall strategy to address the Nation's economic problems, it is important that immediate action be taken wherever possible. The acceleration and full utilization of existing and authorized public works programs and projects provides a short-term opportunity to check the economic downturn; thereby making it more responsive to forthcoming maximum corrective efforts. The Conference of Mayors urges Congress to exhort the administration to fund programs at the fully authorized levels, making moneys available as expeditiously as possible.

Congressmen, as often as the mayors have recited the litany of our cities' economic plight, so have they emphasized the need to standardize and simplify grant applications.

In fact, grant simplification has become a cornerstone of all policy discussions involving the development or restructuring of any Federal assistance program.

Hardly a time goes by when a local elected official is in Washington visiting with his congressional delegation that he does not address a procedural administrative difficulty delaying a grant application.

You are all too well aware of the burden cities must face with extensive paper work, complex interagency decision procedures, needless duplication and unnecessary delays—all of which significantly reduces the effectiveness of the programs and increases the total costs, particularly during this period of inflation.

Toward the end of the Johnson administration and the beginning of the Nixon administrations, there was a conscious and concerted effort by the Federal Government to minimize the redtape involved in grant applications known as the Federal Administrative Review, or FAR effort.

The Conference of Mayors and other public interest groups, like the Governors Conference and National Association of Counties, played active roles in assisting the Federal Government with the hope that the then-increasing Federal assistance to State and local govern-

ments could be more expeditiously, and more importantly, effectively utilized.

However, with the trend of the past several years for decreasing or stabilizing Federal assistance to State and local governments, this effort has, for the most part, vanished.

In fact, redtape is again on the increase. Rather than recite numerous horror stories, I believe it will suffice to say that there is no more effective tool, except for impoundments, than redtape to slow down the flow of moneys from the Federal Government to State and local governments.

It is time, in this economic crisis, that the Federal Government again place as its primary objective the funding of projects. As this goal begins to become part and parcel of the administration's purpose, new endeavors will be undertaken to meet all necessary requirements with minimal delay and redtape.

For example, if such an effort is not undertaken by the Environmental Protection Agency with regards to the recently released \$9 billion in water pollution control moneys, I submit they will find it most difficult to allocate those dollars within the given time frame.

There is clearly the need to limit redtape and to provide increased local control and discretion in the grant approval process.

It is important that I emphasize here the need for the improvement of the existing process. The U.S. Conference of Mayors has vigorously supported, and continues to support, those civil rights, labor, environmental and citizen participation requirements necessary to assure the proper development of any program within national goals.

The policy of the Conference of Mayors has never quarrelled or opposed the need for national standards. Our efforts to minimize redtape, simplify procedures, and reduce delays have focused solely on the manner in which Federal agencies have attempted to administer the national standards and the individual programs.

Seldom is there an attempt to develop uniform guidelines or regulations. For example, the Council on Environmental Quality developed broad parameters for environmental impact statements, but each division of each Federal agency interprets those guidelines in their own fashion creating a myriad of processes.

Local officials realize the need to assess the environmental impact of their programs, but efforts to simplify the process are necessary to make it an effective process for local decisionmaking.

The Conference of Mayors stands ready to discuss with both Congress and the administration the improvement of the grant application and award process in order to expedite the entire procedure.

In some areas, such as community development, manpower and mass transportation, we are presently actively involved in recommending what we consider more appropriate approaches to administering the programs.

In other areas, we would only look forward to participating in such an effort. We specifically caution that improvements in procedural processes be done only in close consultation with State and local governments so as to prevent the elimination of actively pursuing national standards and to allow for a proper and smooth transition.

In closing, an effort to insure that public works programs and projects are both fully funded and expeditiously started is one part of a necessary overall strategy to meet the economic plight facing our country.

The mayors at the annual mid-winter meeting spent the majority of their time addressing the concerns which I briefly addressed at the outset.

As a result, the executive committee adopted a 9-point economic revitalization program for urban America as their No. 1 priority.

If the Chair would allow, I would like to submit this program for the record as parts fall directly within your jurisdiction.

Mr. ROE. So ordered.

[The document follows:]

PRESS RELEASE OF UNITED STATES CONFERENCE OF MAYORS

JANUARY 31, 1975.

NINE-POINT PROGRAM TO REBUILD NATION'S ECONOMY PROPOSED BY U.S. CONFERENCE OF MAYORS

WASHINGTON, D.C.—The U.S. Conference of Mayors today called for a Nine-Point Emergency Economic Program to deal with the nation's economy.

The economic program drew from both Administration and congressional proposals but was tailored to meet the needs of the country as seen at the local level.

The program was unveiled in a news conference by San Francisco Mayor Joseph Alioto, President of the U.S. Conference of Mayors, at the conclusion of the organization's 43rd annual midwinter leadership meeting.

At the news conference, Mayor Alioto said:

"If there is any one thing that is apparent in our two-day meeting here it is that cloaked, political arguments lurk behind the grave economic and energy problems that face our country.

"I am not convinced that the national election of 1976 is dominating the important economic discussions that are going on between the Administration and the Congress. But, there does appear to be evidence that this may be the case.

"I would hope, however, that political arguments will be made because of honest differences rather than partisan politics.

"We now face a serious economic crisis in the country.

"Yet, as we meet here in Washington there does not appear to be the sense of urgency that we, in the nation's cities, know exists.

"During World War II it was unthinkable to have a public debate about the invasion of Europe. We had a unified government and a serious and real political coalition during those grave times.

"The discussions that go forward between the Democratic Congress and Republican Administration do not give evidence of that same sense of urgency that faces us today."

Therefore, we, the U.S. Conference of Mayors, propose:

1. *Emergency recovery and stabilization assistance measure for local governments*

A one-year \$5 billion authorization and appropriation to local governments for calendar year 1975 to be re-enacted for calendar year 1976 if the economy fails to revive during this year and additional stimulus is needed. This payment to the nation's cities would be for damages caused by inflation and higher energy costs.

Funds to be distributed according to one of any number of existing formulas such as CETA or any other sensitive to unemployment and economic instability factors.

Recently, this Committee received testimony from Charles L. Schultze of the Brookings Institution in which a similar proposal was recommended.

The objectives of such a measure are threefold: to ward off increases in local government taxes at a time when the federal government is reducing taxes to stimulate the economy; to accelerate the needed economic stimulation by getting monies into the spending stream quickly, and, to help stem rising unemployment by enabling local government to retain rather than lay-off municipal employees.

2. Increased EDA funding

A \$1 billion increase to FY 75 EDA budget. Monies directed through Public Works, business loans and grants, and economic adjustment assistance to distressed city economies.

3. A rehabilitation program for existing community facilities

A two-year \$3 billion program having its major impact from mid-1975 through 1976 and focusing on *labor intensive* repair, rehabilitation and restoration rather than new construction undertakings.

A specified proportion, i.e., 60-75% of total project cost would be required to be labor costs.

Basic system repairs such as plumbing, wiring, insulation, painting, etc. would be performed on libraries, schools, parks, courthouses and city halls.

This program is designed to complement the Public Service Employment program as a means to create jobs doing useful tasks which improve the capability of local government. We are pleased to note the recent endorsement of a similar program by the General Board of the AFL-CIO. We welcome its support.

The objectives of the program are: creation of jobs due to focus on labor intensive undertakings rather than new construction; quick injection of monies into the spending stream since "start-up" time for rehab and restoration is short; less demand on energy resources than new construction; and, better use of existing urban areas and facilities.

4. Directing financial assistance to selected sectors of the economy such as housing industry

The nation's housing industry is suffering from the worst depression since the 1930's and it is having a disastrous effect on our cities. Earlier this month the U.S. Conference of Mayors Legislative Action Committee met with the leadership of the National Association of Home Builders. As a result of that meeting we called for:

The reduction of interest rates so that people can afford to build and purchase houses;

Increasing the supply of mortgage money for housing; and,

Stimulating the production of multi-family housing in urban areas, particularly for low and moderate income groups.

5. Expanded public service jobs program

An additional \$5 billion for the public service jobs program to create 500,000 jobs with local flexibility to purchase necessary materials for use by the employee and local flexibility to extend the length of the employees' term of employment.

City prime sponsors throughout the United States have committed virtually all of their dollars under Title II of the Comprehensive Employment and Training Act. We are in the process of committing monies under the new Title VI. But we know that present resources are inadequate to meet the problem. The additional monies we are recommending with the built-in flexibility would certainly ease some of the problems our citizens are facing at this time.

6. Summer employment for youth

The United States Conference of Mayors calls for a \$650 million supplement to the summer youth employment program. This will enable our local governments around the country to provide approximately 1.2 million jobs for urban youths. This figure is somewhat higher than that of last year. The increase is more than justified due to the soaring unemployment rates in our cities, which are due to climb even higher by the summer months. Moreover, many of these youths come from families where both the father and the mother are unemployed and the child being the main wage-earner for the household. These monies must not be confused with nor mingled with other emergency public employment monies. The objectives of the two programs are different and must remain so.

7. Tax reform

The U.S. Conference of Mayors has, for some time, called for *tax reform*, especially in the area of tax expenditures. If the federal government is determined to use fiscal policies as a tool in combating inflation, then it must begin to focus on the \$80 billion in tax expenditures heretofore gone unevaluated. Every time the federal government grants a tax deduction or provides a tax shelter, this action must be viewed as an expenditure decision. We must begin to make these tax expenditure decisions on the basis of sound national economic and social policy and not on the basis of the needs of special interest groups.

The restrictive policy of the federal government was, of course, based on the Administration's conviction that inflation was enemy number one and that it was worth starting a recession to bring prices down. The policy was, in my opinion, based on an erroneous diagnosis of what was causing the inflation or what was causing most of it. The Administration believed that prices were rising because of excess demand for goods and services. Actually, however, prices were rising largely because of external shocks to the economy. Things that were nobody's fault—oil price increase, food price increase, raw materials increases around the world, and devaluation. These shocks had caused rapid increases in particular prices and started a wage price spiral that was continuing even though recession was threatening.

It has been evident, as many Mayors pointed out, at least since last summer, that demand for goods was not excessive—certainly not in automobiles, and housing, and that further weakening of consumer spending was going to cause a deepening of the recession without helping the inflation very much.

The Administration has finally and belatedly accepted this general view of the problem. The President, in his State of the Union, focused on the real enemy, namely recession, and finally proposed using the right tools to combat it—stimulating the economy through use of the federal budget. That's good news. But we still have to ask is this stimulation big enough, is the timing right, are the proposals fair, and above all will this immediate stimulation to the economy hurt us and hurt cities in the long run.

But, unfortunately, we can't think about the Administration's anti-recession policy in isolation because the President has also a second objective: reducing dependence on foreign oil. This is probably a worthy objective but in my opinion it is one of less immediate urgency than turning the recession around. Unfortunately, the methods that the President has chosen to reach this second objective are likely to worsen both the recession and the inflation.

The President's anti-recession program, as you know, has two parts. He's proposing an immediate two shot rebate of 1974 income tax payments. Everyone would get 12 percent of his 1974 income tax back in two equal installments. There would be a ceiling of \$1,000, but otherwise this rebate is not progressive. Low income people would get a considerably smaller proportion of their income than middle income people and those who paid no tax would get nothing at all.

The second part of the anti-recession plan is an increase in the investment credit for one year only. Both together would cut federal tax revenues by about \$16 billion.

The President's energy plan also has two major parts. One is an increase in oil tariffs and taxes and decontrol of the price of old oil coupled with a windfall profit's tax. These measures would bring in about \$30 billion to the federal treasury. The second part returns this \$30 billion to the economy in various ways including permanent cuts in income tax rates—and these would be progressive—a cash payment to those too poor to pay taxes, a cut in the corporate tax rate, plus added revenue sharing for state and local governments designed to cover at least part of the increase in fuel costs.

Taken by itself, the anti-recession package seems to me to be a move in the right direction but not big enough. In addition to the two-shot income tax rebate, we need a permanent income tax rate cut for added and continuing stimulation. Sixteen billion dollars may sound like a lot, but it's not very much in a \$1½ trillion economy, not enough to turn a deep recession around. That kind of stimulus could peter out before the recession really bottomed out.

It's going to take us a while to get back to full employment and it's going to take continuing stimulation. Even if we achieved a 6 percent gross rate beginning a few months from now we would not get back to 6 percent unemployment nationally before late 1978. In achieving a 6 percent gross rate in an economy that is now actually declining is going to take some doing.

The impact of the two-shot rebate might well be small since we don't really know what people will do with lump sum tax rebates. A lot of people might save this money rather than spend it, especially in the face of continuing uncertainty about the economy. A permanent reduction in taxes would increase their take home pay every week and seems much more likely to be spent. If we are going to have a permanent tax cut, as well as a temporary rebate, then we have a beautiful opportunity to make the federal tax system more progressive, less of a burden on low and middle income people than it is now.

In my opinion, we ought to be doing this both on grounds of fairness and because tax cuts in the low and middle ranges will stimulate more consumer

spending than comparable cuts at the higher income levels. Moreover, it's low and middle income people who have borne the brunt both of the recession and of the inflation. That's not always true but it has been particularly true of this recession and this inflation, concentrated as it has been in the prices of food and fuel and things that low and middle people buy a lot of.

We urge you to immediately assess the impact of all tax expenditures on the economy, particularly with respect to the effect they have on reducing revenues to the U.S. Treasury. The pattern of urban growth and urban decay are directly and indirectly affected by the various tax incentives and disincentives of the federal income tax.

8. Full utilization of Federal development programs for rehabilitation of distressed local economies

Federal economic development programs offer flexible tools unavailable elsewhere. We, therefore, urge full utilization of federal programs for the rehabilitation of distressed local economies, such as the \$120 million in backed-up EDA business loans which the Administration refuses to spend. These loans are targeted specifically to economically distressed areas. In addition, we advocate an *immediate implementation* of the new Title X of the EDA Act, with the full \$500 million authorization to be appropriated instead of the \$125 million present appropriation.

Economic development cushions communities during a period of economic transition; develops permanent well-paying jobs; increases productivity; makes more efficient use of already available urban facilities and resources; and combats inflation and recession.

9. National responsibility for all welfare programs

Today the leadership of the U.S. Conference of Mayors established a special task force to undertake, during the course of the year, a thorough examination of present welfare programs. It will develop recommendations on how to reform the present system to eventually provide for the federalization of all welfare programs. The creation of this task force is consistent with the Conference's long-standing policy of support for income maintenance and reform.

We strongly believe that welfare is a national, not a local issue. Because of the lack of standards and nationalization of present programs, people tend to migrate to those areas of the country that seemingly have higher payments. But more time than not, these same areas also have much higher costs of living.

The present economic crisis has, in addition, caused reversals in the heretofore downward trends in welfare rolls. Localities cannot continue to assume these additional burdens.

Mr. GUNTHER. It seems to me you are trying to kick the administration in the rear and say, "Get moving." We welcome that kick.

Mr. ROE. You put it in a much more gentlemanly manner than I would have, Mr. Gunther.

We thank you for your work. I think you are right on target.

Mr. Wright?

Mr. WRIGHT. I have no questions.

I think the statement was clear, concise, but comprehensive, and I appreciate it very much.

Mr. ROE. Cleveland?

Mr. CLEVELAND. I think it is quite true. There is some justification to prod the administration. But I think that we should be a little bit more fair about it. I am not going to make this comment more than once, just to get it in the record.

Many of these redtape requirements that are holding up many of these projects are as a direct result of the congressional enactment of clear and concise laws on the books. So while it is comfortable from this vantagepoint to criticize the administration, hearings have shown again and again that many of these problems have been as a result of congressional action.

I just thing we better keep that in mind. I think it is equally fair to point out that some of the problems that have resulted, from the interpretation of congressionally-enacted mandates by the courts.

While we are spreading the blame around, I think there are plenty of places it could be spread. I just want to make that point, Mr. Chairman, for the record.

Mr. WRIGHT. Would the gentleman yield?

Mr. CLEVELAND. Yes, sir.

Mr. WRIGHT. I just want to say I think he is right.

Mr. GUNTHER. I would like to also agree, Mr. Chairman.

Mr. ROE. Yes; I think the contribution Mr. Cleveland just made is fair commentary. I think that I wouldn't want these hearings to degenerate to the point that we are looking for a scapegoat.

Mr. CLEVELAND. Actually, Mr. Chairman, to carry this one step further, I have found in my dealings with my own State government, of which I am inordinately proud, that this tendency to make things somewhat more complicated really than they have to be is a disease that is noticeable even at the State level.

Perhaps it is inherent in human nature, inherent in almost any bureaucracy. But when I am out on the road having office hours, I get a good many complaints from my towns and cities that those guys—and they are not referring to the Federal guys, but are referring to some of our State employees, are unduly redtape conscious, and keep delaying the thing.

Mr. ROE. I think your nomenclature of saying that we have a democratic, you will pardon the reference, a disease of the democracy would be a better way of putting it.

Mr. CLEVELAND. I like the way you put it the first time. [Laughter.]

Mr. ROE. Thank you, Mr. Cleveland.

Mr. Nowak?

Mr. NOWAK. Thank you, Mr. Chairman.

I wonder if you have a sense of some of the frustration expressed by several mayors in the direction of different agencies having to look at the grant applications and approve them from several points of view, environmentally, perhaps, with four or five other reviews of the same grant. You did mention in your opening remarks here that agencies look at requirements in different ways.

The suggestion was made yesterday that we have a general manager, or project director, a central director follow through the particular grant application through the Federal agencies that must review and must come up with total answers.

I wonder if you have heard anything in that direction from the mayors.

Mr. GUNTHER. We have talked about that, Congressman. I think there is no question but as we look—we look within our cities, we look within our States, and we look within the Federal Government we see these jurisdictional problems. You have them up here. They have them downtown.

It seems to me we just have to do something to break through this. We are not in normal times. I don't think in normal times we would have suffered with the bickering that we have permitted. One department won't look at anything while another department is looking at it. They won't sit down around a table and work it out. When you come to town, you have to go to six different agencies.

You get agreement at one place, and find out it falls apart at the next. I think if we could have put up with that in normal times, we certainly can't put up with it now.

I have tried to urge people in the administration to approach the Congress, and if they need authority to put things together better downtown, to ask for that authority.

Or if they can do it administratively, they ought to do it. But there is no question that this appears, at least to people that come in from out of town, as a bureaucratic runaround. Must be like the person who goes down to our city halls. He gets to the eighth floor and they say, "No, you belong on the third floor," and then they say, "You belong on the fifth floor." It is all over town here, not on one floor.

It is true in the Federal regional offices. We have the same problem.

MR. NOWAK. I think that merits further discussion, because certainly I have heard it on many occasions, that it's been held up in one department and another department won't look at its part until it clears another department, and so forth.

This concept of a manager to ride herd on all of these agencies certainly seems to be of some benefit to all applicants, whoever they may be, if they could turn to one central figure.

MR. GUNTHER. I know you asked the people in your offices to do the case work for you. I know this was true back in the 1940's when I worked in the Senate in case work. I know it is true at the Conference of Mayors.

We spend an awful lot of our time trying to find out where the applications are. Because the system is so complicated, just trying to find the papers is very difficult. Sometimes you can't find them, even though the region says they sent them in, or the area sent them to the region; so we have to get a Xerox out, make copies and deliver them again and get somebody to sign a receipt so we will at least know where they are.

MR. NOWAK. Thank you very much.

MR. ROE. Mr. Holland?

MR. HOLLAND. No questions.

MR. ROE. Mr. Oberstar?

MR. OBERSTAR. Thank you, Mr. Chairman.

Thank you, Mr. Gunther, for a very fine statement. The conference has always been a great help to this committee in the past on all of the legislation we have had before it.

We are grateful for your assistance now. I think you expressed very well the frustration the mayors and their staffs experience in dealing with Federal programs. You have been here with them. You have helped them with the Federal agencies.

Could you tell us what, in your own judgment, you would expect this legislation to do for them?

MR. GUNTHER. I think it is probably a jolting bit of electricity or something to get them moving. I think what you are saying to the Federal agencies is "if you don't move, we are going to get rid of some of your laws, and you fellows are not going to have jobs."

I think that might make them move. We have supported all of these laws. You have to understand, we have been for the Clean Air Act, Clean Water Act, the Civil Rights Act, and all the others.

We want them enforced, but we don't believe that enforcement means just endless paper shuffling.

Mr. OBERSTAR. Could you take one program, one Federal program, any one, and give me one example of an unnecessary procedure that should be chopped out and that would speed up processing?

Mr. GUNTHER. Let me give you one that is over with, so that nobody gets hurt.

Back under the original YMTA program, the city of Houston wanted to do something about its buses. They put in an application for a grant, and the Agency reviewed it.

The next thing they knew, the EPA was reviewing it. The former mayor of Houston was questioned. This is why I am using people that are gone; I don't want anyone to make anything bad of it. He was told, "Well, you can't get this because your plan doesn't include Galveston."

So he called me on the phone. I happened to be president of the conference at the time, so I got busy. He said, "John, these guys in EPA want me to put Galveston in my bus system."

I said, "Why do they want to do that?"

He said, "I don't know; they don't seem to know that Galveston is several miles away on an island. And in between me and Galveston, there are a lot of ranches and some water."

So he said, "What do we do?"

I said, "Why don't you get them to come down there and either rent, borrow, or steal a helicopter and get them up in the air and fly them from Houston to Galveston so they will see what it is?" So he did. The fellows were looking out the window, from EPA.

One said, "What is that water down there?"

He said, "That is what I have been telling you about."

He said, "What is that vacant land?"

He said, "Those are the ranches."

So why should Houston include Galveston in their bus plan? That is the kind of nonsense the cities go through.

Here is another example of a mayor not in office; he is a U.S. Senator now. The mayor of Salt Lake City wanted to extend a sewerline an extra mile because they were putting it up for about 5 miles, and needed to go 1 more mile up to the resort area of Alta, which is a famous ski resort; he had it as far as Snow Bird, and they didn't want him to go the other mile because they didn't like his environmental impact statement.

They said, "There is something wrong in Salt Lake City, because you used 17 times as much water per capita as they do in Seattle."

So he had to get them out there and had to show them that Salt Lake is in the middle of a desert and Seattle has a lot of rain.

He also had to demonstrate to them that he wasn't using any water. The water was the snow that was melting, it was running down, and there was no place to put it except in the Great Salt Lake.

Once it got in there, it was gone. So he wasn't wasting water. It just so happened that you can't grow grass in the desert without water.

But it is this whole nonsense that just delayed everything. That actually happened. I am sure the Senator would be happy to tell you about it.

Mr. OBERSTAR. That is the kind of thing that is really the muddled-headed thinking that gets in the way. Maybe it is as much the people running the programs as the programs and regulations themselves. Somewhere in there we have got to cut through this redtape.

I guess we are looking for a mechanism to do this, how do you insure it gets done?

I think earlier I mentioned that letting the agencies themselves decide what regulations should be cut out would be like putting the fox in charge of the chicken coop.

Mr. GUNTHER. Yes. I think that between the Governors Conference, the National League of Cities, National Association of Counties, the State legislators, and our organization, we have the elected officials who get together four or five times a year.

Of course, we get together every week, four or five times. But we sit down with the Federal agencies and try to work through these regulations. We often get agreement at the top, but somewhere down in here these people who, for many, many years have not been expeditors. I think the previous witness pointed out, and I also pointed out, that one way not to spend money is to keep reexamining the same question.

I don't believe the administration has their people sufficiently turned around to understand that now they are fighting recession and not inflation.

Mr. OBERSTAR. Could I interrupt at that point?

Isn't there a good deal of that sort of rethinking and rehashing done in the process of publishing regulations, proposed regulations in the Federal Register?

Mr. GUNTHER. Yes.

Mr. OBERSTAR. A great deal of that goes on, an awful lot of time is wasted. How much input from your organization and your mayors is actually heeded by the Federal agencies?

Mr. GUNTHER. There is a lot of input and very little heed.

Mr. OBERSTAR. That is just what I was afraid of. They do some listening when you people have input into the publication of proposed regulations, in the CFR, and Federal Register, but they would come up with programs that are much more manageable than what we actually have.

Mr. GUNTHER. Under the practice initiated by President Johnson, and continued by President Nixon and President Ford, there is something called an A-85 process.

That means that the Federal agencies writing new regulations or changing regulations that affect State or local government must give them to us 45 days in advance of putting them in the Federal Register and let us comment.

Well, we don't know very much here in Washington. So we bring in the people from the field, the people from Duluth, or Fort Worth, or whatever. But usually everything gets to us on an emergency basis so we only have 5 days instead of 45. So then we bring in people from nearer by, Pennsylvania, New Jersey, North Carolina, Chicago, people who can get here overnight in a hurry.

We sit down and say, "This is what they proposed to do. What will this do in your city or your State? How will it work?"

The Federal representative sits across the table and hears this: "Well, if you do this, this is what will happen in my State, because my State doesn't permit us to do X, Y, and Z, which you require us to do."

So we have all this and I call that the input. Well, too often when the regs are printed, you wouldn't know that we had had these meetings.

Now, there are many exceptions. I think the regulations under the community development law which Congress passed last year and under the mass transit bill Congress passed last year, may serve as models. They were written by the people who were going to have to use them, as well as by the people who had the money downtown.

Mr. WRIGHT. Will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from Texas.

Mr. WRIGHT. Following this colloquy, and appreciating the thrust of your commentary, Mr. Gunther, because I think it surely is reflective of all we have heard from mayors and Governors, county officials and others, I am wondering if we might not be a little bit more specific in two or three areas?

I think this bill is a good vehicle to start some things moving. I think you have characterized it rather well earlier. Would it be, in your opinion, advantageous if it were to do certain additional things in connection with this legislation?

First, to mandate, perhaps by specificity and enumerating certain programs, that the review process and certifications could be accomplished at the local level, and that the presumption would be that the local official has told the truth when he certifies that we have examined these things from these various statutory and mandated standpoints, so they don't have to be second-guessed ad infinitum unless there is some serious reason to believe that he hasn't, in fact?

Would that be of help?

Mr. GUNTHER. Yes. That has been tried in some of the programs, and it has worked. And the Federal club, if you want to call it that, is that if you don't do what you said you were going to do, one, you get the money back; and, two, you cut it off.

Mr. WRIGHT. Yes. But it would shortcut an awful lot of time, wouldn't it?

Mr. GUNTHER. Oh, yes.

Mr. WRIGHT. These are the local guys who know how they are going to have to carry it out, anyway. For the most part, they are honorable people, competent people.

Mr. GUNTHER. As you know, I-66, a local question here, was not stopped by the Congress. That was stopped by the people.

Mr. WRIGHT. Second, and this has been discussed briefly before, inasmuch as our problem is really an urgent one of trying to get some of these things moved to construction starts this year, would it, in your judgment, be practical if we were to mandate that, once an application is received, that it be acted upon and the community be given a response, yes or no, within a limited time frames?

Mr. GUNTHER. That is what the Congress did in the community development legislation, and I believe it is working.

Mr. WRIGHT. Excellent.

And third, in your judgment, would it be useful for us, in addition to these already approved public works programs that we are trying to expedite and get into the stream of activity and reality, to authorize an additional program of immediate accelerated public works on a broad gamut, libraries, parks, sewerlines, streets, whatever the local community may need, and to order that the application forms should be available to the communities within 30 days after the effective date of the legislation? And that any application received thereunder should be acted upon within, say 60 days? Would that be helpful?

Mr. GUNTHER. I think it would be very helpful, Congressman.

I would add that as you look at that, you might want to include a phrase or appropriate language to require, to give priority to, labor-intensive undertakings.

Mr. WRIGHT. OK.

Mr. GUNTHER. I think we have a problem that goes to what the chairman was asking the building trade people about. We do not visualize ourselves in local government as the place to solve the recession, or a depression. We have certain limits as to what we can do. Not legal limits, but just plain limits and to really look at us as the solution is a mistake.

The private sector of this country is much bigger than us. The thing this committee often does is to stimulate the private sector. So, many of the things we are doing locally is to stimulate the private sector.

If we had the funds, we have many things we need to do in our city where we could employ these building trades people and wouldn't have to undermine all the labor standards.

We don't propose to do that. I think that Mr. Wright has got the solution, because we know what we have been deferring. I look at capital budgets every day. And we are deferring all kinds of improvements that ought to be made in our cities. We have got the architect's plans sitting on the shelf. We are ready to go. We don't have any money.

And in local government, as you know, having been a mayor and a local official, we cannot run an operating deficit.

Therefore, if we have to cut, we have got to cut on the public capital side so we can pour the money into the operating side.

Mr. OBERSTAR. The only thing I would add to the suggestion of the gentleman from Texas is that those applications be no longer than two pages.

Mr. WRIGHT. Yes.

Mr. ROE. We thank you, Mr. Gunther, for your very adroit testimony. We appreciate your efforts and your help.

Mr. GUNTHER. Thank you very much, Mr. Chairman.

Mr. ROE. Now, our last, but perhaps one of the most important groups on our schedule is a panel of environmental organizations, represented by Linda Billings of the Sierra Club; Mr. Tom Garrett, Friends of the Earth; Cynthia Wilson, Audubon Society; and Brent Blackwelder, Environmental Policy Center.

If you folks would come forward, we want to welcome you.

Ms. WILSON. Mr. Chairman, Ms. Billings had to leave for another appointment. I am Cynthia Wilson.

Mr. ROE. Do you folks have prepared statements?

Ms. WILSON. Yes.

Mr. ROE. Without objection, all of the prepared statements will be entered into the record in full at this point.

[The statements follows:]

STATEMENT OF LINDA M. BILLINGS, WASHINGTON REPRESENTATIVE
OF THE SIERRA CLUB

Mr. Chairman and members of the Committee, I am Linda M. Billings, a Washington Representative of the Sierra Club, which is an international environmental organization of 150,000 members. I appreciate the opportunity to appear before you today and comment upon HR-3067, the Emergency Public Works Acceleration Act of 1975. Although we share the one of the concerns this legislation addresses itself to—unemployment, we have grave reservations as to the other concerns—the elimination of “procedural requirements” and the acceleration of “certain public works programs and projects.” We are opposed to the legislation in the present form; because it is too broad, and its vagueness invites the undermining of a number of important social and environmental laws and procedural requirements. It would further encourage the approval of unnecessary or irresponsible public works projects which are not in the public interest. Alternative solutions are possible.

We believe the language on page three, lines 8 to 11, “eliminate any procedural requirement established in any such law or which is otherwise applicable to any such program or project, including but not limited to, time, hearing, reporting, and publication requirements,” could apply to important laws such as the National Environmental Policy Act, the Davis-Bacon Act (labor protection), Administrative Procedures Act, the Fish and Wildlife Coordination Act, anti-discrimination laws, and a number of other important statutes and procedural requirements including Constitutional rights. If HR-3067 is not to apply to these laws, why not specifically say this in the bill? For the most part procedural requirements are set up for important substantive reasons; especially to insure that adequate safeguards and reviews are undertaken to assure that *qualified* projects, which will be in the public interest, are approved and funded.

The vagueness of the language in HR-3067 would invite abusive discretion on the part of an Administrator with a particular axe to grind. It would further invite litigation if such abuses did occur, and the result could be more lengthy delays in projects (and acceleration of costs) than would occur if normal procedural and legal requirements had been adhered to. This would run counter to the purpose of the legislation.

Examples of “red tape delays” often referred to in these (and previous) hearings are EPA requirements for the approval of construction grants under PL-92-500, the Water Pollution Control Act Amendments of 1972. There is a certain tension built into the Act with regard to facilities planning to help insure that priorities will be established. Good facilities planning, which includes the consideration of alternative methods of waste treatment and the cost effectiveness of a plant, is not a waste of time. Care must be taken to be more specific about what is meant by unnecessary red tape procedures. Further a November 1974 EPA report demonstrated that in a study of 11 projects substantial savings (\$32 million out of \$180 million) could be realized.

Money saved the tax payer can either be made available for other public works projects or simply left in the tax payers pocket to be available to spend on consumer goods and services, which in many instances are even more job producing than certain public works projects.

Another value of facilities planning procedures for sewage treatment projects is to assure that they are related to phased development. There is a great deal of concern, documented in a recent report by the President's Council on Environmental Quality, that sewage treatment funds are being used to encourage and subsidize suburban sprawl rather than solve existing water pollution problems. Sewage treatment facilities planning cannot be done in a vacuum; it must be coordinated with other key community planning programs, such as schools and fire and police protection.

Unemployment is at this time a national problem; however, it is more severe in some areas of the United States than others. There is no provision in HR-3067 to direct agencies to give priority attention to identifiable areas of critical unemployment and to give priority attention to responsible projects which would benefit such areas.

I want to emphasize the word “responsible.” We believe that needs exist for projects which can employ just as many and *more* people in work which does not involve environmentally degrading, boondoggle, makework projects but which do serve important existing needs and national goals, such as energy conservation.

Examples of responsible public works projects are: (1) improvement of railroad tracks; (2) home and office building insulation; (3) housing—especially middle and low income; (4) sewage treatment facilities to take care of *existing* needs; and (5) mass transit.

Rather than spend public tax dollars on unnecessary highway or dam projects, which are slow to start and less job producing, it would be of more assistance to unemployed auto workers to either spend tax dollars on mass transit equipment or leave the tax dollars in the pockets of the consumer to buy cars with. Construction workers can be better employed to build housing, hospitals, or to retrofit insulation. It is not good public policy to spend tax dollars on unnecessary or ill-conceived projects which provide only short-term jobs at the expense of not doing projects which provide more long-term benefits and employment opportunities.

STATEMENT OF CYNTHIA E. WILSON, WASHINGTON REPRESENTATIVE,
NATIONAL AUDUBON SOCIETY

We appreciate the opportunity to comment on this important bill. The National Audubon Society is a citizen conservation organization with more than 330,000 members around the Nation. Our members, like all Americans, are concerned over the economic situation, and we sympathize with the purpose of this bill—to reduce unemployment.

When Congressman Wright introduced this bill, he said, "Safety and environmental laws, equal opportunity and minimum wage requirements have all tended to make it difficult for projects to proceed according to an orderly timetable. This legislation does not alter any of those requirements."

We are very glad to know that the bill's intent is not to alter any of these requirements which have been built into our system of laws to protect the environment, the worker and the consumer. However, we are very concerned that the language of HR 3067 does not make it clear that these laws are not included in the directive to federal agency heads.

As we read Section 3, it appears that any and all federal statutes and regulations are covered by the language "any procedural requirement established in such law or which is otherwise applicable to any such program or project, including, but not limited to, time, hearing, reporting, and publication requirements..."

Our most immediate concern is the National Environmental Policy Act, which has sometimes—and wrongly in our opinion—been blamed for slowing down federal projects, but there are many other statutes, such as the Fish and Wildlife Coordination Act and the Endangered Species Act whose requirements could also be "reduced or eliminated" by this bill as we read it.

Although we are not very familiar with laws relating to worker protection, minimum wage and consumer protection, we would guess that there are probably a number of laws on the books related to these subjects whose procedures could be "reduced or eliminated" by a federal agency head.

We therefore urge you to amend this bill to clarify its intent and specify what procedures could be modified without doing injury to the public interest. Or, if it seems impractical to list such procedures in the bill, you may wish to include language such as that used by Congressman Wright, indicating that safety, environmental, minimum wage and equal opportunity laws are not included in this bill's coverage.

Thank you for your consideration of our views.

STATEMENT OF TOM GARRETT, CONSERVATION DIRECTOR, FRIENDS OF THE EARTH

Mr. Chairman, I am Tom Garrett, Conservation Director of Friends of the Earth. Friends of the Earth is a national organization committed to the preservation and proper use of natural resources. I appreciate this opportunity to testify.

We are strongly opposed to HR 3067, the "Emergency Public Works Acceleration Act of 1975." It appears to us that under the guise of eliminating "red tape" delaying approved projects, the authors of this bill have written a kind of Tonkin Gulf Resolution for pork barrel projects.

This bill undercuts the tenuous mechanisms which now exist for participation by citizens in federally financed activities which profoundly affect their lives. Its passage would subvert and—probably in the long run—destroy the National

Environmental Policy Act. It would stimulate what are frequently, in our view, the very worst kind of public works boondoggles, highway and water development projects, and in the long run, exacerbate rather than ameliorate the nation's social and economic problems.

In the past few decades, highway and water development projects have robbed the nation of millions of acres of fertile farmland, and driven hundreds of thousands of people from their homes. Canyons and valleys which ought to have been preserved as national scenic treasures have been destroyed; inland fisheries destroyed or altered; wildlife habitat lost; and historic sites razed.

In order to produce short term employment, long term employment has been sacrificed. Communities which were supposed to have benefitted from projects have been left the poorer. Resources which would have appreciated have been replaced by installations which progressively depreciate in value and utility. Unforeseen environmental, economic and social costs of projects have had to be borne by the public, and by adversely impacted industries. Massive public subsidies of certain industries, or transportation modes, have led to the decline or atrophy of others. The very existence of massive federal construction programs has produced a network of dependencies upon them, and blindly powerful pressures for their continuation irrespective of actual merit and ultimate results.

One of the most disturbing features of this bill is the language which authorizes administrators and agency heads to abridge or eliminate public hearings on these projects. This runs exactly counter to the recommendations of the Water Resources Council in its 1973 Capital Principles and Standards. The "big brother knows best" attitude also—in our view—runs counter to the mood of people in this country, most particularly the mood of the people in small towns and rural localities.

I consider the abuse of the principle of eminent domain which has attended many public works programs to be a national scandal. Citizens living peaceful, stable and productive lives have been uprooted and forcefully driven from their homes to make way for destructive boondoggles; farms which have produced for 200 years or more have been wrenched from their owners. Anyone who has visited a farming valley in the process of being stripped and depopulated by the Corps of Engineers, talked to the embittered former residents and seen the abandoned, bulldozed houses is liable to be reminded of a free bombing zone in Vietnam. After such an experience, assurances that we live in a society which pre-eminently cherishes the right of the individual tends to ring hollow, especially when one has some knowledge of the bureaucratic and political machinations which underlie the projects, and a vested interest—unmentioned in cost-benefit analyses—waiting in the wings.

It seems to our organization that the national interest requires more public participation, not less. We believe that public works projects—including the very large number which we support—need to be much more deeply analyzed than heretofore. Rather than scrapping environmental impact analyses, we need to strengthen these requirements, and to further require an analysis of social and economic impacts. A recent editorial in the *Washington Post* called for an economic impact statement. This is a concept we heartily endorse.

The cost-benefit formulae under which some public works projects are assessed has little to do with real world economics. Some of the values admitted as benefits, in our opinion, are fraudulent. For example, flat water recreation is very frequently the largest listed benefit in certain water development projects. A recent, rather exhaustive analysis of the economic effects of Norris Dam in Tennessee, which enjoys the heaviest recreational use of any TVA reservoir, showed that for the 3 counties affected "Recreation's contribution to the local economy has been negligible, especially when compared to the positive effects of manufacturing and the negative effects of agricultural decline." The author found that most of the money spent on recreation as practiced at this popular site went for equipment and gasoline. One significant net effect of flat water recreation, provided as a "benefit" at public expense, is evidently to subsidize and encourage expenditure of energy.

What economic sense does it make to subsidize highways and barge routes and contribute to the further stagnation of the nation's railroads, when a pressing requirement is for a strong rail system? Why, when energy conservation is an acknowledged necessity, build more roads to fill up with more cars to use more fuel? Why destroy farmlands and degrade fisheries resources when a global food crisis is already upon us? What economic sense does it make to destroy farming valleys, which have produced since before the War of Independence, for pump storage and flat water recreation, while subsidizing the Welton-Mohawk Irriga-

tion District on the lower Colorado River between \$200 and \$3000 an acre to forestall salinization.

Given that we have high unemployment and an energy shortage, why not concentrate on public works projects, and other uses of public funds which provide maximum employment per dollar spent and which use minimum energy per dollar spent? Aside from their deleterious side effects, water development and highway projects, according to an analysis appearing in a recent issue of *Science*, provide fewer jobs and consume more energy per dollar spent than any other ongoing domestic federal program.

It seems to us that the stated purpose of H.R. 3067, to make jobs and to cut red tape, could be far better met by legislation designed to clear away obstructions to the use of public money for rebuilding the rail beds of our nation's rail system, and increasing expenditures for mass transit and pollution control. Instead of "busting" NEPA because of the alleged national emergency, why not "bust" the Highway Trust? If the National Association of Contractors can be swayed by nothing less than putting the bulldozers back to work, there are unclaimed orphan lands resulting from stripmining in this country totalling an area the size of Connecticut.

But whatever is done in the way of public works, the public which must pay for it, and most particularly those citizens who are called upon to sustain particular personal sacrifices for the supposed "public good," deserve far more assurance than they have ever had that such projects are really in the national interest; environmentally and economically sound, and free of shameful abuses of bureaucratic Parkinsonianism and political horse trading.

We urge the Committee to reject H.R. 3067, which seems expressly designed to fertilize the worst features of the pork barrel system, and to direct its energies toward insuring that national programs of public works serve the long term interests of our country.

STATEMENT OF BRENT BLACKWELDER, WASHINGTON REPRESENTATIVE OF THE ENVIRONMENTAL POLICY CENTER

I am Brent Blackwelder, Washington Representative of the Environmental Policy Center which is a national conservation organization with headquarters at 324 C Street S.E. in Washington, D.C. We appreciate the opportunity to testify on H.R. 3067, the "Emergency Public Works Acceleration Act of 1975".

The stated purpose of H.R. 3067 is speed up construction starts on approved public works projects and to eliminate procedural requirements—so called "red tape"—in order to reduce delays. This bill, however, goes far beyond merely eliminating red tape. The bill authorizes heads of the various departments and agencies to eliminate public hearings, public notification, reporting of findings, etc. in order to speed up various public works programs. Some of the programs involved are highway projects and water resource development projects. These projects often have profound and lasting effects on the lives of many people. Some highway and dam projects displace rural residents from their ancestral homes and consume valuable farmland and affect significant fish & wildlife resources. To authorize administrators and agency heads to eliminate opportunities for public hearing and public input on projects that dramatically impact their lives is contrary to the most fundamental and deeply held principles in our democratic society.

For years citizens have worked to insure greater public input and participation on the water resource projects of the Army Corps of Engineers and the Soil Conservation Service. One of the points most frequently made in testimony to the Water Resources Council during its examination of the appropriate standards to be used for the planning of these water projects was that there should be a much greater opportunity for public involvement. In response to this testimony, the Water Resources Council called on the water development agencies to provide for greater public participation and inserted a requirement for greater public involvement when it published the final version of the Principles and Standards in September of 1973. H.R. 3067 would undercut the main thrust of the Water Resources Council's directive.

The language in Section 3 of the bill is far too broad. It could conceivably exempt these public works programs from the requirements of the National Environmental Policy Act. It could conceivably give agencies the authority to dispense with essential studies on project impacts and alternatives. It could conceivably allow agencies to eliminate essential notices of activities or to so restrict the time for public input as to effectively exclude citizens. As it stands, the bill is completely unacceptable, and we urge the Committee to reject it.

In its effort to alleviate the unemployment problems facing the country this legislation is misconceived. Attached is information showing that Corps of Engineers and highway projects create fewer jobs than almost any other federal programs. Spending on these projects is thus probably the least effective way to remedy the unemployment problem. Notice that in the construction area more jobs are created if monies are spent on mass transit or water pollution control. However, even though the latter two programs have the widespread support of conservationists, we certainly do not wish to see the opportunity for public input on these programs squelched by legislation like H.R. 3067.

Finally, the attached figures indicate that highway programs and water development projects, which this bill attempts to speed up, are among the most energy intensive per dollar of expenditure of any undertaken by the Federal Government. We believe that it is unwise to attempt to accelerate two programs which use more energy and create fewer jobs than almost any other federal programs that could be selected for additional funding.

Job Energy Figures for Highways and Corps Projects

[Employment demand (resulting from \$1.13 billion investment shift from Corps of Engineers)]

Federal programs:	In percent
Corps construction.....	73,380 jobs
Waste treatment construction.....	95,609 jobs up +30.3
Mass transit construction.....	78,443 jobs up + 6.9
Social security benefits.....	95,968 jobs up +30.5
National health insurance.....	115,419 jobs up +57.3
Tax relief.....	81,192 jobs up +10.6

Source: "Job Impact of Alternatives to Corps of Engineers Projects." Bruce Hannon and Roger Bezdek, Engineering Issues—Journal of Professional Activities, ASCE, vol. 99, October 1973, pp. 521-531.

[Energy consumption—BTU per 1963 dollar program]

Federal program:	BTU's
National health insurance.....	40,000
Railroad and mass transit construction.....	43,100
Water and waste treatment facilities construction.....	65,400
Educational facilities construction.....	70,600
Personal consumption expenditures (tax relief).....	86,000
Corps projects	from 92,000 up to 146,000

Source: "Energy, Manpower, and the Highway Trust Fund," Roger Bezdek and Bruce Hannon, Science, Aug. 23, 1974, vol. 185, pp. 669-675.

TABLE 1.—THE IMPACT ON ENERGY CONSUMPTION AND EMPLOYMENT OF A \$5,000,000,000 INVESTMENT (1975 DOLLARS) IN 7 FEDERAL PROGRAMS. 5,000,000,000 1975 DOLLARS ARE EQUAL TO \$3,650,000,000 IN 1963 AND \$3,155,000,000 IN 1958. DATA CALCULATED FROM (1, 3). NO ATTEMPT WAS MADE TO CORRECT FOR THE TECHNOLOGICAL IMPACT ON ENERGY USE EFFICIENCY BETWEEN 1963 AND 1975. IT IS GENERALLY EXPECTED THAT 1975 TECHNOLOGY WILL BE MORE ENERGY INTENSIVE

Federal program	Energy consumption			Employment demand		
	Require- ment per 1963 dollar of program (Btu)	Total require- ment (10 ⁶ Btu)	Decrease (percent)	Jobs per \$100,000 of pro- gram (1975)	Total number of jobs	Increase ¹ (percent)
Highway construction.....	² 142,200	409.53	-----	8.1	256,180	-----
Railroad and mass transit construction.....	43,100	157.32	+61.6	8.4	264,430	+3.2
Water and waste treatment facilities construction.....	65,400	238.71	+41.7	8.2	259,490	+1.3
Educational facilities construction.....	70,600	257.69	+37.1	8.5	268,980	+4.7
National health insurance.....	40,400	147.46	+64.0	13.4	423,220	+65.2
Criminal justice and civilian safety.....	118,500	432.53	-3.4	12.4	393,520	+53.6
Personal consumption expenditures (tax relief).....	³ 86,000	313.90	+23.4	8.7	275,120	+74

¹ Percent changes are relative to highway construction program.

² As in all programs this number is for a technology of estimated efficiency. The actual energy intensity of all highway construction in 1963 was 98,000 Btu per dollar (3, 4). Similar construction (Army Corps of Engineers) varied from 92,000 to 146,000 Btu per dollar, the highest of all Government programs.

³ Includes direct energy purchases and the energy and labor required for trade and transportation margins.

Source: "Science," Aug. 23, 1974. See above citation.

Mr. ROE. Please proceed.

TESTIMONY OF CYNTHIA E. WILSON, WASHINGTON REPRESENTATIVE, NATIONAL AUDUBON SOCIETY; TOM GARRETT, CONSERVATION DIRECTOR, FRIENDS OF THE EARTH; AND BRENT BLACKWELDER, WASHINGTON REPRESENTATIVE OF THE ENVIRONMENTAL POLICY CENTER

Ms. WILSON. Thank you.

I am Cynthia Wilson, the Washington representative of the National Audubon Society which is a citizen conservation organization with more than 330,000 members.

I would like to add some additional information that I didn't have a chance to get into my prepared statement in time to get it typed and up here yesterday.

Mr. Chairman, members of the committee, certainly it is true that in some instances, compliance with NEPA and other environmental laws has slowed down Federal projects.

However, such delays are more often than not caused by the agencies' lack of compliance in the first place. What concerns us is that there sometimes is a tendency to blame all delays on NEPA and the environment, and ignore the many other causes of delay such as shortage of materials, labor problems, lack of funding, and so forth.

For example, environmental suits have been given as a reason why nuclear powerplants have been delayed. In 1972, the Atomic Energy Commission reviewed the status of 75 nuclear plants in various stages of construction and reported that only 9 out of 75 plants had been delayed by intervention alone. The rest were delayed by low labor productivity, strikes, poor equipment, and so forth, or some of these factors together with intervention. Sometimes poor equipment or equipment failures stimulated the intervention.

In January of 1973, the AEC had under review 25 operating license applications for 35 nuclear powerplants. With the possible exception of one or two units, the Commission anticipated no delay solely as a result of environmental considerations in the issuance of operating licenses for these reactors.

But of those 35 plants then under consideration for licenses, 18 had fuel densification problems, and 17 had steam line break problems.

The point I am trying to make is that there are other problems besides strictly environmental considerations.

Mr. ROE. In the spirit of the breadth and scope of these hearings, may I reassure you, and I think that has been manifested in the last 2 days, that there is no thought whatever on the part of this committee to blame anyone. I am glad we are having this opportunity to place it on the table, and I welcome this kind of input—as Mr. Cleveland pointed out earlier—there is no desire on the part of any of us to look for somebody to blame it on.

So what you are saying now is crucially important to this testimony.

Ms. WILSON. I did some checking with the Department of Transportation. From them I understand that environmental impact statements are prepared for only 8 percent of all highway projects. Granted

those 8 percent are some of your biggest projects, and often the most controversial because they are so big.

But the others which are generally, as I understand it, more what you consider minor projects, like widening roads, that type of thing, don't require impact statements.

They do tend to be labor-intensive, so hopefully those kinds of projects are the ones that could really go full speed ahead with the money that the Congress has been pushing forward.

As far as major projects go, it is my understanding that a typical big highway project takes 7 years from planning through construction, simply because of the engineering and many other considerations.

They are just major engineering jobs.

As this committee is probably aware, the General Accounting Office did a report for the Senate Public Works Committee in 1972 called "Factors Affecting the Lengthy Process of Planning Highways."

The report said, referring to NEPA:

Although the new requirements are disruptive to highway projects in process, they are designed to protect the interest of the public and their application to projects in process is justified. Disruption applies only to projects in process. For new projects, the State can take the new requirements into consideration at the beginning of the planning process, and thus can minimize or avoid any delays or additional work.

I also checked yesterday with the Department of Transportation and asked them how they felt the NEPA process in general impacted upon highway planning.

Their reaction was that as long as NEPA is complied with right along with the normal planning process, which, of course, is its basic intent, that it be part of the whole planning process, that it should really not add more than possibly 30 days, that 30 days being the final comment period after the statement is finished, to the entire process.

Again I emphasize that is when it is cranked in right at the beginning as was the intent of the law.

The Department of the Interior is the only agency which has done a complete review of its compliance with the NEPA process through the whole period. They found that of the thousands of actions taken by the Department, only 51 had been delayed by EIS problems, and these delays were caused by administrative errors.

I think that we all recognize, gentlemen, that we have a big Government and very complex Government. Unfortunately redtape seems to be part of big Government. We sympathize with the desire to cut redtape.

In fact, I am familiar with projects that I have worked on trying to deal with bureaucratic regulations, and sometimes thinking, you know, why does this take so long. But we did want to express, as I say, our concern, as indicated in my prepared statement.

We saw Mr. Wright's statement indicating that this bill was not intended to change environmental, health and so forth, laws; but we just felt that it could be misconstrued as such and that is why we urge you to amend it to clarify it.

With that, I will cease and turn over the microphone to the next person, if I may.

Mr. ROE. Of course, Mr. Garrett.

Mr. GARRETT. Mr. Chairman, I am Tom Garrett, conservation director of Friends of the Earth.

I am enormously relieved to learn that you folks don't intend to abridge NEPA. If I had known that a little earlier, my blood pressure might have benefited.

Nonetheless, in writing this bill the way you have—incidentally, I hope that you will rewrite it to say that specifically and list the various acts you don't intend to bridge, such as NEPA, Endangered Species Act, and so on. That would relieve us of much of our trepidation.

When I first saw this bill, it looked to me like the sort of Tonkin Gulf resolution for a public works project. But even as it is written, it would appear to undercut the tenuous mechanisms which exist for citizens' participation in federally financed activities which do profoundly affect their lives.

It could stimulate what are frequently the very worst kind of public works projects. That is to say, highway and water development projects.

In our opinion, in the long run, it exacerbates rather than ameliorates social and economic problems. Because in the past, the past few decades, highway and water development projects have robbed the Nation of millions of acres of fertile farmland.

Canyons and valleys have been sought to be preserved and have been destroyed. Important fisheries have been destroyed, or altered. Wildlife habitat has been lost and historic sites have been razed.

In order to produce short-term employment, long-term employment has often been sacrificed. That is certainly the case in many farming valleys.

Communities which were supposed to have benefited from projects have been left the poorer. Resources which would have been appreciated have been replaced by installations which progressively depreciate in value and utility.

Unforeseen environmental, economic and social costs of projects have had to be borne by the public. It was testified this morning that Federal dams were the worst obstacle in proper management of fisheries resources, for example. Massive public subsidies of certain industries or transportation modes have led to the decline or atrophy of others.

The very existence of massive Federal construction programs has produced a network of dependencies upon them, and because of that blindly powerful pressures for their continuation, irrespective of actual merit and ultimate results.

Now the language in this bill which authorizes administrators and agency heads to abridge or eliminate public hearings ought to be carefully clarified. So it doesn't run counter on other principles and standards.

This kind of big brother knows best attitude, which I hope really isn't in this bill, in our view, runs counter to the mood of most of the people in this country, especially the people in the small towns and rural areas who are so often individually affected by these projects.

I consider the abuse of the principle of eminent domain which has attended many public works programs to be a national scandal. Citizens living peaceful, stable, and productive lives have been uprooted and forceably driven from their homes to make way for destructive

boondoggles; farms which have produced for 200 years or more have been wrenched from their owners.

Anyone who has visited a farming valley in the process of being stripped and depopulated by the Corps of Engineers—one of the valleys I am thinking of is Tocks Island in the Upper Delaware Valley—and talked to the embittered former residents and seen the abandoned, bulldozed houses is liable to be reminded of a free bombing zone in Vietnam.

After such an experience, assurances that we live in a society which preeminently cherishes the right of the individual tends to ring hollow, especially when one has some knowledge of the bureaucratic and political machinations which underlie the projects, and a vested interest—unmentioned in cost-benefit analyses—waiting in the wings.

In the case of Tocks Island, of course, it is the utilities that were never mentioned in the project analysis.

It seems to our organization that the national interest requires more public participation, not less. We believe that public works projects—including the very large number which we support—need to be much more deeply analyzed than heretofore.

Rather than scrapping environmental impact analyses—and I am sure you don't mean to do that—we need to strengthen these requirements, and to further require an analysis of social and economic impacts.

A recent editorial in the Washington Post called for an economic impact statement. This is a concept we heartily endorse.

What economic sense does it make to subsidize highways and barge routes and contribute to the further stagnation of the Nation's railroads when a pressing national requirement is for a strong rail system? Why, when energy conservation is an acknowledged necessity, build more roads to fill up with more cars to use more fuel?

Why destroy farmlands and degrade fisheries resources when a global food crisis is already upon us? What economic sense does it make to destroy farming valleys which have produced since before the War of Independence, for pump storage and flat water recreation, while subsidizing the Welton-Mohawk Irrigation District on the Lower Colorado River between \$2,000 and \$3,000 an acre to forestall salinization.

Given that we have high unemployment and an energy shortage, why not concentrate on public works projects, and other uses of public funds which provide maximum employment per dollar spent and which use minimum energy per dollar spent?

Aside from their deleterious side effects, water development and highway projects, according to an analysis appearing in a recent issue of Science, provide fewer jobs and consume more energy per dollar spent than any other ongoing domestic Federal program.

It seems to us that the stated purpose of H.R. 3067, to make jobs and to cut redtape, could be far better met by legislation designed to clear away obstructions to the use of public money for rebuilding the rail beds of our Nation's rail system, and increasing expenditures for mass transit and pollution control.

I would like to see a bill that would bust the highway trust fund for those purposes. We would go all the way out to support that.

If the National Association of Contractors can be swayed by nothing less than putting the bulldozers back to work, there are unclaimed orphan lands resulting from strip mining in this country totaling an area the size of Connecticut.

But whatever is done in the way of public works, the public which must pay for it, and most particularly those citizens who are called upon to sustain particular personal sacrifices for the supposed public good, deserve far more assurance than they have ever had that such projects are really in the national interest; environmentally and economically sound, and free of shameful abuses of bureaucratic Parkinsonianism and political horse trading.

We urge the committee to reject H.R. 3067, which seems expressly designed to fertilize the worst features of the pork barrel system, and again highways and water development systems, and instead will insure that public works solve or help solve the Nation's problems by concentrating on labor-intensive work and thereby serve the long-term interests of our country.

Mr. ROE. Mr. Blackwelder.

Mr. BLACKWELDER. I am Brent Blackwelder.

Since my written statement is included in the record, I want to just make a couple of comments to respond to the committee's pleas for ways in which the act might be altered to clarify some of the language that right now is general. I have not included these in my testimony since it was submitted earlier this week.

First, I think the act should specify that it does not apply to projects over which there is substantial public controversy and opposition, over which there needs to be full, extensive public hearings.

Second, I think the act should specify precisely the major types of delays on the water pollution grants which the committee is concerned with and it should specify the specific remedies required of administrators to eliminate those delays, such as putting deadlines on the time for processing applications.

Third, I think that there should be a clause inserted in the act stating that nothing in this act is intended to impair or exclude public participation and input into the programs affected by the act.

Finally, I think the act should exclude reference to projects of the Army Corps of Engineers, because in my judgment, these are projects which do need full, intensive public scrutiny and hearings and are not the sort that can immediately go forward without some real public consideration.

I have included in the second page of my testimony the statistics of employment for various types of Federal programs. I think this speaks directly to the committee's intent to create jobs.

If these figures are correct, and they are the best information that I have seen in my efforts to obtain information on the employment that you get from spending a given amount of money on any type of Federal program, then it suggests that as a median point, you should look for the money that individual taxpayers spend on personal consumption and how many jobs that creates as a baseline.

Some Federal programs, if the Federal Government taxes citizens and spends the money, will create more jobs than if you left the money in people's pockets. Other programs create less jobs. Where do some of the programs we are now considering fit?

Well, it turns out that programs like social security benefits, national health insurance, increase jobs more than just simple tax relief. Other programs actually create fewer jobs than simply leaving the money in people's pockets and letting them spend it and letting that generate employment.

I emphasize that these figures tell us the full employment demand that a given expenditure will create when it is spent.

So I think it addresses the question, Mr. Chairman, you raised earlier about what is the long-term effect of public works programs; do they really create permanent as opposed to temporary jobs.

Finally, I think the bill could, in effect, provide some specific examples such as, Mr. Chairman, you enumerated earlier on projects where blocks are cleared in urban neighborhoods and sewerlines are required, so that it is abundantly clear that this is the sort of program being addressed by the legislation, rather than, for example, a dam controversy over which there is considerable worry by citizens.

I have had calls from many different parts of the country this week from people worried about a Corps of Engineers project which is authorized, for example, but which has not been funded, over which perhaps a consultant's report is waiting.

They are afraid the language in the bill as it is written could be construed by an administrator, even though it may not be the intent of the committee, to say go ahead, we will dispense with waiting on the consultant's report, we will go ahead and build the project. If this could be clarified with specific examples, I think the bill may, in fact, then assume a form which we would not take exception to.

Finally, I think one important point the committee should consider in looking at all the basic types of public works programs, in particular, at the employment in the construction industry, is exactly what percentage of the construction industry is involved, for example, in dam building and highway building as opposed to housing construction, where we readily acknowledge there is an acute shortage and it is the sort of program that we can support.

I think you will find that a much smaller percentage of the construction industry is unemployed because it is not building dams and highways, than is unemployed because it is not able to build houses.

I think that concludes the points I wanted to make.

Mr. ROE. Thank you, Mr. Blackwelder.

Let me suggest, if I may, I am pleased that you have taken the time, and I am pleased with the spirit that has been expressed by all three of the witnesses from some of our most important environmental organizations in the Nation.

I am pleased because it is an interesting point to make. I spent 7 years of my life heading up a department of conservation and economic development in the State of New Jersey. An interesting experience there was that we were constantly with the gun at our head because they would come back and say, "How in God's name can you possibly have the framework of a formal department of government in conservation and economic development?"

We had to educate those people at that point that it was the best type of arrangement we could have because we didn't have one going off in one direction and one going off in another. We evaluated every single project as to what was most important.

Certainly in a State such as mine, which is the most urban State in the Nation, we are 10 years ahead of the problems—not by choice, but by happenstance, in what we are trying to do.

I think it is also interesting to note that the word “pork barrel” was used, and I know it was only meant in reflection, by Tom Garrett. We are trying to dispel that, too. You will find that the members of this committee have supported some of the landmark legislation and God knows how we all, you included, fought to develop, for example, the Water Pollution Control Act Amendments of 1972.

To me, if I never did anything else in the Congress of the United States, I was proud to be part of that legislative measure including the battles that were fought for 9 months, if you remember, in the Senate-House conference committee to try to get something done.

Now what are we trying to do? You speak of Tocks Island. Years ago when we coined the phraseology, as my friend Mr. Wright has pointed out, the words of “environment” and “ecology,” and I have to say this with pardonable pride, we developed the Skylands program in New Jersey. We coined the “quality of life” term. This is what we were doing this for and setting aside tens of thousands of acres in a State as urban developed as ours—for “quality of life” and in our environment.

Quite frankly, I was called a kook at the time.

So please understand that the members understand fully what you are saying. Please don't misunderstand, we are trying to turn the corner, too.

Let me point something out that we need your help on. I am pleased we are not adversaries. If there is one thing that we could do, for example, we should move ahead with getting those water pollution control projects going that everyone worked so hard in developing the legislation enacted into law to accomplish for improving our environment.

It isn't only from the standpoint of creating the jobs but they are vitally needed public works facilities. A great portion of our water supply in north Jersey comes out of the Passaic River, which has been classified by all environmentalists and everyone else as one of the filthiest, most treacherous rivers in the Nation.

With tears in my eyes, I am beseeching all interested parties to move ahead with a program for flood control and water resources management in the Passaic River Basin and to immediately proceed with pending wastewater treatment facilities in this region. How do we answer to our people? Through the impoundment battle we fought and were successful in securing release of \$900 million in funds for our State to apply to wastewater treatment facilities.

I have not only followed this programing intimately town by town with the mayor and other members of the governing bodies. We can't break the logjam. We want to build but we just can't break through.

Wait and delay . . . delay and wait. What is happening there? My desperate concern is that we have got to break through or we will be drinking our own swill. It is the most frustrating thing in the world to have someone come along the pike who masquerades as an environmentalist and ecologist but is not really concerned about the environment. They just don't like that project.

They use every tool and safeguard we have built into the legislation and every bit of the courts to delay and to hold back and to hold back.

In the meantime, my people can't get decent water to drink. We were almost out of water in the northern part of the State of New Jersey in 1968, as you know.

We need the environmentalists. I would like to ask you to make a commitment of good will. We need you to tell us what you see the priorities to be.

We want to be able to go to that floor with a bill, that you could say had your input. This bill is crucial if we are to solve, not only the unemployment situation in America, or to keep the economy of America, but to make the environmental program work.

Let me point out to you a danger. And I speak about the medallions and the medals that you wear in credibility. I say this with the greatest of humility. Unless we can accomplish what we are trying to do with your help, the environmental movement in this country is going to be dealt a lethal blow.

There are those forces that are stronger, in my judgment, than the groups that are evolving now in the professionalism of our environmental area. We are asking for your help in conveying to whoever is not doing their job that there has got to be a way to speed up the construction of these facilities for water and sewer so that our people's health and future and the environment and the health of our country can be protected.

If somebody's trying to jam a project down our throat because some bureaucrat decided that he was God, I agree with you. We cannot tolerate that. I have a project in my own district, Route I-287, which, with the help of this committee, we wrote into the law that no way would I-287 be built until it was re-evaluated because when they designed I-287, they ran the bulk of the road right through a flood plain on a 52-foot earth fill, right across the river, with no apertures whatever for the flood waters to get through.

Be that as it may, we need your help to say to us, "We are not adversaries." Give us your suggestions point by point. If you are afraid of a project in a particular valley that should be protected because it needs the proper study, tell us that. We will listen. We will write it into the law.

But we need your help to say to the people of this country, "We are going to build those sewers because we are not building them only to create jobs, we are building them to save the environment of this Nation."

That is the help we need. That is what we are looking for from you. I will defer now to Mr. Wright.

MR. WRIGHT. Mr. Chairman, I can't add anything to what you have just said. I agree with everything you have said. And I appreciate the witnesses' attitude, I appreciate their concern. I appreciate their patience, having waited so long to testify before us.

With the single exception of a kind of blanket condemnation that was expressed by Mr. Garrett and, I think, Mr. Blackwelder, of highways and water resources projects, per se, I don't find a thing in their statements or testimony with which I would disagree.

I may have a little different concept of the need for certain water resources projects, particularly in watershort areas where water is scarce, and I come from an area like that. I may have a slightly different outlook on the question of the validity of some highway work,

particularly those efforts to increase the safety of our highways, and to relieve the congestion and glut which unavoidably has built up in areas where we don't have the adequate kind of free-flowing highway that permits the free flow of traffic.

But aside from those caveats, I don't disagree with anything that has been said by these witnesses. Obviously some of the types of public works activity are more immediately job-intensive than others are. Those are the kinds we ought to be pushing in our efforts to revive the economy, which is a very, very real problem.

In addition to that, however, while I think water pollution abatement projects may not be as job-intensive as others, I think they merit and need our assistance to get them moving. I think environmentalists would certainly agree with that.

So I am grateful to you for the contributions.

Mr. ROE. Mr. Holland.

Mr. HOLLAND. Thank you, Mr. Chairman.

One of the statements here, I believe made by Mr. Garrett, to the effect that communities which were supposed to have benefited have been left poorer; can you tell us where those communities are?

Mr. GARRETT. I think the Nation abounds with instances. One that I mentioned in the testimony were the three counties around the Norris Dam in Tennessee. I don't think there is much doubt that the—as far as the local communities are concerned, that the farmland which was inundated would have been considerably more in value than the recreational benefits, local recreational benefits which are conferred by the presence of the lake.

I think a perfect example at the termination of the last Congress, though it had nothing to do with you folks' committee, was the controversy over the New River in southern Virginia. It was abundantly evident to everyone there that the farmland was of considerably more value than the proposed installation.

Moreover, the farmland would continue to appreciate in value, whereas the installation would decline in utility.

I think that is the case with numerous power installations, with numerous installations which are supposed to be flood control installations, but which had secondary—we were motivated partly by pressure from the power companies.

I certainly think that as we get more people who get hungrier, the destruction of our fishery resources is going to come home to haunt us, and the destruction of our coastal fisheries.

For example, here again, this—the placement of large powerplants on spawning grounds that are important to food fish species. All of these things, sometimes we don't think of them at the time. But when we begin to assess the long-term benefits over 50 years, we can see we lose a good deal more than we gained.

Mr. BLACKWELDER. Let me expand, if I might.

Could we supply for the record the citation on the Norris Lake, which was in the *Journal of Leisure Research*, and documents the fact that the area's economy was not benefited by the project's recreation and that the loss of agriculture was significant?

Also, another example I will supply the citation for is a Corps of Engineers project which generated a boom-and-bust situation. I think we could enumerate other examples.

Mr. ROE: Do you want to submit those for the record?

Fine, we would like to have them.

[The following was received for the record:]

ENVIRONMENTAL POLICY CENTER,
Washington, D.C., March 19, 1975.

Congressman ROBERT ROE,

Chairman, Subcommittee on Economic Development, House Public Works and Transportation Committee, Washington, D.C.

DEAR MR. CHAIRMAN: The two citations which I promised to supply for the record are as follows:

The article describing the economic impact of the Green Peter Reservoir on the community of Sweet Home, Oregon, can be found in *Rural Sociology*, Vol. 36, No. 2, 1971, in an article entitled "Economic Development: Panacea or Perplexity for Rural Areas?" by Courtland Smith, Thomas Hogg, and Michael Reagan at Oregon State University.

The article describing the negligible economic benefits locally from the very heavily used Norris Reservoir in Tennessee can be found in the *Journal of Leisure Research*, v. 6, Winter 1974. The report entitled "A Case Study of Local Economic Impact of Reservoir Recreation" was done by Dr. Charles Garrison at the University of Tennessee.

I also enclose for the record a brief report entitled "Federal Reservoirs and Community Effects" prepared by John Ballard, Local Government Specialist at the University of Missouri.

Sincerely,

BRENT BLACKWELDER,
Washington Representative.

ECONOMIC DEVELOPMENT: PANACEA OR PERPLEXITY FOR RURAL AREAS?¹

(By Courtland L. Smith, Thomas C. Hogg, and Michael J. Reagan, Department of Anthropology, Oregon State University, Corvallis)

ABSTRACT.—Economic development is regarded as a beneficial process, and the desire for its benefits lures communities into accepting programs which they believe may provide these benefits. A water resource development project in the vicinity of Sweet Home, Oregon, expected by local residents to spur population and economic growth, instead stimulated the community to overextend its school and municipal services. Coupled with inflation in the national economy, community expectations of growth, citizen noninvolvement, and replacement of major decision-makers by urban- and suburban-oriented people, this overextension resulted in short-term expansion and then decline.

Dominant cultural correlates in America define economic development (Moore, 1965:5-6) as good and beneficial to the people experiencing it; in fact, economic development is regarded as the panacea for underdeveloped areas of the nation and the world. Spurred by this belief, communities, states, and regions eagerly seek development projects.

As a result of this kind of value emphasis, economic development often proceeds on the basis of faith rather than a careful balancing of benefits against costs. Many of the economic development institutions of our culture do calculate project benefits versus project costs before projects are undertaken; however, through the management of basic assumptions, definition of terms, and incorporation of qualifying concepts and language, project justifications often become exercises in adjusting the means to justify the end (Altouny, 1963; Bain et al., 1966; Eckstein, 1958; Freeman, 1966; Hirschleifer et al., 1960; Marshall, 1956; McKean, 1958; Young and Martin, 1967).

Even more significant, we believe, has been the general context for these analyses. Projects normally are justified in terms of national or regional economies, not in terms of specific local contexts. In fact, analysis of the effects of development projects such as highways, missile sites, and power plants on local communities is not a part of the decision-making process at present. Specific or local

¹ Financing for this study was provided by the U.S. Department of the Interior, Office of Water Resources Research, as authorized under the Water Resources Research Act of 1964. Ronald Hart, Sharon Hart, Mary Lemhouse, and John Sanders were field assistants contributing some of the data on which this article is based.

analyses lead to interesting and conflicting conclusions about the benefits of development projects. One specific analysis of reservoir development in Kentucky, evaluated for the county level of government, indicates that the fear of a "significant adverse fiscal effect" as a result of dam construction is unfounded (Bates, 1969:120). This conclusion, however, is not borne out by data from other areas of the country, and hence must be regarded as specific to the Kentucky situation. In the West, where populations are spread out, most economic development projects bring large numbers of construction workers to an area for a short period of time. In the rural communities where most of these projects are located, the construction phase of the project brings significant short-term expansion and then, as construction activity wanes, a decline in the local economy (Hogg, 1968). The local residents must bear much of the burden of construction by providing school facilities for children of construction workers and increasing levels of municipal service.

THE CASE OF SWEET HOME, OREGON

One setting for analysis of the impact of massive construction projects is Sweet Home, Oregon. The project was an \$80,000,000 multiple-purpose water resource development project. "Sweet Home" is not a pseudonym to protect the innocent; it is the name of an actual community innocently embracing the process of economic development. The name Sweet Home reflects the aspirations of the residents of this community of 4,000 tucked against the western face of the Oregon Cascades, serving a total trade area of 12,000 people.

Many of Sweet Home's leaders, recognizing that the local economy was tied to the unpredictable upswings and downswings of the lumber industry, welcomed the hopes held out to them by the Army Corps of Engineers as it presented the benefits and costs of the Green Peter Project. They accepted the idea that often water resource development is the basis for economic development because it can attract new industries, recreation enthusiasts, and retired people, who will stimulate economic growth. A planning study projected postconstruction economic growth for Sweet Home. Well before major construction began in the late spring of 1963, community groups had seized on dam construction as a new hope for Sweet Home's economic growth. Through community activities such as the annual Chamber of Commerce banquet and Sportsman's Holiday, the creation of voluntary associations to promote the area, and local publicity campaigns, some of the residents of Sweet Home, seeing the dams as an alternative to the unpredictable lumber industry, stimulated others to think of the dams as creating a boom in Sweet Home's economy. But the hopes generated by the Army Corps of Engineers, the planning study, and development-minded local residents have not materialized. When surveyed in the summer of 1968, 60 percent of the local residents said that they did not think the impact of the dams on economic development in Sweet Home was as great as they had expected.

Analysis of the sociocultural benefits and costs of this water resource development in Sweet Home gives further indication that hopes for economic development have not been realized. The community has received the benefits of improved educational and municipal services. These have not, however, come from economic growth in the region. They can be traced to the boom stimulated by the influx of construction workers, which forced the expansion of services supported mainly through local tax dollars. When the boom waned, the local citizens were the ones who bore the costs of the improved service.

METHOD OF ANALYSIS

For the analysis of sociocultural benefits and costs, three periods were delineated—preconstruction, construction, and postconstruction. Figure 1 gives the general shape of the construction period in terms of "manhours worked." Construction began in the late spring of 1963 and continued into late 1966. The construction period was defined as encompassing the fiscal years 1963-64, 1964-65, 1965-66, and 1966-67. Preconstruction encompassed the fiscal years 1960-61, 1961-62, and 1962-63; postconstruction, the fiscal years 1967-68, 1968-69, and, where data warrant, 1969-70.

The method of analysis used was a graphic correlation of patterns. Ethnographic study of the community during the period 1968 to 1970 was the technique used to determine the reasons for these patterns. A survey of community opinion conducted in 1968 provided further data on community attitudes toward the water resource development.

To determine the effects of the construction period on the people of Sweet Home, the pattern of the costs and the level of school and municipal services were correlated with the pattern of the construction work. These patterns indicate that the permanent residents of Sweet Home bore most of the cost of providing school services for children of construction workers, who came, stayed a short time, and left; and permanent residents also bore the burden of increased indebtedness for expanded municipal services. The expectations by some that postconstruction economic growth would help with these costs did not materialize.

BACKGROUND

Many of the construction workers on the Green Peter Project came from outside the local area. Just as the plan for dam construction stimulated the hopes of Sweet Home economic planners well before the actual construction started, the knowledge of prospective construction stimulated the influx of workers into the area looking for employment. In fact, people anticipating the availability of work came as early as three years before construction began, and many, finding no work, had to be absorbed into the unemployment and welfare rolls (information from the Lebanon office of the Oregon Welfare Department).

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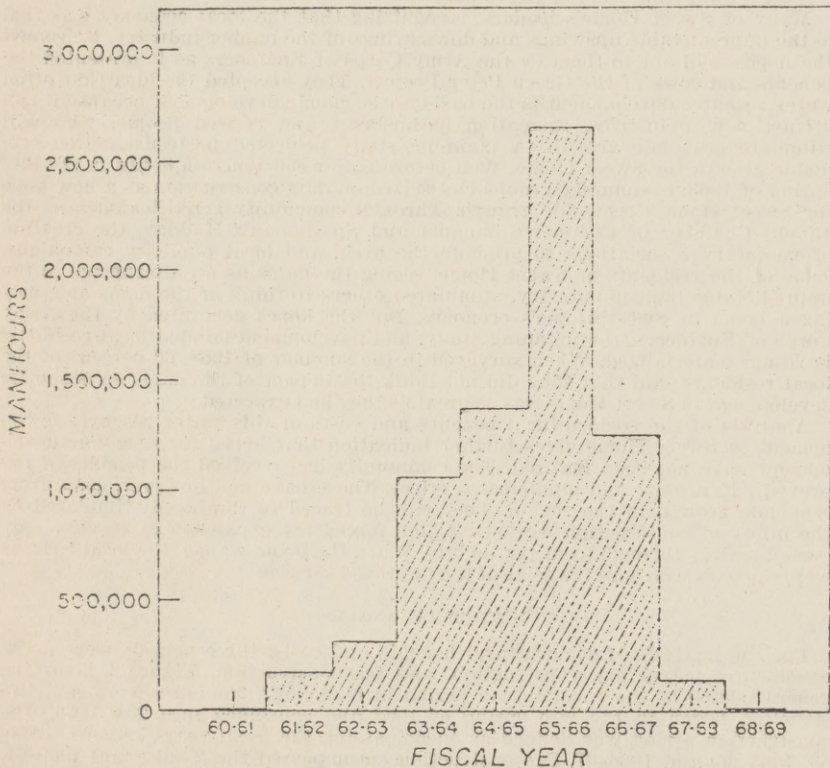


FIGURE 1.—Construction manhours worked Data from the U.S. Army Corps of Engineers, Portland District.

How many construction workers actually came to the Sweet Home area? The 2,640,875 manhours worked in 1965-66 (information from the U.S. Army Corps of Engineers, Portland District) would have required a labor force on the order of

1,300 men, assuming that each worked the typical 2,000 manhour year. Some of the workers are reported to have commuted from surrounding areas, but most settled in Sweet Home with their families for the construction period. Mute evidence of these twentieth-century nomads is the trailer graveyards—concrete slabs, originally poured to accommodate the trailers of the construction workers—which now, unoccupied, dot the landscape around Sweet Home. Figure 2 shows the change in the population of Sweet Home, the number of residential electric customers, and the number of school children, through the construction period. Each of these curves shows a pattern of rising and then dropping off, a pattern correlated with the preconstruction, construction, and postconstruction periods.

EFFECTS ON THE SCHOOL SYSTEM

The most direct effect on the school system was an increase of several hundred students between the 1962-63 and the 1956-66 school years and when a decline to preconstruction student population levels between the 1967-68 and the 1968-69 school years (Figure 2).

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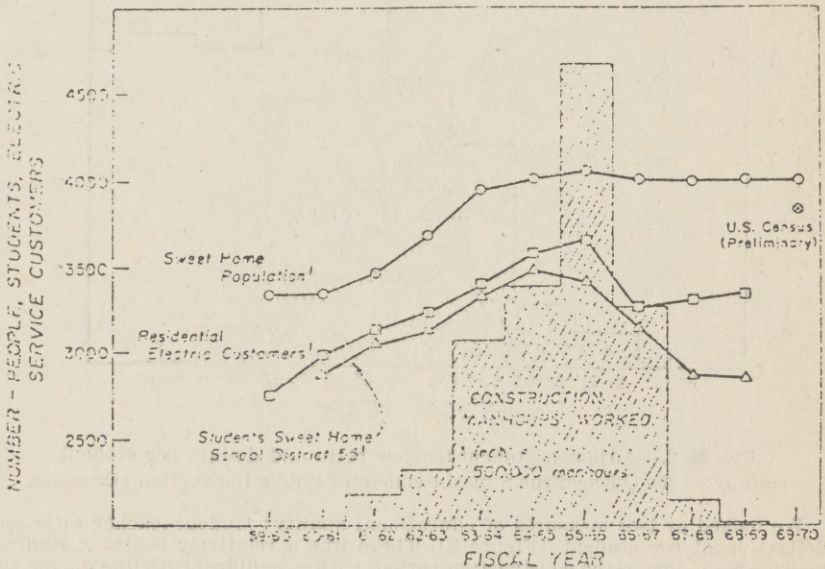


FIGURE 2.—Population indicators.¹

Data from the Office of the Superintendent of Public Instruction (Oregon), the Pacific Power and Light Company, and the Portland State University Center for Population Research and Census

¹ The population figures are for the city of Sweet Home only. The numbers of students and electric customers reflect the population changes in the area for which Sweet Home is a service center.

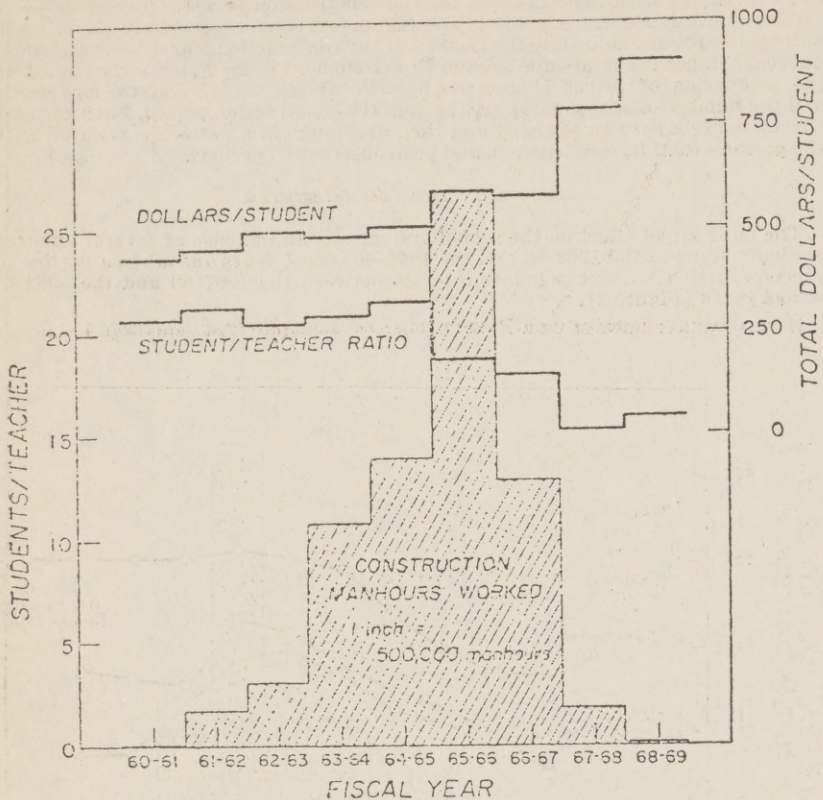


FIGURE 3.—Adjusted student-teacher ratio and dollars per student.
Data from the Office of the Superintendent of Public Instruction (Oregon).

We looked at two measures of educational quality: student-teacher ratio and dollars spent per student (Figure 3). There was a relatively constant student-teacher ratio during the construction period, with a significant decline during the 1965-66 school year. During the postconstruction period, the student-teacher ratio continued to drop and was well below the state average—15.5 compared to 17.8 for all other districts of Sweet Home's type (Oregon Education Association, 1969:3). Only one other district in this category had a lower student-teacher ratio than Sweet Home. Thus, Sweet Home, in the postconstruction period, enjoyed a very favorable student-teacher ratio relative to other Oregon schools of comparable size. The second measure of educational quality, dollars spent per student, shows an improvement through the construction period and large increases in the postconstruction period (Figure 3). Using dollars spent per student and student-teacher ratio as indicators, we see that educational quality improved significantly during the postconstruction period, exceeding that in the preconstruction period.

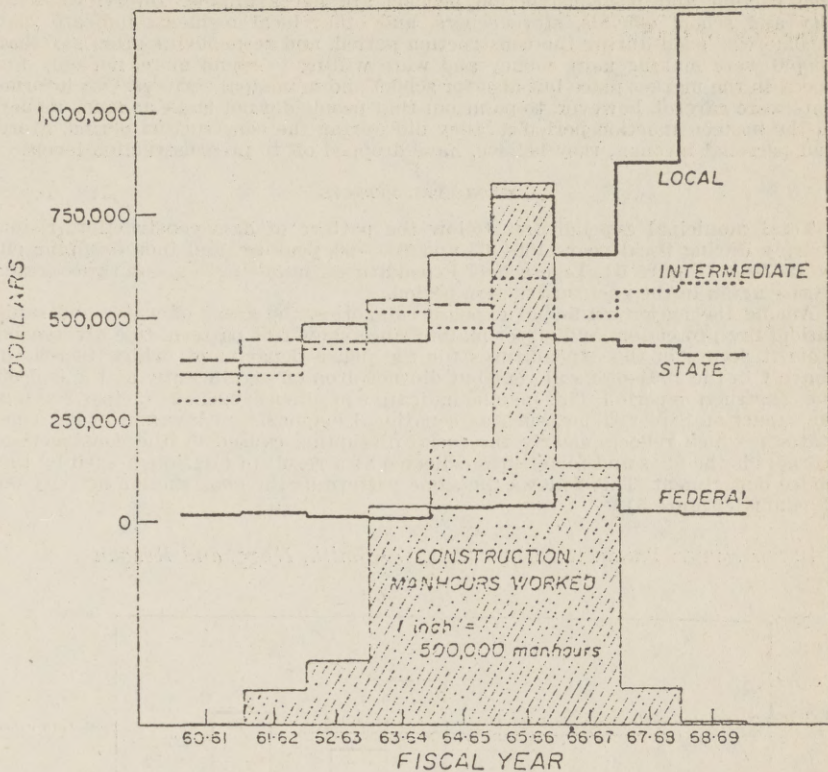


FIGURE 4.—School revenue sources.

Data from the Office of Superintendent of Public Instruction (Oregon)

Who bore the costs of these benefits? Figure 4 indicates that very little help was received from state, intermediate (county), or federal sources. Federal help under the Educational Adjustment Act (PL 814) was never over 4 percent of the total school budget, and it did not come into the budget until a year after the peak student demand had passed. Most of the added tax burden was borne by local people through increased property taxes. The income taxes paid by the construction workers went to the state government, which, as the figure shows, actually reduced support to the local school system. The local tax dollars come primarily from property taxes. The construction workers filled the trailer parks and rentals, but this did not add appreciably to the local tax base. Several new commercial establishments were constructed to accommodate the construction workers, whose payrolls reached over \$1,000,000 per month at the peak of construction. These did provide some additional tax revenues, but since Oregon has no sales tax, the bulk of the school tax burden was borne by the local property owners on behalf of the construction workers.

The effective tax rate is an index of the tax burden borne by local residents. It is a measure of the ratio of the change in property tax liability to the change in value of property subject to taxation. Positive ratios greater than 1.0 indicate increasing tax severity (Bates, 1969:14). For the residents of Sweet Home, the average effective school tax rate was 1.29 during the construction period, which is indicative of slightly increasing property tax severity. In the postconstruction period, calculated to include fiscal year 1969-70, the average ratio was 5.75, indicating a marked increase in property tax severity.

If personal income was increasing during both these periods, then people's ability to pay the increased taxes would be increasing and the tax burden would not be so great. Actual personal income data for Sweet Home residents during the construction and postconstruction periods are not available. Interviews with city and school officials, storekeepers, and other local residents indicate that income was good during the construction period, and respondents often say that people were making more money and were willing to spend more, not only for goods in the market place but also for school and municipal services. Our informants were careful, however, to point out that people did not make as much money in the postconstruction period as they did during the construction period. Store and personal incomes, they believe, have dropped off to preconstruction levels.

MUNICIPAL EFFECTS

Total municipal expenditures follow the pattern of dam construction, rising sharply during fiscal years 1964-65 and 1965-66, peaking, and then dropping off in 1967-68 (Figure 5). Like school expenditures, municipal expenditures began to rise again in the postconstruction period.

Among the major municipal expense categories, the areas of water and sanitation, fire protection, and street maintenance show this pattern. One divergence from it occurs in the expenditures for the police department, which increased sharply in the 1964-65 fiscal year but did not drop off significantly at the end of the construction period. This may be indicative of other exogenous factors, having an impact on Sweet Home, such as a national emphasis on law and order. One statistic which reflects clearly the social disruption caused by the construction workers is the fines and forfeitures collected as a result of citations issued by the police department. This follows the same pattern as the construction activity on the dams (Figure 5).

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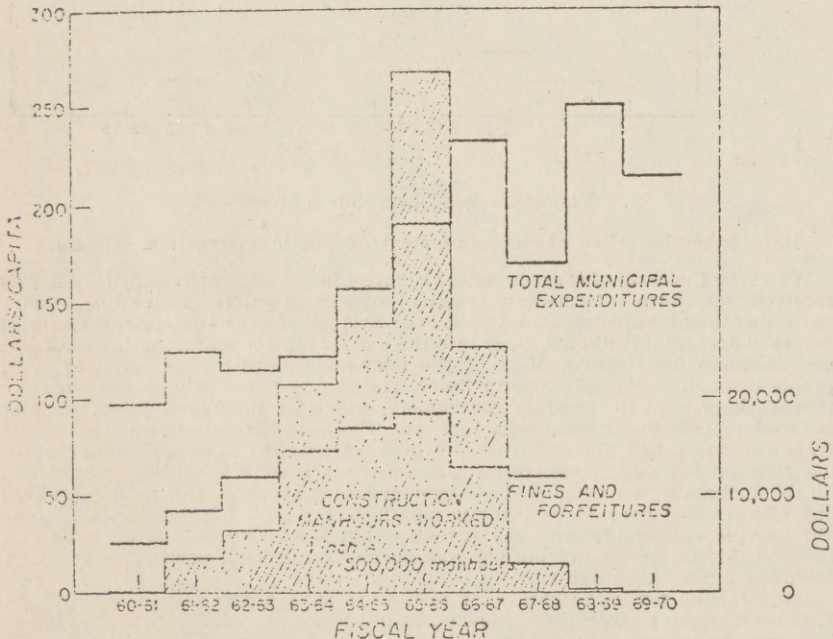


FIGURE 5.—Municipal expenses per capita.

Data from the city of Sweet Home

From the revenue side, taxes per capita remained relatively constant through the construction period and did not increase significantly until the postconstruc-

tion period. Property tax revenues, however, played a relatively small part in meeting municipal expenses. Property taxes provided an average of 16 percent of the total revenues of the city. The true cash value of Sweet Home property increased 31 percent between 1963 and 1969, largely as a result of expanded and new commercial establishments desiring to profit from the payrolls of the construction workers. The increased numbers of construction workers added revenues responsive to population number—parking meter receipts, liquor tax rebate, gas tax refunds, cigarette tax refunds. Thus, the influx of construction workers cannot be argued to have added substantially to the municipal tax burden of Sweet Home residents during the construction period.

What does seem important with respect to municipal financing is the anticipation of population and economic growth. The water system was expanded to accommodate a service capacity of 12,000 people, three times the 1970 population which it served. Municipal bond issues presented for public approval were justified on the basis of potential population and economic growth. Sweet Home had to plan for all the people who were soon to move to the community. The construction workers came and then left; few additional new people came. Planners had not provided for this contingency, nor were they warned to do so. The costs of the new facilities and services created as a result of dam construction now have to be met. The increased per capita tax burden of the postconstruction period reflects the town's problem in meeting this commitment. Also, the slowness of growth has necessitated other compensatory moves in adjusting the city's finances. Less of the revenues from the water and sanitation system can be committed to supporting other municipal services. The decline in these supports since 1965 has been nearly one-third and prompted a water rate increase in 1969.

City services during the construction period improved. These improvements, stimulated by the influx of construction workers, were intended as much to prepare for hoped-for population and economic growth as to accommodate increased numbers of local residents present for dam construction. As with the school system, improved city services can be viewed as benefits to the people in the postconstruction period.

Associated with these benefits, however, were increased tax burdens. Total property tax severity shows the same shift as school taxes. In the construction period, the average was 1.43 indicating slightly increasing tax severity. In the postconstruction period, the average was 7.09, showing a marked increase in tax severity. Incomes, as determined from interviews, were thought to be high during the construction period and lower in the postconstruction period. Apparently local residents developed an awareness of increased tax severity without increased income, for in the spring of 1970 they defeated the school budget three times.

ALTERNATE HYPOTHESES

The explanation of the trends shown in the figures in terms of commitment to economic development does not fully explain the increases in per capita expenditures in both the school system and city government after the dam workers left Sweet Home. Several factors suggest that Sweet Home's position in the larger cultural system resulted in this continued steady rise. Other important factors were the involvement of Sweet Home residents, the image of their community held by Sweet Home residents, and migrants from urban and suburban areas into the community.

Nationally, the postconstruction period in Sweet Home was one of rapid inflation, which affected all sectors of the national economy. During the same period, teachers, police, and firemen were getting significant increases in salary. Sweet Home could not escape this trend. Inflation and increased salaries to some public servants explain part of the increase in school and municipal expenditure, but in the 1969-70 fiscal year, Sweet Home's position relative to other communities of its size shifted significantly toward higher tax burdens.

Observation of community actions and a survey of community opinion in mid-1968 provide other pertinent elements of the explanation. The first factor, community attitudes, was studied by means of a community survey encompassing 7 percent of the households in Sweet Home and the surrounding area. Attitudes of respondents toward taxes were as follows: 45 percent were either somewhat or strongly in favor of increasing school taxes and 40 percent were somewhat or strongly opposed; 28 percent were in favor of increasing taxes for municipal services and 52 percent were against. Thus, in 1968, at least in relation to the school budget, the opposition to more spending was not strong. Since then, strong opposi-

tion has developed, largely because Sweet Home is part of a wider cultural system in which means of educational financing have increasingly become subject to questioning. In 1968, 29.3 percent of the school budgets voted on in Oregon were defeated. In 1970, this figure was 43.0 percent and included Sweet Home (Oregon Education Association, 1968 and 1970). The difference in acceptance of increased educational financing between 1968 and 1970 is significant at the .001 level.

A second factor was community involvement; here our survey shows that people tended to avoid involvement in school and municipal affairs. Seventy-one percent of the sampled population said that they seldom or never were involved with the schools, and 93 percent said the same thing about city government.

The level of community involvement leads to another hypothesis for explaining continued postconstruction budget increases in school and municipal services. School and municipal administrations are in a sense in competition with taxpayers for their disposable dollars. New equipment, new gadgets, new machinery, additional personnel are always required for better administration and operation of the schools and municipal government. In a situation of limited public involvement (one in which Sweet Home is by no means unique), skillful manipulation of this noninvolvement can actually result in greater tax allocations to school and municipal services.

A third factor is related to a sociocultural effect of dam construction on the community. The dams have brought about a change in community self-image. Some residents (22 percent of those surveyed) regarded Sweet Home as a tough logging town. Many sought a new image: a town which was neat, clean, and orderly, a town attractive to suburbanites from the metropolitan areas of Portland and Salem. When the dams became a probable reality for Sweet Home in the late 1950s, the residents interested in making the community more attractive voiced their desire to change Sweet Home's image. Many public officials, the Chamber of Commerce, and other service groups, largely in an effort to attract recreation enthusiasts and retired people to the community, began appearance-oriented projects. The median down Main Street was beautified; a concerted effort was made to demolish decaying buildings; a new zoning ordinance was passed.

The planning for the construction of the dams appears to have set off this change in self-image, as well as attracting urban and suburban migrants to continue it. Many of these new migrants took important positions in the community, positions which influenced the allocation of resources. The superintendent of schools, city manager, newspaper editor, and president of the Chamber of Commerce are new migrants with urban and suburban backgrounds. (The previous holders of these positions have left the community, mostly because they rejected the pressures, conflicts, and status deprivations associated with change.) All have substantial influence in community decision-making with respect to the allocation of community resources. The urban and suburban migrants bring to Sweet Home their experience with neat, clean, orderly goals for environmental quality which emphasize good schools and adequate municipal services. Their impact on the community has been to intensify programs designed to reach these goals.

CONCLUSIONS AND IMPLICATIONS

Dam construction and a faith in economic development have stimulated Sweet Home to expand its school and municipal services. The hoped-for economic growth has not occurred. The construction workers came and left. Now Sweet Home residents are the beneficiaries of improved services, but they are the benefactors as well. They have had to accept increased tax burdens rather than having the costs absorbed by a growing community. They are still subject to the unpredictable upswings and downswings of the lumber industry.

Yet in Sweet Home, faith in the process of economic development is only one part of the explanation of the observed changes. Additional factors are the relationship between Sweet Home and the larger cultural system, in which rapid inflation increased the costs of school and municipal services, and the attitudes and noninvolvement of Sweet Home residents, which allowed newcomers with urban and suburban backgrounds to direct programs to make over the community.

Economic development, then, has not been a panacea for Sweet Home. It has, instead, resulted in perplexity. Sweet Homers now benefit from improved school and municipal services, which they had to provide for construction workers. But the hoped-for economic growth, expected to bear some of the costs of these im-

proved services, did not occur. The present tendency is for communities to embrace the process of economic development without question. Yet here is an example of a community which embraced the process and did not realize its expectations. Even more interesting is the fact that three-fourths of those surveyed, far from having lost their faith, look forward with hope to seeing Cascadia Dam, a third dam in the area, constructed.

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FEDERAL RESERVOIRS AND COMMUNITY EFFECTS

(By John E. Ballard Local Government Specialist, University of Missouri, Extension)

Multi-purpose federal reservoirs are constructed by the Army Corps of Engineers to achieve the benefits of flood control, recreation, water quality control, streamflow augmentation, water supply, hydroelectric generation, economic development or others, all or in part. The projected benefits to be realized must exceed, on a dollar basis, the costs entailed before a project is authorized. This investigation covered three such reservoirs, Carlyle, Shelbyville and Rend, in six Illinois counties, inquiring into these hypothetical benefits in implementation.

TAX IMPACT

The primary point of impact of such projects is the property tax dependent local government unit: counties, townships, road districts, school districts, fire protection districts and similar others. As land transfers into federal ownership it is removed from taxation and the valuation against which taxes for these purposes are levied is reduced. In benefit/cost calculations preceding project authorization these tax losses are offset by the rebate of 75% of all lease fees collected for rental of federal land. "Leaseback" funds are transmitted from the federal treasury through the state to the county. Ultimate local disbursement of these funds is a state option; with Illinois placing them in county general revenues. Lake-induced growth, in the benefit calculations, brings increased valuation in a few years.

Determining the valuation loss proved difficult in Illinois. In three of the six counties visited there was no available record of total acreage in Corps ownership, and in a fourth the information was not available at the courthouse but found at the county extension office. During the years of acquisition other valuation-changing factors were intervening. Personal property was first partially, then totally removed from taxation. Homestead exemptions for senior citizens were instituted. Assessment procedures were changed in an attempt to secure greater equalization, both intracounty and intercounty.

LEASEBACK FUNDS

The most complete information was available in Moultrie County on the upper end of Shelbyville Reservoir. There 17,555 acres with a valuation average of \$85 per acre had transferred to federal ownership for a valuation loss of \$1,492,175; when equalized by the state multiplier, \$1,820,819. The net loss is shown below:

Annual tax loss.....	\$52, 665
Leaseback receipts.....	20, 066
Net annual loss.....	32, 599

Fayette County (Carlyle Reservoir) lost 11,450 acres to federal ownership. Jefferson County (Rend Lake) lost 28,000 acres from its tax base, with acquisition beginning in 1967; and received its first leaseback funds in 1974 in the amount of \$518.32. Franklin County, which contains about half of Rend Lake, has received about \$2200 in leaseback funds annually since 1967, something less than ten cents per acre.

TAXABLE VALUATION

Valuation over time appears to have increased; but not sufficiently to equal values at the time of acquisition. Data are shown below:

AGGREGATE VALUATION, 13 LAKE TOWNSHIPS

County	Townships	Valuation, year project began	Valuation, last year
Clinton.....	4	\$17, 541, 681 (1967)	\$19, 686, 965
Fayette.....	2	3, 812, 841 (1967)	3, 926, 037
Franklin.....	3	7, 296, 090 (1967)	6, 876, 320
Shelby.....	4	17, 715, 685 (1963)	16, 513, 875
Total.....	13	46, 366, 297	47, 003, 197

In some townships other factors intervened. One, in Jefferson County, lost all but twelve of its thirty-six sections, yet more than recovered with the opening of two coal mines. New oil and coal revenues covered losses in other instances. New construction in municipalities, interstate highway related growth, reactivation of closed mines following renewed emphasis on coal production, various factors such as these helped recover lost valuation but were unrelated to the various lakes.

LAKE-INDUCED GROWTH

Development brought about by the lakes, and the value this added, appears to be somewhere in the future, if it is to come. Shelbyville and Rend lakes have been open for use since 1970, Carlyle since 1967. All appear to be primarily fishing lakes at present. New businesses other than bait shops are few in five of the counties. Boat dealerships were an evident addition in Franklin County.

Visits to the lakes midweek midsummer found few users other than fishermen. No automobiles with out-of-state licenses were seen. Lake area traffic contained a few campers, and some campsites were partially occupied. Merchants and local residents in informal interviews voiced the common complaint that campers were entirely self-contained, purchasing nothing in the local community. The scarcity of new lake-related businesses in the fourth or seventh year would appear to bear this out.

Two large marinas have been built in Moultrie County. Assessment has been levied against them, but is unpaid and being appealed on grounds of their construction on tax-exempt (Corps owned) property. During the interim, one bankrupt.

Lake-related growth was evident in four of the six counties in one area, law enforcement. Shelby County had the most complete records on this, shown below:

Sheriff's record:

Accidents investigated:	
1970	78
1973	253
Complaints:	
1970	170
1973	1,000+
Prisoner days:	
1970	500
1973	1,600

Clinton, Jefferson and Franklin counties also reported increases. Law enforcement is financed at the county level by property tax. Federal help through the Law Enforcement Assistance Administration is helping cover the reduced revenue in Shelby, but has been denied Jefferson.

EMPLOYMENT

Increase in employment has, in most instances, been negative. Census employment data were gathered in 1960, when construction was at an early stage on Carlyle and had not begun on Shelbyville or Rend, and 1970, when Carlyle had had three years of development and the other two were completing construction.

Comparison between these two points should, given these circumstances, match a low or near-low against a high or near-high in lake generated employment. Figures are shown below; viewed from two perspectives.

EMPLOYED PERSONS AND JOB LOCATION

County	Living in county		Working in county		Percent employed in county of residence	
	1960	1970	1960	1970	1960	1970
Clinton	7,629	8,803	5,874	6,167	77.0	70.1
Fayette	6,919	6,156	6,645	5,959	96.0	96.8
Franklin	10,279	10,768	8,746	8,780	85.1	81.5
Jefferson	9,677	8,883	9,498	9,046	98.2	101.8
Moultrie	4,631	4,867	3,777	3,745	81.6	76.9
Shelby	7,059	6,790	5,698	4,741	80.7	69.8
Total	46,194	46,267	40,238	38,438	87.1	83.1
Commuters						
	1960			1970		
	In	Out	Net	In	Out	Net
Clinton	615	2,306	-1,691	943	3,420	-2,477
Fayette	347	420	-73	495	621	-125
Franklin	704	1,951	-1,247	970	2,755	-1,785
Jefferson	881	719	+162	1,258	897	+371
Moultrie	299	1,121	-822	557	1,587	-1,030
Shelby	286	1,530	-1,244	373	2,330	-1,957
Total	3,132	8,047	-4,915	4,606	11,610	-7,004

FLOOD CONTROL BENEFITS

1974 is not a good year for discussing the benefits of flood control, particularly at Shelbyville Reservoir. Heavy spring rains overfilled the lake, inundating lands far beyond the easement line even with fully opened floodgates. The subject is somewhat touchy. The August issue of Lake Shelbyville says: "At this writing the level is barely over 12 feet above normal pool, and dropping at the rate of 3 to 4 inches every day." The high water mark, the publication says, was 20.56 feet over normal pool, reached June 29.

One side benefit was noted. Flooded areas with timber kill have been moved from the liability column to the asset side of the ledger by rechristening them "Wildlife Management Areas." Carlyle has considerable acreage under Conservation Department management for these purposes.

Rend has a different problem, lack of depth has severely restricted boating areas; and careful attention must be paid to warning buoys. The lake has an average depth of 9.5 feet. Most of the use by fishermen appears to be from the bank rather than on the lake.

This investigation financed in part by an Interstate Study Tour Grant from the University of Missouri Extension Association, August 1974.

SUMMARY: GOVERNMENTAL EFFECTS

The study "Short Term Effects of the Shelbyville Reservoir upon Local Government Finance in Moultrie County,"¹ concluded: "... that there will be little if any net decline in revenues of local governmental units as a result of the construction of the reservoir, even in the short run," and: "There seems to be little question that, in the long run, the increases will far exceed losses ... a tremendous development of residential and recreational facilities will occur ... water may well promote industrial development."

This study and its conclusions were being used as recently as 1973 in benefit/cost calculations for consideration of tax impact.

Conditions and indications by mid-1974 suggest these predictions were somewhat optimistic. Assessed valuations in each of six lake counties have increased far less than those of all counties in the state (actually declining in two), the rental returns from federally owned property have fallen far short of covering lost revenue, and the expected economic benefits have failed to materialize. The following table shows the county/state comparisons over time.

VALUATION: SELECTED COUNTIES AND ALL COUNTIES¹

Shelbyville Reservoir:	Shelby County	Moultrie County	Illinois
1963.....	\$114, 875, 665	\$75, 482, 411	\$36, 908, 167, 001
1973.....	\$133, 058, 802	\$93, 759, 876	\$49, 775, 583, 655
Increase (percent).....	15. 8	24. 2	34. 9
Carlyle Reservoir	Clinton County	Fayette County	Illinois
1967.....	\$95, 103, 700	\$98, 807, 810	\$42, 134, 058, 095
1973.....	\$103, 333, 592	\$93, 860, 799	\$49, 775, 583, 655
Increase (percent).....	8. 7	-5. 0	18. 1
Rend Reservoir	Franklin County	Jefferson County	Illinois
1967.....	\$92, 959, 414	\$93, 624, 940	\$42, 134, 058, 095
1973.....	\$76, 227, 793	\$103, 344, 366	\$49, 775, 583, 655
Increase (percent).....	-18. 0	10. 4	18. 1

¹ Department of Local Government Affairs (1973 State totals not available).

² 1972.

It would appear there is ample justification for an in-depth analysis of federal reservoirs, measuring benefits calculated in project proposals against actual benefits realized. This investigation suggests these benefits may be largely imaginary. A detailed *ex post facto* cost analysis might well provide a baseline for altering benefit/cost calculations to the ultimate public benefit. The establishment of a more solid base for the reaching of decisions having such financial, political and social impact upon areas should be harmonious with the goals of all concerned or effected groups.

¹ Glenn W. Fisher, Institute of Government and Public Affairs, University of Illinois for the Board of Economic Development, State of Illinois, March 8, 1965.

ENVIRONMENTAL POLICY CENTER,
Washington, D.C.

CHANGES WE WISH TO SEE MADE IN H.R. 3067—EMERGENCY PUBLIC WORKS
ACCELERATION ACT

1. Specify that the Act does not apply to projects over which there is substantial public controversy and opposition.
2. Specify precisely the major types of delays on the water pollution grants and the specific remedies required of administrators to eliminate these delays.
3. The Act should not apply to projects undertaken by the Army Corps of Engineers.
4. Put in a clause stating: "Nothing in this Act is intended to impair or exclude public participation and input into the programs affected by the Act."

BASIC QUESTION ON THE CONSTRUCTION INDUSTRY

What percentage of the construction industry is involved in dam building as opposed to housing construction?

BASIC QUESTION ON PROGRAMS BEING FUNDED

To speed up a depressed economy is it wise to attempt to accelerate projects which have such a high proportion of capital to labor as opposed to putting more money into labor intensive programs?

Mr. BLACKWELDER. Another aspect of the New River situation, I think typifies our concern about water projects. The farmland loss was mentioned. But there was a question here of jobs, where the construction industries were lobbying very heavily for the construction jobs and there would be in fact about 1,500 construction jobs. But at least that many permanent residents in an area of stable economy with very low unemployment figures in the local counties would have been permanently, for all time, displaced.

That, in our judgment, was a very poor and unfair trade and a very selfish attitude for the unions to have taken in that case, to displace permanent jobs for the sake of temporary construction jobs. We think there are other construction programs where that would not impact permanent farm jobs.

Mr. HOLLAND. Would any of you agree with me that whether or not the impact is favorable or adverse, depends upon the region of the country and the economy in the area you happen to be discussing?

Mr. BLACKWELDER. That is a fairly general statement. Can you continue?

Mr. GARRETT. That is difficult to answer.

Mr. HOLLAND. Well, for instance, the determination as to whether a dam or power project will have benefits that outweigh the detriments. In the southeastern United States, it would have to be considered in the light of economy, the need there, and the natural resources available to construction of that dam and to make it a useful or nonuseful facility in the community.

Mr. BLACKWELDER. I think without doubt we would agree that, in fact, the local economy has to be taken into consideration, a close look taken at it.

One of our concerns about the water projects stems from three GAO reports in the past year, 1974, which indicated that Congress has not been told the proper economic justification of those projects by the agencies. They have made unfounded assumptions without any data to back them up and presented a project to the Congress saying it has a very favorable benefit-to-cost ratio. Now the General Accounting Office has been reiterating things we have been saying for many years, and they are an unimpeachable source of information. It is for this

reason that we have considerable worries about attempting to accelerate projects without much more detailed examination of their real economic benefits.

Mr. HOLLAND. I agree that there is some difference, varying with the portion of the country you happen to be dealing with.

Would you agree that the standards which you champion may be utterly needed in certain overindustrialized portions of this Nation and totally unneeded in other underdeveloped parts of this country?

Ms. WILSON. No; I wouldn't agree.

Mr. BLACKWELDER. I would like to take a look at a particular proposal for a given area, because I wouldn't want a particular area that had significant natural resources, but lacked industry, for example, to be sacrificed. For example, the Meramac Park Dam is being planned in an area about 100 miles away from St. Louis. The area is fairly untouched; it doesn't have industrial development. One of the resources to be affected there is a cave which speleologists rate as one of the five most beautiful in the United States. This would be inundated on a project whose primary justification is recreational benefits.

Here is an area which might fit your category. Here is a Federal project coming in. I would have great reservations.

Mr. WRIGHT. Would the gentleman yield?

Mr. HOLLAND. Yes, sir.

Mr. WRIGHT. I may be misinformed, and I can't identify this project to which you refer. But I don't believe that there is any Federal legislation, at least within the purview of this committee, which authorizes the construction of any project whose primary benefit is recreation.

Mr. BLACKWELDER. The largest single category of economic benefits. I am not saying over 50 percent. But you have, say, four categories of benefits, 40 percent would be coming from recreation, 35 from flood control, 20 from—

Mr. WRIGHT. Navigation?

Mr. BLACKWELDER. Perhaps, or fish and wildlife, even. So in that sense, recreation does indeed constitute the leading category.

Mr. WRIGHT. This is a Corps of Engineers project?

Mr. BLACKWELDER. Indeed it is. Tocks Island fits also into the same category now.

Mr. GARRETT. In the majority of cases, alleged benefits from flat water recreation are the factor that push these corps projects over into a favorable cost-benefit ratio.

Mr. WRIGHT. Of course, I don't want to get into a petty quarrel about benefit-to-cost ratios, but if the gentleman would yield further, I think you have studied benefit-cost ratio procedures, and you are aware that economic enhancement and the creation of job opportunities in job-short areas are not allowed as benefits under the standard measuring yardsticks.

Sometimes those are quite important to an area where you have an outflow, outmigration of citizens who can't find jobs there, and they are going to the bigger cities and further crowding and creating more and more population density and all the attendant problems, where if you were able to provide some basic infrastructure that would make possible the location of some smaller industries at home, you could keep people home in these smaller areas.

This is particularly true in the areas with which Mr. Holland is intimately familiar, where there is a surplus of agricultural workers. Mechanization has driven many of those people who have no other means of home livelihood out to the big cities. And if you can find some basic infrastructural investment that would make feasible the location of smaller job-producing organisms in those communities, maybe you have done something that hasn't even been evaluated.

Do you recognize a value to that? Do you think that is worth consideration?

Mr. BLACKWELDER. The Corps of Engineers does have a category, area redevelopment, which is counted as a substantive benefit and would encompass a number of the economic advantages that you have enumerated.

One of the concerns we have is based on studies of a reservoir in Illinois where construction of the project really had no effect on the employment situation, and perhaps it even got a little worse. If that seems to be the case, then, perhaps we have got to take a different approach to unemployment projects other than thinking that a water resource project like a dam, or channelization, is the answer.

I suggest that the evidence is leading us to different conclusions.

Mr. WRIGHT. I don't want to usurp my colleague's time. I think it might be worth our consideration, however, since we are talking about these individual projects with which I am not as closely familiar as some of you, obviously, to inquire as to how they are received by the people in the area.

I think that is one significant contribution. That those who live there and have lived with conditions prior to the project construction, and must live with the conditions subsequent thereto, ought to have something to say about it, you know, rather than those of us sitting up here and making judgments as to whether this was a good or a bad thing.

Mr. BLACKWELDER. I might say in response to that, that people come to me from all over the country because they have not been able to get the Corps of Engineers to hold hearings. People, for example, on the Paintsville project in Kentucky maintain there has been no public hearing in the area for several decades. One of our concerns is that there be greater public hearings and participation right in the area affected by the project.

In the ones I have looked at, the participation ranges in some cases from very strong support for a project to in other cases extremely strong opposition. But that, for some reason, does not always have an effect on whether or not the project goes forward.

Mr. WRIGHT. In other words, you don't make a blanket condemnation of all water resource projects? I mean you do recognize there are some that are very beneficial?

Mr. BLACKWELDER. There are about 250 projects getting funded in the annual appropriations bill. I think we have reservations in about 80 of those. So that would imply that we have not raised objection to the bulk of them.

But there are some we regard as extremely bad federal investments and very harmful.

Mr. ROE. Mr. Holland, may I add one thing?

Mr. HOLLAND. Certainly,

Mr. ROE. I want to get to a point. We are talking about phony figures. In other words, the testimony from all three witnesses was based upon the point of view that they are concerned that a project will be built by short-circuiting due process. That is what we are concerned about and we don't want to provide any blanket authority for such action in the legislation we are discussing here.

In my State's Passaic River Basin project for flood control and water resources management, they literally bombed my State. They came back and said there was a million two hundred thousand recreation days available for the people on that lake which was an absolute mis-assumption and misappropriation of a part of the cost-benefit ratio recreational formula. It was a phony.

So, in effect, you are not damning, if I may, water resources projects as was expressed here. What you are saying is, we are going to evaluate them and let's provide a formula that really evaluates the project socially and economically fairly; is that reasonable?

Mr. BLACKWELDER. Yes.

Mr. GARRETT. Exactly.

Mr. HOLLAND. The statement was made that we should concentrate on public works projects which use minimum energy and provide maximum employment. What specifically would you suggest is that type of public works project?

Mr. GARRETT. I think that mass transit is—has gone begging for a long time and is certainly needed in this country. I can think of nothing needed more.

As I mentioned in my testimony, the Nation's rail system has declined to the point of moribundity, practically, and the chickens are certainly coming home to roost. I am certain subsidizing competing modes would have a lot to do with that. I don't see how any of us could imagine that it hasn't.

I am sure water pollution abatement projects are badly needed and are comparatively labor-intensive. And for the most part don't involve environmental problems.

Sometimes, though, you act in haste. I am wondering if we shouldn't have been thinking more in terms of land treatment with sewage and treating it and dumping it into our rivers and streams, particularly since now we have a natural gas, natural gas required for production of fertilizer and natural gas shortages. We have an enormous source of nitrogen going down the rivers producing putrefaction in various Corps of Engineers dams and degrading our estuaries, where our most important coastal species spawn.

So I wonder if we shouldn't be thinking more toward it. The more we invest in treatment plants that dump the sewage in the rivers, the more we are committed to it. We may, in 10 years, who knows, we may find that holding this up might have been a blessing in disguise because we might change gears and move toward land treatment, toward processing sewage for fertilizer and we can solve a lot of our nitrogen shortages and so on that are surely coming on.

But I would agree that pollution abatement is certainly a pressing need. And a great many other things. For example, rebuilding the inner cities and insulating all of our houses that use so much necessary energy in wintertime. This sort of thing.

Mr. HOLLAND. I understand your mass transit and so forth ideas. Aren't those pretty well related to larger metropolitan areas and over-industrialized and overdeveloped areas of this Nation?

Mr. GARRETT. Oh, surely. But if I may, on the other hand, a viable rail system is much needed in farm areas. Nobody needs a good rail system more than our farmers do. Of course, I always think in terms of farming because I spent most of my life on a ranch. We grew up in the country.

I think, really that farming in this Nation has been neglected, as John Garner used to say, we have been sucking hind tit for too long. I still hope we think of farmers more often and their interests.

Mr. HOLLAND. My question is, aren't your concerns more specifically related to metropolitan areas in this Nation?

Let me describe the area I represent, if I may. It is a rural area, 10 counties that use to be farming areas. Farming became unprofitable so the cotton textile industry set up. The unemployment rate in one of my countries now is 49.8 percent.

The people in 25 percent of the area of one of my larger cities have no indoor toilet facilities, no fresh water supply. The children get about 9.6 grades educationally. The average worker spends 8 hours in a deafening textile mill and can't hear the birds singing when he comes out of there. He breathes the lint all day. And although the air outside is pure, it means little to him.

I am telling you that, as a Friend of the Earth, we need your friendship down there. But we also need to strip back some of this redtape and infuse some economic development through water systems, through sewage systems, through airports and highways, if you will. And the burden you are placing on these projects where it is needed is also affecting us and making it impossible for us to improve the quality of life in our area.

I might observe, we have abundant deer and bird life and fishing and everything else. But with those 49.8 percent, if they don't get back to work, they will eat up all the wildlife in that area. And I am not sure what the upshot will be.

Mr. BLACKWELDER. Mr. Holland, is your district along the Savannah River?

Mr. HOLLAND. No, sir. My district is inland South Carolina.

Mr. BLACKWELDER. Just one point about South Carolina. The fact that the counties in South Carolina along the border of the Clark Hill Reservoir have not had the economic benefits claimed for them, I think, is an example of some hopes that were placed in a Federal reservoir that have not materialized.

Mr. ROE. Remember, now, the thrust in these hearings is not on a specific reservoir. I think we have made it clear, at least we have tried to, that we can't paint the whole spectrum with the same brush.

If we are going to sophisticate and professionalize the understanding of our people of the vital need for environmental quality, we can't destroy the Nation in the meantime. And we are going to lose all the edge that we gained in the last 7 or 8 years unless we take, as a point I believe the gentleman from South Carolina is trying to make, that it is vitally important to the environmentalists' movement as it is vitally important to people, to live or die, if we can get a balance.

This committee should not be characterized as being adversaries at all to environmentalists. Quite the converse.

You speak of mass transit, but it was the undying battle of this committee that produced it. A terrible battle was fought in the Congress of the United States, with the very same rural people to get it done, I call to your attention. It was an undying battle fought by this committee to establish the Federal Water Pollution Control Act Amendments of 1972. It would not have been done if we did not stand up toe to toe with those who would abuse our natural resources as plunderers and robber barons of our society.

The open space land conservation programs would not have been achieved without a cooperative effort. What is happening, in part, here is a broad-based damnation of public works people as being hung up on creating jobs against environmentalists. That isn't true. If you are going to turn around and achieve what you are trying to do, then we need your help in this direction.

You speak, for example, of housing. Someone said, well, we do agree with housing. Wasn't that made in the testimony?

Mr. BLACKWELDER. I made that statement.

Mr. ROE. Let me point out to you in my statement relating to the \$900 million allocation of wastewater treatment works construction funds that cannot be spent in my State. There are 87 cities and communities that are under a "no-build" ban, no building period, no homes, because they can't free up the sewer construction program because of redtape. I am intimately knowledgeable and technically trained in the field of water resources. We can renovate our water and use it over and over before it gets to the sea. We wrote the first State law in this country on wetlands for the State of New Jersey, the most urban State in the Nation. We wrote the first law. We declared a moratorium so they couldn't build along our coast. But if we don't clear up the source of the pollution, we are not going to be able to provide that water supply.

We can increase the yield of the rivers of our State if we can renovate our water and build those sewer plants. We can use the water over and over again before it ever gets to the sea. But we need your help to do it. Otherwise, those projects are stopped. Our people have no houses. They can't build because of redtape. Not because of sincerity of purpose or intent.

This is what the thrust of this hearing is all about. If there is a bad dam project, then let's stop it. We will listen. If the cost-benefit ratio program in public works as it relates to the Corps of Engineers is the bugaboo, let us know. We will listen.

But by golly, we need your help. You talk of water supply for my State. There are no more developable water supplies in the northern part of the State of New Jersey, period. There are none. Technically, factually, actually, engineeringwise, humanlywise, whatever. If we can't develop water in the Delaware River Basin between Pennsylvania and New York and New Jersey, then we have to go some place, either to the Hudson River, or we have to go to desalinating the sea.

I am not against desalinating the sea, if that is the answer. But then we must convince the people of the United States that they have to spend \$10 billion for desalinating ocean water, if you like, if we are not going to utilize the Delaware River. I am for that. If we can get our people to do it.

I am for building nuclear generators with cooling towers if our people will pay the price. This is the point we need to tell them; that you can't get power for a dollar any more. It is going to cost you \$4 if we are going to do it right.

This is where the concerted effort of your support is crucial. We have to be able to go back and tell those people that there is no way we can serve five masters. Our fundamental goal is to serve human beings in God's name, that is what our job is.

That is the kind of help we need from environmentalists at the moment.

Excuse me, Mr. Holland.

Mr. HOLLAND. Thank you, Mr. Chairman.

I don't have any more questions. I want to thank the witnesses for the information.

Mr. ROE. Mr. Howe?

Mr. HOWE. Thank you, Mr. Chairman.

I want to congratulate Ms. Wilson, Mr. Garrett, and Mr. Blackwelder for their statements. I think they have done a service for the committee in bringing to our attention some of the views and considerations of the many members of their organizations, some of whom are very good friends of mine in my district.

I might say that I have a dilemma on some of these kinds of problems, just as I think perhaps goes through your mind. In looking at the intent of the legislation before us, I think I see many of the same results as have been expressed here to expedite projects that are going to, we hope, enhance the quality of life and environmental concerns for us in our area.

At the same time we hope that we are going to be able to solve some of the economic problems that face our country. I suppose that anyone who represents a very arid part of the United States, as I do in the State of Utah, has to recognize the fact that it is sometimes hard to do all of these things at the same time.

Yet I think that we have in some of the projects that we are talking about, in the backlog, clogged with redtape, the type of projects that will perhaps accomplish several things at one time.

I think that is what the Chairman has been addressing himself to. I gather you have some indication of appreciation for it also. So I am delighted we don't see ourselves in an adversary position here.

I certainly feel there is an understanding from your statements. You don't want to see a rejection, and certainly there is no intent in this legislation to reject the consideration of legitimate and required environmental concerns and other legal concerns. That must be considered before projects are funded.

I have been in the position where I have had the opportunity to look at some projects. I know there are good ones and bad ones. And there must be an orderly review of those projects and the questions must be answered whether they, in fact, meet the legal requirements.

I am wondering if you can shed any light on the balance that we have to reach. That is really the dilemma I see in trying to represent people I am sent here to represent, and in fact to contribute to the good type of legislation that can come out of any of these committees on which I serve.

The dilemma is this: How can we strike that balance between the consideration of the legitimate and required environmental concerns and at the same time how can we meet the needs of the people for whom the benefits have been promised in various projects?

Do you see those things as reachable through the same types of objectives here?

Ms. WILSON. Mr. Howe, it is hard, as I know you know, to generalize, because we are talking about so many different types of projects.

Mr. HOWE. Yes.

Ms. WILSON. And each of those projects, for instance, corps projects as opposed to highway projects, have their own particular set of procedures. And I don't pretend to be familiar with all of them. I am familiar with some agencies' procedures, but not in any great detail.

But I think for all of the ones we are talking about here—I think this has been to some degree gradually happening, if environmental considerations are cranked in right at the time the project gets thought up, if you will, they are part of the normal planning process and they needn't be an added delay.

I realize, of course, in some cases you have a situation where a project has been perhaps authorized through many, many years. Congress, I believe it was last year, wrote in a requirement with, I think, corps projects to take a look at projects that had been on the books for I have forgotten how many years, 8 years, and nothing happened to them.

Chances are when some of those projects are reevaluated under more modern ideas such as the chairman was enumerating where you are going to evaluate all of the social and economic and environmental costs, it will be found that they don't really hold water, if you will forgive the pun, but as I say, I don't know enough about the specific procedures, for instance, in the sewer program.

I just simply don't know about what the forms are that have to be filled out. And I am sure, having seen some government forms, they are probably all in octuplet, if there is such a word, and not very clear.

But it is really hard for me to be specific about where along the way you can speed those things up.

I know that the NEPA process, for instance, which I am familiar with, the Federal agencies have all been getting better and better, to different degrees, depending upon which agencies, at carrying out the NEPA process.

They are learning how to do it and how to do it more efficiently. We went through a stage where agencies at first tried not to do statements. They refused to do statements. They said no, we don't need to do them.

Then there were some court decisions and they started to comply and do statements. Then we had the other extreme where they would turn out these statements that were so big that nobody would ever read them and you could use them for doorstops. That was about all they were good for.

Now I see the pendulum swinging back to what is more happily a moderate, reasonable kind of approach where the agencies are turning out environmental impact statements that have the needed information for the decisionmakers and the public, and are not all cluttered up with a lot of gobbledygook.

Unfortunately NEPA has been like any new law, a learning process. I think the lessons are being learned and have been learned. As I say, the performance of different agencies varies considerably. But in the time while I have been around here, since before NEPA was enacted, I have seen a real improvement in compliance, and also the speed with which these can be processed.

I think that doesn't satisfy probably your immediate concern of how do we get some of these unemployed people back to work tomorrow, which we share. I mean we are very sympathetic. After all, we are an organization of people, too. But I do think that the wheels are beginning to turn much more efficiently if you will, on environmental laws, both from the standpoint of agencies and from the standpoint of the public.

People now are beginning to be able to work better, to crank these things in right from the beginning so that you don't later on then have a big halt called, because that is what is really the problem.

I think one of the sad things is when a project goes through to a fairly advanced stage without any of these problems, say a Tocks Island, or whatever the project, then at the 11th hour a halt is called, and we have wasted a lot of money, a lot of time, then we need to go back and start all over again.

From the standpoint of employment, that is wasteful, too, because you have—someone today referred to starting and stopping.

Of course, that is very wasteful. That is why we consider it so important to make environmental considerations an integral part right from the beginning.

Mr. Howe. Ms. Wilson, wouldn't you agree—I assume you might because of your answer to that question—that anything that can be done to reasonably make the review procedure work more smoothly, not to avoid it or, of course, prevent it from occurring, but to make it move more smoothly, is in the interest of everyone—those that may be in favor or those that may be opposed to some particular project—and the answers to be found out and laid on the table where they can be examined more quickly?

Ms. Wilson. Yes. I would think if we could identify ways to make the process work more smoothly, I think everybody would be in favor of that.

I don't think that would be a problem. I have observed that it is interesting with the different Federal agencies how long it takes them to do a given environmental impact statement. In some cases, they seem to be able to produce it just like that. In other cases, they drag their feet on maybe issues that are not all that much more different. Sometimes that may be just a cause of unfortunately maybe you have a more efficient group of people working on this one than you did on the other one.

That is a problem I guess none of us are ever going to be able to solve. But certainly we would be happy to see the process work more smoothly because we think it would be in everyone's interest.

As long as the process is not delayed, as you said.

Mr. Blackwelder. I think the committee is confronted now with a choice of Federal programs. Part of the thrust of our testimony is to look at the employment figures and energy requirements for various

programs. Some choices are better than others. The better are waste treatment and mass transit. The poorer are Corps projects and highways.

If you want to create more jobs and use less energy, you implement the former two.

Mr. ROE. Mr. Nowak.

Mr. NOWAK. Thank you, Mr. Chairman.

I was just about to make the same point you made regarding the type of priorities we should be looking at, especially in the bill that we will be putting together this year.

Everybody here appreciates the construction of the comments you have made. With our chairman, himself an environmentalist, you can rest assured that you will be very happy with the legislative intent of our bills.

When the committee finishes the bill, if you feel that we have been fair in trying to meet all the objectives that we can and you feel you support the bill, we would certainly appreciate hearing it.

I am sure there are others here who do rely on your testimony and the statements you put out to individual Members of Congress. I encourage you to do so and to make your comments to them.

The mass transit that has been mentioned here, I think, really deserves a high priority. I can't help but think that many of the projects we are considering really achieve the environmental savings, if you will, that you are also seeking.

One other thought that I had, and it's been mentioned here, concerns the specificity of the language within the bill. I would hope that we can come up with language in the legislative intent to clear up and make it specific.

We just had a problem, and this goes right to the heart of the matter of procedural or substantive changes in the law. We are all concerned with NEPA, and of course, preserving the strength of that law.

I am glad you agree that it has come a great way in the last couple of years and is being administered more fairly.

The language of the bill we just passed, I think, will be very meaningful to NEPA. Some of the assessments of environmentalists led us to amend that bill to clarify some of the wording; we are not changing any of the substance of that law, but rather just the procedure.

Any language that you have to submit, especially for the legislative intent section, we would appreciate receiving.

Thank you very much. I think you did a great job.

Mr. ROE. Thank you. Mr. Cleveland?

Mr. CLEVELAND. No questions.

Mr. ROE. Let me conclude, if I may, we really do appreciate the candor, by the way, and the forthright presentations that we have received. I would like to just ask one more question. We did ask it of different witnesses. I know you probably were listening at the time.

There is a movement and great thought now being directed toward a substantive across-the-board accelerated public works program similar to what we had years ago on the accelerated public works program.

The idea is to try to create, in effect, a pool of capital investment funds with the least strings attached, as it would relate to building such projects as a municipal building, a library, a health center, public facilities of this nature.

I am not talking about public works that would be intimately involved in the sense of necessitating extensive environmental review. I am talking about projects that are on the shelf in the cities and towns, and ready to go forward if the funds were available. I would like you to give some consideration to this proposal because it would seem to me that if we could invoke the will of the Congress to accelerate those types of public works, it would provide, in my judgment, a methodology and modus operandi to get construction people back to work on public works projects that are not intimately involved with an environmental impact statement.

It would help us a great deal if you would think that out a little bit. We welcome your support in that direction. We realize we do have a terrible dilemma with redtape. None of us are adversaries on that. We don't want to throw away the baby with the bath water.

We do want to get these projects done. A lot of them have to be re-evaluated; we understand that. But we do have a serious economic situation. There is a lot of work in America that could be done and should be done in building such projects—a school, a library, and so forth.

We could use your advice and help on that, if you will, as an added adjunct to what we are trying to perform to not just create stopgap money, hoping that the economy will turn around but to place us in a position that will make a real thrust into the economic development end of it without negating the types of things we are talking about today and the distance we have come so far environmentally.

Legislation to accomplish this will be coming up soon with further intensive hearings; if you will give it some thought, we would like very much to hear from you on that.

The bill hasn't been introduced. It will be some type of accelerated public works program that would open up job opportunities and create a chance for the towns and cities and counties and States to move ahead on those public works projects that are not in confrontation with the environment.

That is what we are looking for. I want to thank you very much. It's been a great help. If you have any further thoughts or suggestions, we shall welcome your help.

We appreciate your being here.

We have heard all of our witnesses, ladies and gentlemen. We will now recess these hearings, subject to the call of the Chair. Thank you very much.

[Whereupon, at 4:31 p.m., the hearings were adjourned, subject to the call of the Chair.]

[The following were received for the record:]

STATEMENT OF HON. JAMES G. O'HARA, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MICHIGAN

Mr. Chairman, I appreciate this opportunity to submit a statement in connection with the Subcommittee's hearings on H.R. 3067—introduced by Congressman Wright with impressive bipartisan support among the Members of the full Committee on Public Works and Transportation.

I applaud the goal of this legislation. Mr. Chairman, although in all candor I would suggest that it needs some perfecting action by the Subcommittee if it is to succeed in the announced purpose of cutting through bureaucratic red tape and speeding up public works programs across the nation.

There are a number of valid reasons why the Congress should be moving in the direction of accelerating these public works programs:

Our economy is in deep trouble. Unemployment stands at 8.2 percent of the workforce, and actually would have risen to 8.9 percent last month if it had not been for the statistical phenomenon of more than half a million people suddenly being classified as having left the workforce.

Our backlog of unfilled public needs—for highways and transit systems, for water treatment facilities and water resources projects—is large, and growing larger every day. These are needs that have already been identified by the Congress, which enacted legislation to see to it that work went forward in order to meet these public needs.

And, finally, there is the issue of obeying the law. The Congress has determined that these projects are essential. We have authorized the funding to pay the Federal government's share of the cost. But the Executive Branch, in open defiance of the Legislative, has failed to allocate funds or has constructed a bureaucratic maze that has dead-ended these projects, thwarted the wishes of the people, and defied the laws which we have placed on the statute books.

Nowhere is all this more evident than in the maladministration or non-administration of the Federal Water Pollution Control Act Amendments of 1972—the so-called Federal Clean Water Act. If I were of a suspicious nature, Mr. Chairman, I would see in the way the Executive Branch has handled this legislation a calculated decision to use any device at hand, without regard to its legality, to frustrate the implementation of this legislation.

Let me tell you why I say this: No single piece of legislation—as the Members of this Subcommittee are well aware—brought about a more serious and continuing confrontation between the Nixon White House and the Congress than did this legislation to end the pollution of our rivers, lakes and streams. Almost from the outset, the Executive Branch opted to get on—and remain on—a collision course with the Legislative Branch over this measure. And the White House opted for this role despite the fact that it never had the troops here on the Hill to support the Administration's position.

When the legislation was first acted on, there were only fourteen votes cast against it in the House and Senate combined. When the conference report was adopted, the number of "nay" votes shriveled to only eleven on both sides of the Hill. And when it came time to act on President Nixon's veto, the Administration's support reached its high water mark—35 votes to sustain the veto, 23 in the House and 12 in the Senate. Without any visible means of support, the President chose to go to the mat with the Congress over this issue. And even after his veto was overridden, the President did not bow to the will of the Congress and the American people or to the requirements of law.

By the time this legislation became law, Mr. Chairman, we in the Congress already had had a wealth of experience with the Administration's impoundment schemes, which almost daily were depriving the American people of funds provided through the legislative process. And so the Congress enacted a different formula, the concept of "contract obligation authority" to prevent impoundment. As the Subcommittee is well aware, Mr. Nixon refused to obligate nine billion dollars of the funds we had authorized, and it was only within the past few weeks that the United States Supreme Court ruled that the President exceeded his authority by doing so, and ordered the Environmental Protection Agency to proceed to carry out the intent of the law.

But the refusal to commit the money wasn't the only way in which this program was bottlenecked, Mr. Chairman. The Administration delayed for almost a full year in issuing its rules and regulations, and when they were finally published, they imposed excessively complex, time-consuming procedures on local units of government and on State agencies, and so the approval process has been proceeding at snail's pace.

We really shouldn't have been all that surprised, Mr. Chairman. After all, in his veto message, Mr. Nixon made it clear that, without regard to the action the Congress took in overriding the veto and enacting the bill into law, the White House was going to use every possible delaying tactic it could to keep from implementing the law's provisions.

"Even if this bill is rammed into law over the better judgment of the Executive," Mr. Nixon said in that veto message, "certain provisions of S. 2770 confer a measure of spending discretion and flexibility upon the President, and if forced to administer this legislation I mean to use those provisions to put brakes on . . . expenditures as much as possible."

Mr. Chairman, I wonder if the "brakes" included not only the withholding of allocations, but the year's delay in issuing regulations, and the excessive paper-

work requirements, as well. The President was determined to exercise, in effect, a "second veto"—even though the Constitution clearly allows him only one. And I must say that the bureaucrats seem to have gone at the task of frustrating the intent of Congress with, if possible, even more than their normal zeal. I have often contended that if the Congress enacts a law and gives an agency responsibility for administering it, there's one thing you can be certain of: that the law is going to be over-administered. Bureaucrats use the law as their jumping off point and after that they give their imaginations full rein. In the process, they often rewrite the law, to the consternation of the Legislative Branch and to the detriment of the American public. Nowhere is this more in evidence than in the non-administration of the Clean Water Act.

Mr. Chairman, the Subcommittee has at its disposal facts and figures about the overall failure of the Administration to administer this law properly, and the adverse impact that this failure has had on our economy and on our progress toward achieving our national goal of clean water. I would not presume to cover that same ground, but I would like to put this problem into perspective from the point of view of my own State of Michigan.

One of the driving forces behind the pending legislation is the realization that speeding up construction on projects covered by existing Federal programs will act as a spur to the national economy. If you think an unemployment rate of 8.2 percent in the United States is bad, Mr. Chairman, you ought to come to the State of Michigan. The figures published this week show statewide unemployment of 15.8 percent—nearly double the national average. In the City of Detroit, joblessness stands at 23.8 percent—about two and a half times the national average. Just think, for a moment, of what 23.8 percent unemployment means—that's nearly one out of every four people in the workforce idled by the deepening economic crisis.

Last week, Mr. Chairman, at the request of the Governor of Michigan, Members of our State's Congressional delegation met with officials of the Michigan Department of Natural Resources and the Consulting Engineers Council of Michigan, Inc., to review the situation as it pertains to our State. These officials presented us with some valuable analyses of the problem, and, with the Subcommittee's permission, I would like to enter pertinent excerpts from these papers along with my testimony for inclusion in the hearings record. But let me summarize what they told us:

Michigan's share of Federal funds under Public Law 92-500 is scheduled to be slightly in excess of one billion dollars—yet to date, more than two years after enactment of the law, the Environmental Protection Agency has obligated only 35 million dollars. Now, the State is faced with the prospect that it will lose some 200 million dollars in Federal funds if the money is not obligated by the close of this fiscal year—yet the mickey mouse rules and regulations imposed by EPA, and the unbelievable snarl of red tape, have been the cause of all of the delays in implementing this program.

In the five years prior to enactment of this law, Mr. Chairman, the Michigan Department of Natural Resources administered program grants resulting in construction which cost a total of more than 1.2 billion dollars. Since the enactment of the program—a program designed to accelerate our attack on the pollution problem—there has been virtually no construction begun in the State of Michigan. There is no question in my mind, Mr. Chairman, but that the Administration succeeded in making good on Mr. Nixon's threat to "put the brakes on," as far as this program has been concerned.

At the heart of the delay has been the bureaucratic red tape. Communities have been forced to rework their plans because of new regulatory requirements. The States have been required to re-certify that local plans and programs meet the Federal standards. The States have been subject to review by the Regional Offices of the Environmental Protection Agency. And then the paper shuffling really begins. Projects have been sent back to the States or the local units of government for "clarification" or have been held in the Regional Office until "answers" are received to a whole battery of "questions." EPA seems to be producing a mountain of paper, but no projects.

Even when projects reach the "approved" stage, they often are not actually approved. Some bureaucrat in the Regional Office will give verbal promises of grant funds, local units of government will make good-faith commitments based on these verbal assurances, but months will pass without a firm grant offer being received. Why the "verbal" approach instead of the written? At least some EPA

employees apparently have been hiding behind the citizens' suit provisions of the Act as an excuse for not signing letters of commitment, and apparently have told State and local officials that, on their salaries, they can't afford to risk the cost of defending themselves in court. Of course, Mr. Chairman, the Members of this Subcommittee will recognize that as nothing but an artful dodge. The citizens' suit provision of this law in no way imposes a personal liability on the individual public employee. Under the Act, the government still has the responsibility for defending the good-faith actions of its employees in court. But the excuse is used, neither the States nor the local units of government have been able to move these bureaucrats away from the practice of giving "verbal"—and, therefore, non-binding—assurances, and the result is further deterioration of a program that simply is not working the way it should or could work.

As I have said, Mr. Chairman, the material prepared by the Michigan Department of Natural Resources and the Consulting Engineers Council of Michigan, Inc., which I am appending to my testimony, covers the situation in considerable detail; I merely wanted to present highlights of it to serve as a background for the problems that units of government are encountering in my Congressional District.

In my role as ombudsman, Mr. Chairman—a role in which all of us in the House are required to function—I have listened with considerable unhappiness to local officials who themselves are unhappy about the failure of the Water Quality Act to assist them in dealing with their pollution problems. Some members of the Subcommittee staff have sat with me in meetings with these County and local officials, and have tried—as have I—to break the bottlenecks that are preventing qualified projects from going forward. I'm afraid we have all come away from these encounters frustrated by the bureaucracy.

Let me highlight a few of these cases, to make my point:

Back in 1968, St. Clair County, Michigan, began working on a program for a sewage collector system to serve the City of Algonac plus the adjoining Townships of Clay and Ira. The basic work on the engineering was completed in 1971; the County and the communities reached agreement that year on their respective share of the costs; and the project was rated high on the State's priority list of projects to be funded under the then-existing Federal grant program. But there were delays at the Federal level, and the project still had not been funded at the time the new law went into effect late in 1972.

At that point, all bets were off. No programs could be considered until the new regulations were promulgated and, as I indicated earlier, the rule-making process consumed the better part of a year, during which no one in St. Clair County, or anywhere else in the country, could move forward one inch. When the rules were published, St. Clair County found out that it couldn't proceed merely with a collector system; it had to have a plan for upgrading and expanding the sewage disposal facility, too. So they had to start out all over again—conduct engineering studies on the facility, hold new public hearings, submit to new review procedures—it was a whole new ballgame. The County and the local units of government were ready to move, but they couldn't very well make any commitments to begin the project until Federal assistance was forthcoming.

Now, with the big push on in Michigan and elsewhere to get in under the June 30 deadline—faced with the "use-or-lose" threat on the uncommitted 200 million dollars in EPA assistance—the State asked for permission to sever the collection system part of the project from the water treatment plant, the part added on by the regulations promulgated under the 1972 Act. The State and the County have received verbal "assurances" that it can proceed in this fashion—although it's understandable if everyone is less than convinced that these "assurances" are at all binding. The result, Mr. Chairman, is that the project still is hanging fire, seven years after St. Clair County began work on it, and more than three years after we, in the Congress, enacted legislation that would speed up our assault on the pollution problem. Not only are the citizens of that part of my District still denied an urgently needed sewage system, but whenever the government does get around to okaying the project, those citizens are going to find out that delay has been excessively expensive. Two years ago, the cost of the project was estimated at 23 million dollars. But prices have gone up—40 percent, to be exact—so the delay is costing the taxpayers nearly 10 million dollars more. Apply this across the country, Mr. Chairman, and you will see that the intransigence of the Administration and the dilatory tactics of the bureaucrats mean that we're going to be getting a lot less anti-pollution protection for the buck than we would have, if the program had been allowed to go forward at the pace the Congress had in mind when the legislation was enacted into law.

The City of St. Clair provides another case in point. It began work on upgrading its sewage disposal plant in 1970; it had been approved for a 2 million dollar grant in 1972 under the old program; and, like all of the other programs across the country, this plan went into limbo when the new law was enacted and the agency insisted on writing new rules and procedures. When the regulations were handed down in 1973, the City of St. Clair found that its sewage treatment project had to include the expansion and upgrading of the sewage system in neighboring East China Township—so it was back to the drawing board again, to add the 850 thousand dollar East China portion of the project to the two million dollar St. Clair portion. Last week, EPA issued a grant award—not for the project, but merely for forty thousand dollars to cover facility planning. Meanwhile, of course, the price tag has gone up 40 percent—from 2.85 million dollars to nearly four million—and that doesn't take into account any further price inflation which will take place before EPA finally contracts with the State, County and municipalities to go forward on the project.

In Macomb County, Michigan, Mr. Chairman, the problems are different. A three-million-dollar sanitary sewer project in Lenox Township has been engineered and ready to go since 1970. Two years ago, the Township was required, under the new Act, to amend its proposal and join with the Village of New Haven in a combined project. But there has been no movement at all—not even a verbal indication that some action will take place in the foreseeable future. Similarly, the City of Richmond applied for assistance on a million-and-a-half-dollar sewage separation program, got nowhere, and finally has begun construction on its own—not that Richmond really can afford the price tag, but because it couldn't afford to let its sewage treatment problems remain unsolved. In these instances, EPA places the responsibility on the State, saying that neither Lenox Township nor the City of Richmond projects had received a high enough priority from the State. Michigan, in its own turn, blames EPA, insisting that if funds had been made available, some of the low-priority projects might have been funded in place of ones higher up on the priority list, simply because the local funding for Richmond and Lenox was available, and that it might not have been available for some of the more urgently needed projects elsewhere in the State. The local communities, and Macomb County, blame both the State and the Federal government, since neither appears to have responded to their requests for aid.

This, of course, is the classic case of finger pointing that you run into whenever you spread responsibility for a program among the many layers of government—Federal, State and local. To the extent that we have divided responsibility, we also have divided accountability—and the average citizen doesn't know who to blame. All he knows is that things are messed up, and the services to which he is entitled simply aren't being provided. Our citizens are frustrated, and I don't blame them. The public isn't sure *who's* minding the store—as a matter of fact, the public is beginning to suspect that the answer is: "No one." They may be right!

These are just a few examples of what's going on in my District, Mr. Chairman. There are more examples in my District and in the State of Michigan, and I'm sure they have been duplicated in virtually every Congressional District and every State across the country. Taken together, they add up to the Administration's monumental contempt for the language and intent of the law, and to utter disregard of the wishes of the American people and their elected officials at all levels of government. The threat voiced by Mr. Nixon more than two years ago, that he would "put the brakes" on this program, has been made good—through financial restraints which have now been struck down by the Supreme Court, and through bureaucratic mismanagement or non-management, which the legislation before this Subcommittee is attempting to strike down.

It would be easy to ascribe the problem to bureaucratic ineptitude—or to the penchant of the entrenched bureaucracy to make its own laws—and, knowing the bureaucracy the way we do, perhaps these factors are present in the endless paper shuffling, delays, inquiries, reviews, etc. But it also seems at least likely that the determination of the Administration to frustrate a program it could not veto through legitimate means was at least a contributing factor. And without regard to the cause, it is encouraging that the Subcommittee is moving ahead with legislation that will provide something of a cure.

Mr. Chairman, we must break the stranglehold that the bureaucrats continually put on programs aimed at promoting the general welfare. We should do so under any circumstances, if we are ever going to move ahead to alleviate some of the major problems facing our nation. But particularly at a time like this—when our economy is in deep trouble, and sinking deeper with every passing day—then we

must undertake heroic efforts to free up money for projects that will serve the public, that will stimulate employment and production, and that will help turn our economy in an upward direction again.

We are already reaping the bitter harvest of the economic philosophy of the Nixon Administration, which attacked the Clean Water Act as "inflationary" and "budget-busting" and which accused us in the Congress of wanting merely to "throw money at the problem" of pollution. At the time Mr. Nixon issued his veto message, he went on the radio and told the American people that the bill we had enacted was unsound because, he said, the construction industry was operating at maximum capacity and couldn't handle the pollution job, even if the money was available. That same lame excuse was offered by John Erlichman, in his role as head of the Domestic Council. Immediately afterward, I was inundated with mail from the construction industry in my own State—and I dare say many other Members from other States received the same information from the industry—that, in the Fall of 1972 it was nowhere near capacity and that it had the capability of doing whatever work was funded. Well, that's ancient history. But today, with unemployment in the construction industry running around 40 percent in my State—and I guess that's about average for the country—it would be hard for the Administration to make the same argument. Unless, of course, it wanted to argue that the industry can't handle the work because so many construction firms have subsequently gone bankrupt.

Against the backdrop of what has happened with this program, Mr. Chairman, it goes without saying that something needs to be done to streamline the administrative procedures and break the stranglehold which the bureaucrats had placed on the implementation of programs which the Congress has enacted into law. I am afraid that the legislation under consideration would not really achieve that purpose. The bill would leave any streamlining to the discretion of the bureaucrats—the same bureaucrats whose discretionary actions got us into this mess to begin with. It asks the bureaucrats to eliminate or at least reduce any unnecessary, time-consuming procedures—procedures which these bureaucrats put into place to suit their own concept of the law, and which they are not likely to regard as "unnecessary."

I think we could easily resolve the problem—and with greater assurance that we are getting at the root of the problem—if we were to draft legislation directing the heads of the Departments and agencies involved to give to the States the authority to certify projects as meeting the requirements of Federal law, and to eliminate any Federal review procedure—for it is the review procedure, with its veto power, which has frustrated the intent of the Congress in moving forward with projects that serve the public interest. If the States are required to establish agencies such as we have in Michigan—agencies qualified to conduct review and certification procedures—then we could dismantle the time-consuming, duplicative layer of bureaucracy and we could speed up the delivery of Federal funds and get going on these programs that will help reduce our backlog of needed public facilities and that will help provide a stimulus to the economy.

REMARKS OF RALPH W. PURDY, DEPUTY DIRECTOR, MICHIGAN DEPARTMENT OF NATURAL RESOURCES, TO MEMBERS OF MICHIGAN CONGRESSIONAL DELEGATION, WASHINGTON, D.C., MARCH 6, 1975

We should like to take this opportunity to up-to-date you on progress of the municipal pollution control construction grant program as well as relevant background information.

Public Law 92-500, back in October, 1972, heralded a new national attack on water pollution. It set forth new programs for establishing discharge requirements and it greatly expanded the Federal Government's participation in providing aid to local units of government in their construction of publicly-owned treatment works. Testimony presented prior to the passage of P.L. 92-500 pointed out the need for an assured level of funding for the construction of waste treatment works. Congress responded by providing contractual authority for the allocation of \$18 billion to local units of government over a three-year period. The prospects for new and substantial progress in the construction of publicly-owned treatment works, however, was badly shaken when the administration announced that only \$5 billion of the \$11 billion authorized for contractual authority for the first two fiscal years would be allocated. Once again the promise of substantial aid to local

units of government was broken. The \$5 billion released did represent a substantial increase in acceleration of Federal aid. The Federal level of participation, however, was raised from 50 to 75 percent. Collecting sewers, land, storm sewer separation, and combined sewer overflow controls were added as grant eligible costs thereby the \$5 billion did not substantially increase the number of sewage treatment works and intercepting sewer projects funded.

Once again we are on the threshold of an opportunity to make substantial progress toward funding the backlog of needed construction of publicly-owned treatment plants. We are again given an opportunity to make substantial progress in meeting the goals of the 1972 amendments. Michigan has presently available some \$1,020 billion in unobligated Federal Construction Grant Funds:

	<i>Millions</i>
In fiscal year 1974 funds (\$35 million have been obligated)	\$205
In fiscal year ??? funds	189
Of the just released \$9 billion of previously impounded funds	626
	1,020

We anticipate that the 1974-75 funds will be fully committed during the remaining months of this year and in the first part of 1976. With the full release of the \$9 billion we can immediately increase the number of projects that we now have in the processing pipeline and we should see those projects going to construction in late 1976 and early 1977. We have on hand at the present time 567 applications representing requests for \$3.5 billion of grant funds. If given the liberty of waiving the priority requirements and some of the 201 Facilities Planning requirements of P.L. 92-500, final plans and specifications could be completed for \$1.2 billion of construction projects by December 31 of this year. If the 201 Facilities Planning requirements remain as now required by the statute and EPA guidelines, but if priority requirements only are waived, we can have final plans and specifications completed for \$773 million of construction projects by December 31. These estimates are based on the number of projects now on the consulting engineering industry drawing boards and their present degree of completeness.

I need not remind you of the present state of our economy. Our construction industry, like the automotive industry, is severely depressed. Equipment and steel shortages of past months are gradually disappearing. From June, 1973, until last week, there were no new construction grants in Michigan. The capacity for accelerated construction of sewage treatment works is awaiting our call.

While there are many understandable reasons for the delays that have occurred, our progress was slowed by a heavy burden of new requirements, red tape and delays. Some of this appears to still plague progress towards our desired goals despite recent laudable efforts of the U.S. Environmental Protection Agency to lessen administrative complications. Not only has the new national program gotten off, in my view, to an unsatisfactory start, but state and local governments, while attempting to comply with the deadlines, changes in policy, regulations, and guidelines have watched their own established programs suffer. Recognizing that manpower and dollar resources are limited at all levels, priority must be established to get the best possible job done. There needs to be increased emphasis on the Construction Grant Program. There needs to be increased emphasis on programmatic achievements rather than legalistic requirements. There is an important need to provide states and localities with greater flexibility and an honest decision-making responsibility to carry out their share of the national effort without continued tight Federal regulatory controls beyond those justified by commensurate fiscal and accountability levels. I urge the Congress' early consideration of the Wright-Cleveland Bill. Given the opportunity, I believe the states can carry a substantial portion of the administrative burden of implementing the requirements of P.L. 92-500. The National Permit Program is an example of this. I am proud to say that Michigan was one of the first states authorized to issue the National Discharge Permits. We were able to issue permits to substantially all (1,155 of 1,209) of our dischargers prior to December 31, 1974. Give us an equal chance to play a like role in the Construction Grant Program.

Under Michigan's Clean Water Bonding Program, during the period of 1970 through 1972, 155 treatment plants were built or expanded, 87 collecting sewer projects were completed for a total cost of \$673 million.

An additional consideration should be brought to your attention that will have ramifications on the administration of the grant program, that is, the proposal to reduce the amount of the program grants to the State (Sec. 106). In effect, it is proposed to limit the amount of program grants to \$40 million nationwide which is the base amount that was available in FY 75. But in FY 75 an additional amount of previously impounded funds was also made available. To limit FY 76 funds to \$40 million will reduce Michigan's program grant \$302,000, nearly an 18 percent reduction.

It is now estimated that the amount of money available to reimburse communities and the State of Michigan will fall short about \$46 million unless the Congress appropriates additional funds. This \$46 million represents funds advanced under authority of P.L. 84-660. All monies which are reimbursed to the State go to fund additional pollution abatement. The State now provides 5 percent in addition to the Federal grant.

REMARKS OF RAYMOND J. SMIT, LEGISLATIVE COMMITTEE, CONSULTING ENGINEERS
COUNCIL OF MICHIGAN, INC., TO MEMBERS OF MICHIGAN CONGRESSIONAL DELEGATION, WASHINGTON, D.C., MARCH 6, 1975

I am pleased to have an opportunity to meet with you today to review current problems in Michigan's Administration of the water pollution construction grant program. This is my fourth trip to Washington in the past two years to meet with you and your committees to discuss problems in the program and to try to unplug the log jam in this program. My prior three visits, as you know, were as a member of the Michigan Legislature but now I come before you as a practicing engineer. Prior conversations dealt with many of the symptoms but the time is clearly at hand when a drastic change in administration is needed, if we are to begin meeting the goals Congress set out in passing the Federal Clean Water Act, Public Law 92-500.

With the dates imposed in the Federal legislation we face a June 30, 1975 deadline for approval of 200 millions of dollars of construction and if our log jam is not broken Michigan stands to lose those dollars which should be spent in cleaning up our lakes and streams and generating needed employment in Michigan. It is becoming very clear that the only thing that will uncork the program in time to meet that deadline is to restructure the responsibility for administering the grant program so that the review is effectively done at the State not the Federal level. The responsibility for the program review must be turned over to those states that have a demonstrated capability to handle the job.

Consider this stark contrast in performance; since 1973 under the new federal program virtually no construction was started in Michigan. The five years preceding the adoption of Public Law 92-500 the Michigan Department of Natural Resources administered program grants resulting in excess of \$1.2 billion dollars of construction.

We are encouraged that EPA Administrator Russell Train apparently shares our view as reported in recent media statements.) However we know that within his agency there is a deep seated reluctance to effectuate the necessary changes in the program.

Why is there such a problem? In summary form here are the views of engineers and public officials from throughout Michigan.

In spite of a noble effort on the part of many people within the federal agency, the federal EPA just does not have the experienced manpower it needs to handle a program of this scope.

Public Law 92-500 and the accompanying federal regulations are certainly excessively complex in their planning and administrative requirements. You need to review this problem and to make necessary changes, but even within the existing law at least one state, California, has been permitted to administer its grant program. Yet Michigan has run into a blank wall in every effort to turn around the administration of a stalled program.

In cooperation with the regional office, Michigan has tried to reduce red tape by working on a cooperative arrangement to have federal regional personnel sit with state reviewers on a weekly basis and to jointly review the applications, plans and reports that are now required in the new federal program.

It is therefore incomprehensible, after a thorough state review with federal personnel looking over their shoulders, we still have federal bureaucrats subjecting these same documents to another federal review starting from scratch and totally duplicating the efforts of the joint federal-state review.

We have sympathies for the diligently plowing bureaucrat who cannot see over the paper pile on his desk but after a thorough state review why should they burden themselves with this mountain of paper.

While there are many fine public officials in the federal agency unfortunately many who have the task of doing the review of projects have had virtually no practical experience. Thus their new assignment of project review is more a training than a review process. This is in sharp contrast to the qualifications of state reviewing personnel and has surfaced numerous times when lack of knowledge of treatment systems, hydraulic designs, economic analyses, local governmental financing and local water quality problems have encumbered their ability to conduct an effective project review. This problem has become so acute at the regional level that some senior personnel who have recognized the professional limitations of their staff insist that the federal re-review be again re-reviewed by them personally before they permit a project approval. This has totally plugged the pipe line.

The paper mountain has grown to such proportions at the regional office that there is virtually no flow of correspondence. The federal program is usually administered by the lowest level bureaucrat through informal telephone conversations. Project reviews are not being completed to a point even where the local unit of government knows where it stands in the process. Reviewers apparently have a standard procedure of reviewing until a question is encountered whereupon progress stops, a telephone call is made and a formal response awaited to their query before proceeding with the review. This procedure has the obvious advantage of permitting one person to review numerous projects simultaneously but with the disadvantage that a comprehensive review never results and very few projects get approved.

Early in the program, assurances were given that the federal review turn around time would be held to 10 days. On many studies, review times are now running in excess of four months and in some instances nearly a year. Again, with the June 30 deadline to commit funds to Michigan, such a casual schedule cannot be afforded.

The present procedure has also misled many communities who have been given verbal approvals and promises of grant funds and who have proceeded in good faith in anticipation of these approvals to try to beat the time deadlines. But six months later they still have no firm grant offer in hand. Some communities have been instructed that they should bypass Step I or II grants since the federal government is so far behind in processing paper work, and their work has proceeded well beyond the point that the federal approval should have been given. This has raised questions in the communities as to how far they should go on such a speculative venture without at least some reasonable assurance from the federal level.

Perhaps a part of the reluctance to deal with written communications is evidenced by statements by regional personnel regarding the citizens suit provisions in the federal act. The citizens suit apparently is being interpreted as imposing a personal liability and accountability on the public employee at the federal regional level. Thus several employees have stated their reluctance to sign any letters or execute any papers that could lead to a future involvement in court. They point out that their salaries are not sufficient to cover their legal costs in such contests. This apparently is a question that urgently needs clarification by Congress.

Other issues that deserve your early attention include the need to revise user charge requirements to eliminate the mickey mouse review process that causes needless local expense and limits the flexibility of local financing procedures. The industrial cost recovery provision is becoming an onerous task for those units which in good faith are trying to comply and a tremendous local book-keeping problem forever in the future unless the federal law is changed.

One of the most troublesome longer range problems in the act and at the root of much of the local misunderstanding is the multi-layered and duplicative planning requirements in Public Law 92-500. This has caused needless conflict between the somewhat independent layers of planning. We urge restructure of the act to incorporate a vertically organized planning process which is founded on a compliance with an approved state plan but with much broader discretion to the state as to how the planning subfunctions are delegated to local and regional governments. The obvious effort by some federal public officials to enforce all areas of the nation into a single uniform governmental structure is simply unworkable and if the current efforts at the federal level to require Section 208 Planning in all urban areas is successful, another major log jam in the construction program is predictable within a year.

It is hoped that you will find our comments constructive. The urgency of the situation demands immediate action by the Michigan Congressmen and Senators to see that Michigan does not lose \$200,000,000 of construction dollars on June 30. The Michigan Bureau of Water Management must be designated to have responsibility for administering the federal program at the earliest possible date.

STATEMENT OF REPRESENTATIVE JOE L. EVINS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TENNESSEE

Mr. Chairman, and Members of the Committee, I appreciate the opportunity to appear before this distinguished subcommittee on behalf of H.R. 4073, a bill to extend the Appalachian Regional Development Act of 1965.

The Appalachian Regional Development Program represents the largest and most comprehensive regional development program in this country. The Federal-State partnership embodied in the Appalachian programs is indeed a most unique and innovative approach and has been most successful.

As you know, since the inception of the program ten years ago, the Appalachian Regional Commission has been a vital and moving force for progress in the growth and development of the 13-state area it serves.

As the able and distinguished Chairman of the full Public Works Committee, Representative Robert E. (Bob) Jones, Jr., knows, it has been my pleasure as Chairman of the Subcommittee on Public Works Appropriations, which considers appropriations for the Appalachian Regional Commission, to cooperate with Chairman Jones and Members of this Committee on the furtherance of the goals and objectives of the Committee.

Your Committee is the authorizing Committee and the Subcommittee on Public Works Appropriations provides appropriations for implementing the Appalachian program.

Mr. Chairman, this program was established out of the recognition that the Appalachian areas of our great land were lagging behind the rest of the country in economic development. Its purpose was to provide a stimulus for industrial development, to provide access through new highways to Appalachian areas, to help stem the trend for outmigration from the area, and to assist in the improvement and delivery of a variety of public services, among other purposes.

I am happy to report that this program has been a success to date. I have seen the progress which has been made by the Appalachian counties of the Fourth District of Tennessee, the district I am honored to represent in the Congress, and in the Appalachian counties in Tennessee.

The Appalachian program certainly has assisted these counties in their growth and progress.

When the Commission was established, the Tennessee Appalachian counties had a per capita income of \$1,926. Today the per capita income of these counties stands at \$3,441. That is a 78% increase. Mr. Chairman, this compares to a 65% increase in the per capita income for the entire nation for the same period.

The same is true for all of the Appalachian states. In 1965 the per capita income stood at \$2,090—today it is \$3,640.

A major reason for the economic improvement of the Appalachian area has been the fact that the outmigration has been slowed, and, in fact, during the past few years there has actually been an immigration into many counties in the Appalachian area as economic growth has accelerated. Many young people who earlier left their home counties have returned because they now see a new future and an improved standard of living at home. This trend must be continued and accelerated—we need our young people at home to make their contributions.

But, Mr. Chairman, while these facts and figures are encouraging and while great progress has been made and many accomplishments have been achieved, the fact is that much remains to be done.

While the per capita income of this area has increased at a faster rate than the rest of the country, it is still only 81% of the per capita income of the nation.

There are 18 million people living in the Appalachian area. Of this number, 3.2 million live in poverty—almost 20% of the population is poor. This fact alone indicates the importance of extending the Appalachian Regional Development Act.

Mr. Chairman, the most important factor in the Appalachian development has been the highway program. These new corridors and access roads are opening up the large areas of the region to new development—they are providing small businessmen with new markets and citizens with new opportunities.

To date more than one and a half billion dollars has been spent on Appalachian highways. By the end of the current year, a total of 1,038 miles will have been completed, with another 307 miles under construction. In addition, a total of 448 miles of access roads have been constructed with an additional 90 miles under construction. This is a significant achievement. But more than 1,300 highway-miles and almost 1,100 access road-miles remain to be built.

In this connection the highway program is scheduled to expire at the end of Fiscal Year 1978. I am pleased to note that this bill, H.R. 4073, would extend the program through FY 1980. In addition, this bill would also increase the level of funding from \$185 million to \$300 million in Fiscal Year 1977, with additional authorizations of \$300 million in each of the three subsequent years. This, I believe, is needed and necessary if the highway construction requirements of the area are to be met and also to provide added stimulus to our economy.

The non-highway portions of the Appalachian program will expire at the end of the current fiscal year, and I am pleased that this bill seeks to extend these programs through FY 1977.

The Area Development Program, the Local Development Districts and the Appalachian Housing Fund have certainly contributed to a continued pattern of progress.

The area development program has recently been redirected into a block allocation program permitting greater state flexibility in the projects undertaken. These projects include three types of programs, which I will summarize:

Vocational educational facilities programs are among the most important, in my opinion—they provide the training for skills which assist in keeping our young people at home instead of forcing them to seek employment and training elsewhere. This program has provided 495 construction and equipment grants and 88 grants for operating and demonstration projects. When they have been completed, 190,000 secondary and 45,000 post-secondary students will have been provided with modern, up-to-date vocational training facilities.

Health and Child Development Programs have provided assistance to 471 operating health projects, 113 health facility construction projects, and 275 child development projects.

Supplemental grants have been useful in the attraction of state funds, as well as Federal funds, into the area. This program has assisted approximately 1,800 projects—water and sewer projects, health facilities, libraries, higher education projects, and airports to mention just a few types of projects assisted.

Other non-highway projects include the Local Development District Program, which currently assists 69 multi-county districts. These districts provide a common base which can be utilized by State and Federal agencies for the development of the region. In addition, a research and technical assistance program provides demonstration grants in education and other areas.

Also, the Appalachian Housing Fund benefits the region. The Fund assists the area in securing additional low and middle income housing. To date more than 100 planning loans have provided assistance for the construction of almost 12,000 units of needed housing.

Mr. Chairman, this Committee and the full Committee Chairman, the Honorable Bob Jones of Alabama, are to be congratulated for their history of continued assistance to the Appalachian area. As one Member of Congress from this region, let me say that I applaud your efforts and appreciate your vision of the needs of the people.

I wholeheartedly support H.R. 4073 to extend this program. I am sure that this Committee will review each of the items I have discussed, as well as look at other possible legislative approaches aimed at assisting this region.

I urge reporting and passage of this bill in the public interest.

CLEMSON CHAPTER,
SOUTH CAROLINA COUNCIL FOR HUMAN RIGHTS,
Clemson, S.C., March 29, 1975.

Congressman R. E. JONES,
Chairman, Committee on Public Works and Transportation, Room 2165 Rayburn
Office Building, Washington, D.C.

DEAR MR. JONES: We the members of the Council for Human Rights, Clemson Chapter are very concerned about Appalachian funds being discontinued. Therefore, we as a group are making a plea for continuance of the program.

It has enriched our communities greatly. Our Child Care Development Center was made possible through App. fundings. Plans are now being made to expand our program to a Toddler and Infant program.

Several mothers who were on welfare are now working as a result of the program. Many of the children who were culturally deprived for generations are now receiving the very best training from a well qualified staff.

These are only a few of the reasons we make a plea. Any consideration given our plea will be greatly appreciated.

Respectfully,

ANNA L. REID,
President, CCHR.

KENTUCKY VALLEY EDUCATIONAL COOPERATIVE,
CAREER EDUCATION PROGRAM,
Hazard, Ky., March 31, 1975.

Congressman ROBERT JONES,
Chairman, House Committee on Public Works,
Washington, D.C.

DEAR SIR: As Director of the Career Education Project for Region XII, E. D. Region 12, I would like to offer the following written testimony in support of the continuance of the Appalachian Regional Commission.

HISTORICAL SKETCH OF THE PROJECT

The Hazard Career Education Project is a regional program of Career Education sponsored by the Kentucky Valley Educational Cooperative, E. D. Region 12. The Kentucky Valley Educational Cooperative, which is composed of Lee, Owsley, Wolfe, Breathitt, Perry, Letcher, Leslie, and Knott counties and which serves over thirty thousand (30,000) school children, began the Hazard Career Education project on February 1, 1973, with a grant from the Appalachian Regional Commission through the Bureau of Vocational Education, State Department of Education, Frankfort, Kentucky. The project began its third (3rd) and final year on February 1, 1975, with a continuation grant, again from the Appalachian Regional Commission.

FACTS CONCERNING CAREER EDUCATION IN REGION XII FOR FEBRUARY 1, 1973- JANUARY 31, 1974

Listed below are some of the most important facts concerning the first (1st) year of the Hazard program of Career Education:

(1) One thousand two hundred and five (1,205) units which featured the fusing of Career Education concepts and skills with regular academic subject matter were developed and taught by seven hundred and fifty-five (755) different teachers—more than one-half ($\frac{1}{2}$) of all the teachers in Region XII.

(2) These units reached twenty thousand six hundred and eighty-nine (20,689) different students—nearly two-thirds ($\frac{2}{3}$) of all the students in Region XII.

(3) Three hundred and forty-seven (347) teachers who had not participated in the summer workshop, sponsored by the Career Education program, developed and taught Career Education units; thus the project had a multiplier effect on the involvement of teachers in the region.

(4) One thousand two hundred eighty-seven (1,287) resource persons visited the classrooms in Region XII.

(5) Three hundred eighty-eight (388) field trips were conducted in behalf of Career Education.

(6) Ninety-four (94) school advisory meetings dealt with Career Education.

(7) There were two hundred and ninety (290) local newspaper articles and/or pictures concerning Career Education.

FACTS CONCERNING CAREER EDUCATION IN REGION XII FOR FEBRUARY 1, 1974- JANUARY 31, 1975

During the second (2nd) year the following occurred in Career Education in Region XII:

(1) One thousand four hundred and one (1,401) Awareness units were taught by nine hundred and ninety-nine (999) teachers.

(2) Two hundred and twenty-nine (229) Exploration units were taught by three hundred and fifty-two (352) teachers.

(3) Twenty-two thousand nine hundred and eighty-four (22,984) different school children were involved in Career Education.

(4) One thousand two hundred and eighty-seven (1,287) resource persons were interviewed in the classrooms in Region XII.

(5) Nine hundred and seventy-four (974) field trips were made concerning Career Education.

(6) There were two hundred and thirty-six (236) school advisory meetings which dealt with Career Education.

(7) There were eight hundred and ninety-six (896) local newspaper articles and/or pictures concerning Career Education.

INTANGIBLE BENEFITS FROM THE CAREER EDUCATION PROGRAM

Although the following benefits which are listed are much more difficult to substantiate, they are just as real and are perhaps more important:

(1) *Involvement of the community with the schools.* As indicated in the fact section above, there have been numerous field trips and use of community resource persons. The overall pattern of greater involvement of the community has created much favorable dialogue and cannot but help to have a long range favorable impact on the schools and hence on the society in Region XII.

(2) *Curriculum improvement.* The Career Education program has advocated and developed and implemented through the school personnel in Region XII a curriculum which includes the following: emphasis on student activity, use of resource persons, positive self-concept development, involvement of the home and the school, provision for varying levels of ability, hands-on activities to learn abstract concepts, self-appraisal activities, relation of subject area to the practical every-day world of work, provision for students to share in the decision-making process, and team teaching. It appears to us that this has greatly enhanced the traditional curriculum which in many cases featured textbook learning and lecture techniques.

(3) *Enhancement of teacher morale.* In an age when some teachers are eligible for food stamps and their morale is relatively low compared to previous years, Career Education has provided a vehicle for recognition of excellence in classroom teaching which has been warmly and appreciatively received by teachers.

(4) *Positive self-concept development of school personnel.* The success of the school personnel in conceiving and implementing this Career Education project has gradually changed some attitudes to positive declarations of "Yes, we can do it."

(5) *Effects on students.* Perhaps the most important aspect of the program is what effect it has had on the goals and career decisions and learning patterns of students. Although the final research effort will not occur until late in this final project year and although the most valid research will have to wait for several years in terms of its effect on the careers of the present student population, preliminary indications from research instruments indicate that Greater Education is having its impact on students in the following areas: a strong positive development in career maturity; some improvement in mathematical development; better attitudes toward school in general; better motivation; and less absenteeism.

CONCLUSION CONCERNING THE CAREER EDUCATION PROGRAM IN REGION XII

It should be noted that what has been said above in no way has any bearing on the continuance of the Region XII Career Education program because funding for the continuation of the project has already been secured. In an age when an alarming portion of our citizenry is existing on the taxation of those who work, this Career Education program which encourages people to work and to find a career which matches their abilities and personalities has had resources in this Appalachian region. Finally, without the Appalachian Regional Commission there is no way this region could have had this Career Education project.

A NATIVE'S VIEW OF THE APPALACHIAN REGIONAL COMMISSION

The following is said, not as Director of the Regional Career Education project, but as a native of the Appalachian region. I was born and have lived all of my life in the Appalachian region with the exception of departures for

schooling. More positive developments have occurred in my part of the region since the inception of the Appalachian Regional Commission than ever was thought of before. In particular, the highways and vocational schools which have been built, all or in part through the leadership and funds of the Appalachian Regional Commission, have had significant impact on the upgrading of the society in the part of the Appalachian region. Now, as the Appalachian Regional Commission continues its program by developing the human resources in Appalachia we can look forward, indeed, with optimism and hope for a brighter tomorrow.

Sincerely,

Dr. OWEN COLLINS,
Project Director.

STATEMENT OF DR. WALTER C. H. STOCKER, PRESIDENT, CITIZENS FOR
CONSERVATION, BASKING RIDGE, N.J.

Citizens for Conservation formed in 1969 is a Somerset Hills based environmental organization working constructively for the protection and enhancement of the environment of New Jersey. We have participated in hearing procedures at every government level and have through these hearings been particularly interested in noise pollution abatement, good land use practices, protection of our waterways, the use of the environmental impact processes and environmental education as tools for developing a better society.

We have worked diligently for the utilization of the environmental impact statement on the local level as prescribed by the National Environmental Policy Act of 1969 and in accordance with Federal leadership. If this bill is passed that leadership will be completely lost and the role and function of the Federal Government in formulating and implementing public policy will have been disregarded.

H.R. 3067 is ill thought out and potentially will do greater harm than good. Because of the effects which it will have not only on our physical life but also on our political life, the potentially due consequences must be recognized. In an effort to meet short term goals, the bill proposes to eliminate all environmental considerations from major construction all over the country; it takes away the voice of the people—their right to be heard; it eliminates the peoples' right to know and places powers of great scope in the hands of department heads without any apparent accountability. In effect, it offers a further breakdown of the democratic processes without assuring us that it will provide jobs for those who need them or otherwise give relief to existing economic problems. In the end, the loss of the ability to evaluate alternatives and to study cost/benefit ratios may place on the people a far greater economic burden than they now bear.

Instead of short expediciencies, we urge the Committee to consider a means of improving the environmental impact process, public hearing process, and public education so that justified public works can proceed at a reasonable rate, but that undesirable programs can be more easily eliminated where public support and cost/benefit ratios indicate a negative value.

We believe deeply in the democratic processes, in the rights and responsibilities of all citizens towards their environment, and in the need for citizen participation and cooperation at all levels, if we are to support the quality of life in the United States. We are unalterably opposed to H.R. 3067 as it is now written.

COUNTY OF ROCKBRIDGE,
COMMONWEALTH OF VIRGINIA,
Lexington, Va., March 7, 1975.

HON. ROBERT ROE,
Chairman, Economic Development Subcommittee, Committee on Public Works and Transportation, Washington, D.C.

DEAR MR. ROE: The Rockbridge County Board of Supervisors has adopted a resolution requesting the Honorable Mills E. Godwin, Governor of the Commonwealth of Virginia, to seek the inclusion of the County of Rockbridge into that area designated as the Appalachian Region.

It is the feeling of the Board that it is vital for Rockbridge County to be included in this Region. The Board is in the process of initiating several new programs in the County, notably vocational education, but in order to carry out these

projects the Board is hopeful of using certain grant funds that are available with inclusion in the Appalachian Regional Commission.

The Board of Supervisors of Rockbridge County respectfully requests the committee's serious consideration of this matter, as it is felt this will be of tremendous benefit to the citizens of Rockbridge County.

Thank you for your kind attention to this matter, and we look forward with great anticipation to a favorable decision.

With best wishes, I remain

Sincerely yours,

H. D. CARTER, Jr.,
Chairman, Rockbridge County Board of Supervisors.



