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NATIONAL ENERGY ACT—FEDERAL VANPOOLING PROGRAM

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 6831

TO ESTABLISH A COMPREHENSIVE NATIONAL ENERGY POLICY

JUNE 8 AND 9, 1977

Printed for the use of the Committee on Government Operations

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NATIONAL ENERGY ACT—FEDERAL VANPOOLING PROGRAM

WEDNESDAY, JUNE 8, 1977

HOUSE OF REPRESENTATIVES,
GOVERNMENT ACTIVITIES AND
TRANSPORTATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2247, Rayburn House Office Building, Hon. John L. Burton (chairman of the subcommittee) presiding.

Present: Representatives John L. Burton, Andrew Maguire, Jack Hightower, Charles Thone, Robert S. Walker, and Arlan Stangeland.

Also present: Miles Q. Romney, staff director; Bruce R. Butterworth, Cynthia M. Mora, and Benjamin L. Palumbo, professional staff members; Elizabeth L. Wasserman, clerk; and Rachel Halterman, minority professional staff, Committee on Government Operations.

Mr. BURTON. The subcommittee will be in order.

Present besides myself, are the ranking minority member, Congressman Thone; Congressman Walker, Congressman Stangeland, Congressman Hightower, and Congressman Maguire.

We are meeting to take testimony today on part of H.R. 6831, a bill to establish a new energy policy. Entitled the National Energy Act, it contained as section 701 the authorization of a Federal vanpooling program. There will also be testimony on sections 2, 3, and 4 relating to national energy goals and certain organizational points.

[The bill, H.R. 6831, is in the subcommittee files.]

Mr. BURTON. When President Carter last month outlined to Congress his vast energy program, he included conservation of energy as a major element of the plan. Transportation, along with heating and cooling, are the areas where the greatest energy waste occurs. Transportation requires 25 percent of the Nation's energy. Yet, half of that in effect is wasted.

H.R. 6831 is the President's legislative proposal to accomplish the energy program. Part G of title I is headed "Federal Energy Initiatives." Subpart 1 deals with the Federal vanpooling program, and consists of section 701. That section provides authority to set up a Federal vanpooling program of up to 6,000 van automobiles, each transporting from 8 to 15 individuals between home and work. Vanpooling arrangements would be made for individual Federal agencies. Van operators would be regular full-time Federal officers or employees. Employee-riders would pay for operation, maintenance, and administrative costs. The program would be designed to be self-sustaining through collection of the rider charges.

The Administrator of the Federal Energy Administration, with the Administrator of General Services, would establish and manage the program. The Administrator of General Services, with the approval of the FEA, could delegate his functions to the heads of other Federal agencies participating in vanpooling arrangements.

Section 701 was referred to the Committee on Government Operations and assigned to the Subcommittee on Government Activities and Transportation. Other sections of the bill have been referred to other standing committees. However, sections 2, 3, and 4 have been concurrently referred to all of the committees of reference. They cover findings, national energy goals, and references to the Federal Power Commission and the Federal Energy Administration. In line with the terms of referral, the committees are to report their respective sections no later than July 13, 1977, for further consideration by the Ad Hoc Committee on Energy.

Section 701 would amend section 381 of Public Law 94–163, the Energy Policy and Conservation Act, approved December 22, 1976, which authorized the Federal Energy Administration to establish a responsible public education program to promote vanpooling and carpooling arrangements. As amended by section 701, the provision would go beyond the public education program by authorizing the federally operated program.

The President's detailed factsheet of April 20, 1977, covers briefly the purpose of the Federal vanpooling program as being one to "demonstrate the energy conservation and pollution control potential of this form of commuter transportation by the largest employer in the Nation."

A number of private companies, as well as local governments and nonprofit organizations, have set up vanpooling programs. These are said to number approximately 100. Some have been assisted through Federal funding of demonstration projects for carpools and vanpools, administered through the Department of Transportation under the Federal Highway Act of 1976 and the Urban Mass Transportation Act of 1964, as amended. The FEA, as I mentioned, has educational and promotional programs to further vanpooling. The existence of private vanpools and other Federal vanpooling activity suggests a need to examine why, where, when, and how the federally operated program under section 701 will become necessary or advisable.

At our hearings, we will look at the specific proposal for Federal operation offered by section 701. We will also examine other existing or suggested Federal programs to promote ride sharing, in particular vanpooling. There will be testimony from Federal and non-Federal witnesses, including several involved already in providing a variety of vanpooling and other commuting services.

[Those portions of the bill, H.R. 6831, referred to the Committee on Government Operations and assigned to the Government Activities and Transportation Subcommittee are printed below. For convenient reference, the corresponding portions of H.R. 8444 are placed in appendix 3 below. H.R. 8444, as reported by the Ad Hoc Committee on Energy July 27, 1977 (H. Rept. No. 95–543), contains as the language of section 701 that adopted by the Committee on Government Operations in reporting out H.R. 6831 (H. Rept. No 95–496, Part 2).]

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NINETY-FIFTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS
2157 Rayburn House Office Building
Washington, D.C. 20515

May 10, 1977

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Honorable John L. Burton
Chairman
Government Activities and Transportation
Subcommittee
B-350A&B Rayburn House Office Building
Washington, D. C. 20515

Dear John:

I am referring to your subcommittee, which has jurisdiction over the subject matter, the following bill, which was referred to the Committee:

H. R. 6831, "National Energy Act"

Parts of this bill have been referred to the Committee on Interstate and Foreign Commerce; the Committee on Banking, Finance, and Urban Affairs; the Committee on Government Operations; the Committee on Public Works and Transportation, and the Committee on Ways and Means. Government Operations Committee consideration is limited to section 701 and sections 2 through 4. The Government Operations Committee must report its sections of the bill by July 13, 1977, to the Ad Hoc Energy Committee.

The procedure outlined in the House debate on the Ad Hoc Committee calls for the Committee to take all the various sections coming back to it, consider them in the context of a national energy policy, and draw up whatever amendments they think are needed, which will be presented on the House floor. Each of the committees will handle its section on the floor as it would an ordinary bill.

You will note the designation on the bill regarding new, related, or identical bills and which agencies, if any, have been requested to provide reports.

Sincerely,

Jack Brooks

Jack Brooks
Chairman

95TH CONGRESS
1ST SESSION

H. R. 6831

IN THE HOUSE OF REPRESENTATIVES

MAY 2, 1977

Mr. WRIGHT introduced the following bill; which was divided and initially referred for a period ending not later than July 13, 1977, as follows: sections 101 through 109 and sections 201 through 603 to the Committee on Interstate and Foreign Commerce; sections 110 through 131, and, concurrently with the Committee on Interstate and Foreign Commerce, those portions of subpart 1 of part A of title I relating to financial assistance to residential customers defined in section 101, to the Committee on Banking, Finance and Urban Affairs; section 701 to the Committee on Government Operations; sections 721 through 746 to the Committee on Public Works and Transportation; title II to the Committee on Ways and Means; and sections 2 through 4 concurrently to all of the above committees

A BILL

To establish a comprehensive national energy policy.

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 "National Energy Act".

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Sec. 1604. Minimum tax treatment of intangible drilling expenses relating to geothermal wells.

1 FINDINGS

2 SEC. 2. The Congress finds that—

3 (1) the United States faces an energy shortage
4 arising from increasing demand for energy, and for oil
5 and natural gas in particular, and insufficient domestic
6 supply of oil and natural gas to satisfy that demand;

7 (2) unless effective measures are taken to reduce
8 the rate of growth of demand for energy, the United
9 States will become increasingly dependent on the world

1 oil market and increasingly vulnerable to interruptions of
2 foreign oil supply;
3 (3) the United States can significantly reduce its
4 demand for oil and its demand for natural gas for non-
5 essential uses by carrying out an effective conservation
6 and fuel efficiency program in all sectors of energy use,
7 through reform of utility rate structures, and conversion
8 by industrial firms and utilities from oil and natural gas
9 to coal and other fuels; and
10 (4) the United States needs to develop renewable
11 and essentially inexhaustible energy sources to ensure
12 sustained long-term economic growth.
13 NATIONAL ENERGY GOALS
14 SEC. 3. The Congress hereby establishes the following
15 national energy goals for 1985:
16 (1) Reduction of annual growth of United States energy
17 demand to less than 2 per centum.
18 (2) Reduction of the level of oil imports to less than
19 six million barrels per day.
20 (3) Achievement of a 10 per centum reduction in
21 gasoline consumption from the 1977 level.
22 (4) Insulation of 90 per centum of all American homes
23 and all new buildings.
24 (5) An increase in annual coal production to at least
25 four hundred million tons over 1976 production.

1 (6) Use of solar energy in more than two and one-half
2 million homes.

3 REFERENCES TO FEDERAL POWER COMMISSION AND
4 FEDERAL ENERGY ADMINISTRATION

5 SEC. 4. If the Federal Power Commission or the Federal
6 Energy Administration is terminated, then any reference
7 in this Act (or any amendment made thereby) to the Fed-
8 eral Power Commission or the Federal Energy Adminis-
9 tration shall be deemed by a reference to the officer, depart-
10 ment, or agency in which the principal functions of such
11 Commission or Administration (as the case may be) are
12 vested after such termination.

* * * *

1 PART G—FEDERAL ENERGY INITIATIVES

2 Subpart 1—Federal Van Pooling Program

3 SEC. 701. Section 381 of the Energy Policy and Con-
4 servation Act is hereby amended by—

5 (1) inserting "and subsection (c)" before the colon
6 in subsection (b) (2);

7 (2) redesignating subsection (c) as subsection
8 (d); and

9 (3) inserting after subsection (b) the following
10 new subsection:

11 "(c) (1) The Administrator may, by rule, after con-
12 sultation with the Administrator of the General Services
13 Administration, provide for the establishment of a program
14 or programs pursuant to which van pooling arrangements are
15 offered and provided to officers and employees of the Federal
16 Government. Any such program may be phased over a pe-
17 riod of years, and may be limited by the Administrator to
18 one or more reasonable categories of officers and employees
19 determined by the Administrator, including, without limita-
20 tion, categories determined by such factors as location of
21 residence, location of place of business or regular hours of
22 work. The number or vans in use in van pooling arrange-
23 ments authorized under this subsection shall at no time
24 exceed six thousand.

25 "(2) In order to establish, maintain, and operate any

1 program authorized to be established by the Administrator
2 under paragraph (1) of this subsection, the Administrator of
3 the General Services Administration, in consultation with the
4 Administrator, shall be authorized to—
5 "(A) acquire vans by purchase, lease, or other
6 arrangement;
7 "(B) establish and operate training programs for
8 operators of vans;
9 "(C) establish and maintain, or require depart-
10 ments and agencies to establish and maintain, lists of
11 officers and employees participating, or desiring to par-
12 ticipate, in van pooling arrangements;
13 "(D) permit any person authorized to operate a
14 van pursuant to a van pooling arrangement to—
15 "(i) operate the van for personal use (other
16 than for use on vacation trips and trips over ex-
17 tended distance, as defined by the Administrator of
18 the General Services Administration), with or with-
19 out a charge for such personal use as determined by
20 the Administrator of the General Services Admin-
21 istration, and subject to the provisions of paragraph
22 (3) (C) (iv) of this subsection; and
23 "(ii) retain a portion of the rider charges paid
24 by officers and employees participating in such
25 van pooling arrangements if the Administrator of

1 the General Services Administration determines
2 that such retention will promote full use of van
3 capacity; and
4 "(E) exercise such other powers now or hereafter
5 vested in him as he determines to be necessary or appro-
6 priate.
7 "(3) Any program established pursuant to paragraph
8 (1) of this subsection shall include—
9 "(A) a requirement that officers and employees
10 participating in van pooling arrangements authorized
11 under such program pay a rider charge, including an
12 actuarially determined sum for Government self-insur-
13 ance against liability which may be imposed on the
14 Federal Government due to van pooling use, in such
15 amount and at such intervals as the Administrator of the
16 General Services Administration may determine, except
17 that the Administrator of the General Services Admin-
18 istration may provide that a person authorized to operate
19 a van pursuant to a van pooling arrangement may not
20 be required to pay a rider charge;
21 "(B) a requirement designed to assure that van
22 pooling arrangements authorized under such program
23 will insure that, not later than eight years from com-
24 mencement of the program, all costs and expenses, in-
25 cluding estimated administrative expenses, incurred by

1 the Federal Government in connection with the estab-
2 lishment, maintenance, and operation of such a program,
3 will be repaid from rider charges paid by participating
4 officers and employees; and

5 "(C) requirements to insure that each person op-
6 erating a van pursuant to a van pooling arrangement
7 authorized thereunder—

8 "(i) shall be a regular, full-time Government
9 officer or employee;

10 "(ii) shall maintain the van in good and safe
11 working order;

12 "(iii) shall be by law entitled to operate the
13 van in his place of residence, except that nothing
14 in this subparagraph shall be deemed to require that
15 such person be licensed to operate the van for hire;
16 and

17 "(iv) shall, in the event that such person is au-
18 thorized to operate and operates the van for per-
19 sonal use, secure and maintain at such person's
20 expense insurance against such risks as the Ad-
21 ministrator of the General Services Administration
22 deems necessary to assure payment of any claim
23 that may arise other than in van pooling use.

24 "(4) For the purposes of section 5 of the Act of July
25 16, 1914 (chapter 141, 38 Stat. 508, as amended; 31

1 U.S.C. 638a), and section 601 of Public Law 94-91 (89
2 Stat. 458; 31 U.S.C. 638c), a van obtained for the purpose
3 of, and operated pursuant to, a van pooling arrangement
4 established pursuant to this subsection shall not be deemed
5 to be a passenger motor vehicle.

6 "(5) Neither the offering of a van pooling arrangement
7 pursuant to this subsection nor the operation of a van pur-
8 suant to such an arrangement shall subject any person to
9 regulation as a motor carrier under part II of the Interstate
10 Commerce Act (49 U.S.C. 303 et seq.), or to any similar
11 regulation under the laws of the District of Columbia or any
12 State or political subdivision thereof.

13 "(6) Sections 1346(b) and 2679 of title 28, United
14 States Code, shall apply to suits arising from van pooling
15 use.

16 "(7) The operation of a van pursuant to a van pooling
17 arrangement established pursuant to this subsection shall not
18 be deemed to be operation of a motor vehicle for hire for
19 purposes of any law of the District of Columbia or any State
20 or political subdivision thereof relating to the licensing of
21 operators of motor vehicles for hire.

22 "(8) Time spent traveling in van pooling arrangements
23 shall not be considered Federal employment for the purpose
24 of any law administered by the Civil Service Commission or
25 by the Department of Labor pursuant to chapter 81 of title

1 5, United States Code, and rider charges paid the operator
2 of a van pool shall be deemed fees paid to and received by
3 individuals in their private capacity.

4 "(9) The Administrator of the General Services Ad-
5 ministration, with the approval of the Administrator, is
6 hereby authorized to delegate to the heads of Federal de-
7 partments and agencies whose officers and employees are
8 authorized to participate in van pooling arrangements estab-
9 lished pursuant to this subsection such of his functions,
10 powers, and duties as he deems necessary or appropriate to
11 establish, maintain, or operate van pooling programs author-
12 ized by this subsection.

13 "(10) For purposes of this subsection, the term 'van
14 pooling use' means operation or maintenance of a van by an
15 officer or employee of the United States in the course of or
16 incidental to a van pooling arrangement authorized under
17 this subsection, excluding any personal use permitted under
18 paragraph (2) (D) (i).

19 "(11) All rider charges and other receipts from the
20 operation of vanpooling arrangements established pursuant
21 to this subsection received by the Administrator of the Gen-
22 eral Services Administration or by the head of any Depart-
23 ment or agency exercising authority delegated pursuant to
24 paragraph (9) of this subsection shall be deposited in the
25 general fund of the Treasury of the United States.

1 "(12) There are authorized to be appropriated to the
2 Administrator such sums as may be necessary to carry out
3 all provisions of this subsection. The Administrator shall be
4 authorized, with the approval of the Director of the Office
5 of Management and Budget, to transfer to the Adminis-
6 trator of the General Services Administration such amounts
7 from the sums so appropriated as may be necessary to carry
8 out the functions, duties and responsibilities assigned to the
9 Administrator of the General Services Administration by
10 this subsection.".

Mr. BURTON. We have scheduled as our lead witness a Member of Congress who is a recognized expert and exponent of ridesharing and vanpooling. He is Representative Robert W. Edgar of Pennsylvania, a member of the Surface Transportation Subcommittee of the House Public Works and Transportation Committee. We will be pleased to hear Bob Edgar. Then we will turn to other witnesses, who represent the Federal Energy Administration, the General Services Administration, the Department of Transportation, and the General Accounting Office.

Tomorrow, at the same place and time, we plan to hear from representatives of the non-Federal sector, persons active not only in vanpooling but other transportation modes serving commuter needs by motor vehicle.

Does any other member of the subcommittee here wish to make some introductory remarks?

Mr. Thone?

Mr. THONE. Thank you, Mr. Chairman.

Very briefly I would like to associate with some of your remarks. I think they are right on target. As you imply in your statement, we have a long way to go in energy conservation. We are wasting one-quarter to one-third of the energy we consume in America. It would appear that the vanpooling program is a viable concept. With that in mind, it will be with considerable interest that we listen to our colleague from Pennsylvania, Mr. Edgar, and the other witnesses who will appear here this morning on this.

Mr. BURTON. Mr. Maguire?

Mr. MAGUIRE. No comments.

Mr. BURTON. Mr. Walker?

Mr. WALKER. No comments.

Mr. BURTON. Congressman Edgar.

STATEMENT OF HON. ROBERT W. EDGAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. EDGAR. Thank you, Mr. Chairman. I ask unanimous consent that my statement which is rather extensive be submitted for the record and I be allowed to speak extemporaneously.

Mr. BURTON. Without objection.

Mr. EDGAR. Mr. Chairman, I want to congratulate you for holding these hearings. I would also like to congratulate the President for recognizing the importance of vanpooling and carpooling as an energy saving strategy. Vanpooling is an opportunity for us to do a lot of other things than saving energy, such as relieving the congestion in our crowded cities and reducing air pollution.

Vanpooling is a very exciting new direction in transportation that has gotten a lot of interest over the last few years. In 1973, the 3M Co. went extensively into the area of vanpooling and have had great success. Since then over 100 companies and organizations have followed 3M's lead.

I am sure you are going to hear testimony today and tomorrow from private and public sector people who have been able to adopt vanpooling as an efficient and cost-effective method of moving people from home to work and back again.

I had the opportunity recently to travel to the Tennessee Valley Authority and see an extensive vanpooling program in operation. They are in fact taking construction workers—hard-hat-type people—who are not normally thought of as people who would double up and go in a carpool, and transporting them to a construction site for nuclear plants.

I saw in Knoxville and some of the other Tennessee cities that vanpooling and carpooling has been stimulated in a manner which is relieving traffic congestion. These programs are financed by credit unions, by private sector companies, or sometimes by government efforts.

There are a number of problems that face us in the whole area of vanpooling. I have worked with the Surface Transportation Committee of Public Works as the leader in the effort to establish vanpooling not as a demonstration project, but as an ongoing national priority. I have worked to establish a Federal commitment to vanpooling and carpooling with four basic objectives. The first basic objective is to articulate a Federal transportation policy which is sensitive to the flexibility and cost effectiveness of ride sharing and its forms of carpooling, vanpooling, and buspooling. Second, I have worked to consolidate all Federal ride sharing activities within a single national office of ride sharing, administered not by FEA, but by the Department of Transportation. I have introduced a bill in this Congress to consolidate the many diverse programs in a lot of different areas of our Government which administer vanpooling and carpooling.

Third, I have worked to establish a stable funding source for ride sharing activities and, fourth, to assist in the removal of institutional barriers to ride sharing such as the lack of insurance opportunities, overregulation in some of our States and removing unreasonable labor standards on drivers.

I think you are going to discover as you explore the vanpooling issue that many of these institutional barriers created in some cases by States, in other cases by public transit authorities, and in other cases by local governments, are large obstacles which must be removed for vanpooling opportunities to be expanded.

The heart of my testimony is in four recommendations that I would like to make to this committee to modify section 701. I realize that in making these recommendations there may have to be some amending of the President's plan on energy. But just let me outline them quickly for you and then respond to your questions.

First, I think that the administrator in charge of the program authorized by the President in section 701 should be the Secretary of Transportation and not the Administrator of the Federal Energy Administration. I do that with just a small point of reluctance be-

cause Mr. O'Leary and some of the other people in the FEA have been experts in the area of ride sharing and have testified before the Surface Transportation Committee. The staff of the FEA has the sensitivity that I think is necessary to administer this program. But I am concerned that we proliferate ride sharing offices in so many different Federal Government agencies and I think the place where programs should be consolidated is the Department of Transportation. Vanpooling saves energy and reduces pollution, but it is principally a transportation strategy.

The second recommendation is that the program should not be monolithic. Rather, different types of vanpooling programs such as third-party operators and credit union administered programs should be allowed. Vanpooling programs come in several different varieties, shapes and sizes, and section 701 should be flexible enough to meet local needs.

Third, there should be the flexibility to make agreements with the appropriate offices within the Department of Energy to finance high technology vehicles for the amount exceeding the cost of purchasing a conventional vehicle and to make some of the vans very much accessible to the handicapped.

Fourth, there should be a study to gage the practicality of utilizing the 6,000 vans during times when they are not being used as part of the vanpool program. I think there is a possibility that many vans that might be used in rush hour times—prime time—could be used for other purposes such as transporting the handicapped or in some communities used to provide other services during the day.

I know there are barriers and problems to that, but I think some communities can be very creative.

Finally I would like to say that I think that this is one area in which the private sector has really demonstrated how vanpooling can make a contribution to saving energy and easing congestion and provide a feasible and alternative way of getting to work either in a rural community or in major metropolitan areas.

I think it also gives us an understanding of how we can move people efficiently in some of our suburban communities that do not have the advantage of extensive public transportation systems. As the energy crisis comes upon us and we begin to run out of fossil fuels, we have to move to more efficient uses of our automobiles and a more efficient use of vans to move people across the country.

I hope the subcommittee will take advantage of reading the testimony and listening carefully to other witnesses who I know will outline this very important program.

Mr. BURTON. Thank you very much, Congressman Edgar, for your thoughtful remarks. Your statement will be made a part of the record as well as your testimony. We will pay attention to it.

I would like to ask one question. Assuming that the administrator or the person in charge of the whole program was DOT, FEA or whomever, how would you envision that working vis-a-vis other agencies? In other words, would DOT have a liaison at the HEW Building here or at the Department of Defense or in the various agencies of Government where you might institute vanpooling from one area to another?

Mr. EDGAR. I would envision that under the Secretary of Transportation there could be a specific office of ride sharing who could like many other programs fan out into the other agencies of Government

and provide information, who could coordinate programs, who could help facilitate computerizing of the use of vanpools. But I would say the Department of Transportation is probably better equipped to handle that kind of coordination than other agencies that are concerned about other aspects of the energy issue.

I see no reason why one agency—the Department of Transportation—could not do what we are going to ask the one agency, the FEA, to do.

Mr. BURTON. My question was not so much whether it should be DOT or FEA, but whether or not each other department, say HEW which is three blocks away, if HEW should have within its own existence a vanpooling program under the oversight of DOT or if DOT should actually have the liaison and responsibility even working within those agencies.

Mr. EDGAR. I don't think I'm the one really to answer that specific question. I think as you review the efficiency of administering the program it would really depend on other factors. I see no reason why someone from each department in the Federal Government couldn't be designated as the coordinator of the vanpooling program. There perhaps could be an interagency task group represented by these people who would get information, get the program designed, and coordinate the vanpooling program within the HEW Building.

I think you have to recognize that the 6,000 vans are not going to be used just in Washington, D.C., but that they are going to be out in every community that has a Federal agency or a Federal building. There's no reason why someone within that Federal agency or building could not be the coordinator of the vanpooling program.

I would say that some centralized agency or administration should provide the basic guidelines around which the vanpooling program is set up and communicate that information out and get people responsible in each of the agencies to handle it.

I guess I'm not prepared to say whether the Department of Transportation ought to hire x number more people and put them in each agency. My guess is that in each agency there is already someone who could assume this responsibility as part of their overall responsibility for running the building or running the administrative aspects of the agency.

Mr. BURTON. Thank you. Mr. Thone?

Mr. THONE. I have no questions, Mr. Chairman.

Congressman Edgar is an excellent advocate of this idea.

Mr. BURTON. Mr. Walker did have a question.

Mr. WALKER. Thank you, Mr. Chairman.

First of all, I'd like to congratulate my colleague from Pennsylvania for a very fine statement and praise him for the work he has done in the field.

Is there a problem in the program that you studied with regard to the concept of the employees using it with regard to their own flexibility?

In other words, it seems to me that a lot of people who drive to work often use the excuse that "I would like to have my car there so that on my lunch hour I can go out and do a little shopping. If I have an emergency at home I can get home for that emergency."

Do they perceive this being a problem once they are a part of the program?

Mr. EDGAR. In the programs that I have studied, 3 M Co., Tennessee Valley Authority, Scott Paper Co., and the Commuter Computer in Los Angeles, in each of those programs there was an initial fear. Mainly, that fear was on the part of the people setting up the program that in fact the program's goals could not be realized. But once they got into the program they have been surprised not only by the eagerness on the part of people using the vans but, secondly, the ease in which they had in finding groups of people to utilize the vans. In Tennessee, for example, they use suburban churches as places where people can park and meet a van and head on into the city. They found that the socialization that occurred there far outweighs the absolute participation or fear of participation.

The other thing is the cost. When people begin to realize that they can commute by van cheaper than they can by their own private automobile, some of those fears are alleviated. The flexibility is there in that one of the participants in the vanpool becomes trained as a driver. The van actually is in his name and is utilized by that individual. He can utilize it with some offsetting costs on weekends, but it is his responsibility to provide the carpooling, vanpooling experience during the week.

We've also discovered another interesting thing. Accidents are reduced. All kinds of side benefits have been discovered after the initial fear and frustration of setting up the program. Under the President's proposal of 6,000 vans, I think they would be back asking to set up another 10,000 vans within a few years. As people begin to discover that this is a perfect form of public transit, many of the barriers to the program will be eliminated.

Mr. WALKER. But it does lock people in to specific schedules even more so than mass transit. With mass transit, you have the option of picking up two or three buses in the morning and another two or three in the evening, where with this it seems to me you would be more locked in. In other words, it does take away some of the flexibility that is even there with mass transit.

Mr. EDGAR. With our experience, that negative effect exists but is limited. The people meet every morning at 7:30 and come back every night at 6 o'clock. In some communities they're experimenting with staggered hours with the vans. Anyone who is resistant for the lack of flexibility which you point out, is not going to use the program. But there are sufficient numbers—40 percent in some cases as far as the Tennessee Valley Authority, of their employees using vans or carpools.

Mr. BURTON. There is a vote up on the conference committee report on the Kennedy Center. Could you come back, Congressman?

We will recess for the vote and return.

[Recess taken.]

Mr. BURTON. The subcommittee will reconvene.

Are you finished with your questioning, Mr. Walker?

Mr. WALKER. Yes.

Mr. BURTON. Mr. Maguire?

Mr. MAGUIRE. Thank you, Mr. Chairman. I want to express my appreciation to the gentleman from Pennsylvania for the efforts that he has made over the last several years to provide leadership to the Congress on this issue.

I do want to clarify a couple of points in my mind after having looked through his testimony.

Would it be correct to assume that it is more important in your mind that we have a single office administering the vanpooling program—wherever that office might be located—than that the office be located in a specific place? If you were ranking your objectives, would I be correct in thinking that the first is that there be a single office?

Mr. EDGAR. I think there should be a single office coordinating the effort. To further clarify, I think probably the best place would be in the Department of Transportation. If the program eventually gets into FEA, that agency would act as a facilitator, as a regulator, and as an agency that would publish the guidelines working with other agents at other departments. I think there is some sense as was indicated during the break that we ought to develop the mentality of ride sharing and that we need as many people as possible interested in the issue and that it doesn't hurt to have somebody in Labor or HEW or some other program who is sensitive to the values of ride-sharing. But I think the general overall coordination ought to be under one umbrella rather than in 14 or 15 different agencies.

Mr. MAGUIRE. My concern about putting it in the Department of Transportation, frankly, is that while, yes, it is a transportation mode, it seems to me that the track record over the years of the Transportation Department and of the State highway departments, with which the Department of Transportation necessarily works, has not been one, as the gentleman well knows, of the most imaginative approaches toward new transportation. I know the gentleman has fought that battle on a number of funds, in the 2 or more years that he has been here. So I just wanted to make that point.

Then on the other side, you have an Energy Department about to be created, or FEA in the meantime, whose purpose is to come up with more efficient ways for us to use our energy. And it would seem to me, therefore, that they have precisely the objective which is sought in a vanpooling program. As with any other conservation program they have that objective as their mandate.

And I was wondering if the gentleman did not really down underneath at all think that there might be some reason to give the agency with the mandate that dovetails with the program on the assumption that they might be more imaginative, more thoroughgoing and that we might actually do the job more seriously if it were there.

Mr. EDGAR. I have a couple of things to say in response to your comment.

First of all, I would hope that the Department of Energy is not the only department of Government that is going to care about energy conservation. I think we've got to help other departments handle that.

Second, I agree with the gentleman that some of the State departments of transportation and some of the State departments relating to public transit have not been the most imaginative organizations or groups. I think there is reluctance and resistance and some dragging of the feet in moving to progressive techniques and technologies. But I don't think this is a reason for not including vanpooling under the Department of Transportation where in fact it could be used to sensitize State and regional areas that the Federal Government is interested in vanpooling, sees it as a creative way to save energy, sees it as a way to relieve congestion in urbanized areas, and sees it as a means for encouraging metropolitan transit authorities to

move away from just fixed-size vehicles. We have buses and trolley cars and light rail and hard rail vehicles, but they are not very imaginative. In some of the areas feeder routes could be developed as they are being developed in Cleveland with vanpooling. I think the Federal Government's lead in purchasing the 6,000 vehicles will simply be a seed planted throughout the Nation that is finally saying to the private sector, "You were right, vanpooling works." It does save energy and the 6,000 vans are only the beginning. This program will be constructive in recognizing that vanpooling is no longer just a demonstration project for Tennessee Valley Authority or a demonstration project for this State or for that State, but in fact is an institution like highways and subways. It is going to be with us as long as we have fuel-inefficient automobiles and as long as we have the drain on our energy source that we have.

So I would say that the gentleman is correct that the departments of transportation have been reluctant to be creative. But that ought not to be the reason for keeping these vanpooling programs under FEA.

I introduced in the House a successful amendment last week to transfer from FEA the very small program that they have and place it in the Department of Transportation. I don't think that the Department of Transportation is necessarily going to be the great Messiah of this program. But I think they have the expertise and the ability to coordinate the program. It sensitizes them to the fact that this is an energy saver and I would hope that the Department of Energy would keep its eye on the Department of Transportation as it does with all the other agencies of the Government.

Mr. MAGUIRE. That's what I'm suggesting.

Mr. EDGAR. I would hope they would keep their eye on the Interior, on Agriculture, and have them be as energy-efficient as possible. But I think the actual coordination of the program ought to be under the Department of Transportation.

If they don't handle it well, and if they fumble the ball on the 6,000 vans, and if they don't set up a very creative program then I think the Department of Energy can make recommendations that the program be transferred to FEA.

I see our day care programs, our senior citizen programs, our HEW and HUD programs and other Federal Government programs moving to vans to pick up handicapped, to pick up elderly, to pick up children. I see these spread throughout the federal system and wonder whether or not there cannot be some guides and expertise provided under one agency.

There are administrative barriers that you wouldn't believe. There are insurance barriers that are there simply because people are not sensitive to the value of vanpooling. There are problems in States with taxicab service and looking at these vans as something other than just the movement of people. These administrative barriers and problems can best be served if it was somehow under the umbrella of the Department of Transportation.

I think the underlying problem is can we in fact sensitize the Federal Government and the Nation to the fact that vanpooling is a major energy saver, a major pollution saver, and a major way of improving our transportation network.

Mr. MAGUIRE. I thank the gentleman and again I want to commend him for his leadership.

Mr. BURTON. Mr. Hightower?

Mr. HIGHTOWER. Mr. Edgar, we have already in a good many places home vehicles operating under motor pool kind of arrangements. What is the existing situation about our motor pools? Are they operated by the various departments or is there one department that has responsibility for our motor pools?

Mr. EDGAR. I'm really not prepared to answer that question. I've not done an extensive study of the motor pool situation.

Mr. HIGHTOWER. It would seem to me that the motor pool would provide the initial basis for an operation of a large pool of vans such as we are suggesting and that this already exists. They have garages; they have people that are already on the payrolls to do maintenance work and things like this that would be required for the vans. And if we are going to get into a completely new system of transportation for our Government employees, it would seem that the first place we ought to look would be to an extension of existing arrangements. I really don't know what is best but I thought that you might know what the present situation is.

Mr. EDGAR. Mr. Hightower, I think there is going to be some testimony later from GSA which will specifically detail motor pools.

This program also raises the issue about parking facilities available. I am on the Public Buildings Subcommittee of Public Works. As new prospectuses come before our committee for new construction of Federal buildings I raise the question as to whether or not we ought to as a Federal policy be subsidizing gross overbuilding of parking lots. We ought to recognize that there should be priority space set aside for van pools, and the parking spaces made available should be limited to encourage as a Federal policy more people using public transit, vanpooling, and other experiences where possible.

In the past we have had the tendency in the Federal Government of building parking lot facilities for every Federal building. I think that may not make much sense in some cases. But I think later on in today's testimony you will have an opportunity to talk with a representative of GSA who will provide the expertise about motor pools.

Mr. HIGHTOWER. You told us that you had investigated four cases where they have vanpools.

Mr. EDGAR. The 3M Co., the Tennessee Valley Authority, Commuter Computer, and the Scott Paper Co. in my area which runs a small vanpool program.

Mr. HIGHTOWER. What arrangements do they have for maintenance? Is the maintenance the responsibility of the driver or is it the responsibility of the company?

Mr. EDGAR. It varies. It depends upon the way in which the program is set up. That is one of the reasons why I request your concern about flexibility. In some cases the vehicles are leased to the driver and he takes responsibility for gas and for repair and maintenance. A charge is given to each rider per month that is normally between $25 and $50 a month. It's very inexpensive in terms of the total cost of operating his own private vehicle. In some cases it perhaps would be lower. But I think there is a variety of types of programs.

In some cases the companies themselves have the vans and do the servicing of them. In the other cases they lease those vans to drivers and they train them. Those trained drivers keep the vans at their homes and provide the maintenance on them.

Mr. HIGHTOWER. Do the companies provide the insurance coverage?

Mr. EDGAR. In most cases the companies do, as part of their fleet coverage. That has been a major obstacle because insurance companies for a long time did not want to insure these vans at low cost. There have been some recent studies. Since 1973 there has been such good experience with the low accident rate and the low probability of accidents that insurance rates have been cut very far down. I don't have the figures in front of me but insurance rates have been cut down. In most cases these have been provided within the fee that is charged to the individual who rides—just as oil and gas would be a part of that fee—and paid for on an annual basis either by the company itself or in some of the cases there may be other arrangements made.

Mr. HIGHTOWER. Insurance would vary from State to State it would seem to me. In some States it would depend on the driver. Of course, each driver would be rated and that would make a difference.

Mr. EDGAR. The experience is that these drivers are much better than the private driver in the private automobile. One, they have other passengers to care about and they are more conscientious about their driving. In some cases they have to go through a strict screening process before they are eligible to be a driver. And the incentive to be the driver is that he gets to ride free. That is part of his compensation. He gets the van and is able to ride to the place of employment free.

Mr. HIGHTOWER. Plus he has the use of the van in off-hours.

Mr. EDGAR. You will receive testimony at the next session from some of the private operators who are very much involved in vanpooling. They can describe in detail the incentives to the driver.

Mr. HIGHTOWER. Thank you very much.

Mr. BURTON. I have one more question, Mr. Edgar.

Have your studies found out whether or not the people who use the vanpooling were the type who were involved in carpooling before?

Mr. EDGAR. I think vanpooling is so new that what I hear from the operators is that in many cases it's a new experience for everyone. It's something that a lot of riders thought they would never enjoy but once they get into it they very much enjoy it and will not return to a private automobile.

I have no specific statistics on whether or not they come from carpools to vanpools. My guess is that there were so few people using carpools that most of the people now, in the Los Angeles situation and the Tennessee Valley situation and 3M Co., are new people experiencing an opportunity to get themselves from their home to their place of employment as easy as possible.

I might point out that there are different varieties of vans. The Tennessee Valley Authority is what I would call a meat and potatoes variety. It is a van that is stripped down and are all pretty much the same style and shape. The seats are the cheapest you can buy.

The Los Angeles program has special custom designed vans that have airplane seats, piped in music, and overhead lights. They are driving for 1 hour or 1½ hours in traffic and many of the people who utilize these vans do work during that period. They do reading, studying, or sleep. Many of the people find that it is a very relaxing way to come to work. The Los Angeles experience is to go first class where the Tennessee Valley Authority is pretty much the Government-issue van—many of us know what that is.

Mr. BURTON. Mr. Maguire?

Mr. MAGUIRE. No questions.

Mr. BURTON. Thank you very much, Congressman Edgar, for your suggestions and for your testimony. We appreciate it.

[Mr. Edgar's prepared statement follows:]

Prepared Statement of Hon. Robert W. Edgar, a Representative in Congress From the State of Pennsylvania

Mr. Chairman, it is a privilege for me to be the first to testify before this subcommittee on an issue which I feel is an underestimated component of the President's energy proposal. During the last two years, I have been extremely impressed with the success of vanpooling programs. I have been active in introducing legislation which is responsive to encouraging this innovative transportation mode.

This is the fifth subcommittee before which I have appeared to testify about the important role of vanpooling and other forms of paratransit as part of a coordinated and balanced transportation system. When I first became active in promoting vanpooling in 1975, not many people had even heard of it. Since then, it has developed into a cult, with its own lingo, and even its own trade association with 70 members. Last month, I invited five members of this trade association, the National Association of Vanpool Operators, to appear before the House Surface Transportation Committee. I understand that some of these experts will be appearing before this subcommittee. I don't want to steal all of their thunder about vanpooling. I just want my colleagues on this subcommittee, Mr. Chairman, to understand that the enthusiasm of NAVPO members about vanpooling is not only very genuine, but also very contageous, and I have caught it!

Vanpooling is a perfect match to a supply and a demand. There are areas of this country where mass transit is not available. For millions of workers, the private automobile is the only option available for commuting. However, the private auto is responsible for contributing to many of our major problems. It uses large amounts of energy. Approximately 40% of our petroleum use is burned by our autos. During rush-hour, the average vehicle occupancy is only 1.4. If this figure could be raised, great savings in energy could be achieved. Vanpooling is a strategy which can raise this alarming statistic to a more acceptable level.

The Federal Energy Administration estimates that each van on the road can save 5000 gallons of gasoline each year. Twenty-seven percent of commuters travel more than ten miles to work one-way. Yet this small segment of the commuting population accounts for 68 percent of vehicle miles traveled. It is this segment which should find vanpooling most

attractive. Mass transit cannot capture many of these commuters since the average trip for mass transit is six miles. If a significant number of the commuters vanpooled, there would be large savings in energy, an improvement in relieving traffic congestion which frustrates drivers and wastes energy by decreasing average velocity on our roads.

The Surface Transportation Subcommittee heard testimony last month about the Tennessee Valley Authority's vanpool experience at the Hartford Nuclear Plant construction site. The program at this site is only one of TVA's ridesharing programs. By implementing an aggressive ridesharing program, over $7 million in highway construction costs were saved by allowing a two lane highway to substitute for a four lane highway. Last year, I visited TVA's facilities in Knoxville where I received a briefing on these TVA programs. Many private companies have reported large savings in parking construction costs after setting up vanpool programs for their employees. I anticipate that this subcommittee will be hearing testimony describing other benefits to companies with these programs, such as increasing the labor pool, improving employee morale, and increasing worker productivity.

I also expect that this subcommittee will be informed about the savings on commuting costs which vanpooling participants have achieved.

Mr. Chairman, I would like to take a moment to describe the direction I would like to see for federal vanpooling programs.

I am a member of the House Surface Transportation Subcommittee which has jurisdiction over all federal transportation programs with the exception of railroad programs. In December, 1975, I introduced an amendment which would have authorized a total of $75 million over a three year period to fund vanpooling demonstration projects. This amendment was approved by the full Public Works and Transportation Committee and the House, but was deleted in conference. Since then, I have worked to establish a federal commitment to vanpooling and carpooling with four basic objectives:

1) to articulate a federal transportation policy which is sensitive to the flexibility and cost-effectiveness of ridesharing, in its forms of carpooling, vanpooling, and buspooling

2) to consolidate all federal ridesharing activities within a single National Office of Ridesharing administered by the Department of Transportation

3) to establish a stable funding source for ridesharing activities

4) to assist in the removal of institutional barriers to ridesharing, such as lack of insurance opportunities, over-regulation, and removing unreasonable labor standards on drivers.

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On the first day of the 95th Congress, I reintroduced H.R. 869, the "Federal-Aid to Ridesharing Act" which addresses these objectives. In addition, I and my staff have been working with the National Association of Vanpool Operators and federal and state government officials to remove some of the barriers to the promotion of ridesharing which can be accomplished in other than legislative ways. I have been in constant contact with ridesharing advocates to exchange philosophy on how best to promote ridesharing, to share technical data about operation of existing programs, and to discuss the obstacles which remain in the way of expanded vanpooling and carpooling. H.R. 869 is the product of many hours of discussions between ridesharing experts and my staff.

Federal transportation policy could be improved if we agree that higher vehicle occupancies are desirable. No one wants to see existing mass transit suffer. Vanpooling programs can be designed to exploit the fact that they are cost-effective when commuting distance is approximately 25 miles each way. As I mentioned before, the average mass transit trip is only six miles. Tax policies could be more sensitive to increasing vehicle occupancy. There is some question whether the gas guzzler tax proposed in the President's bill would affect vans, which historically achieve a little over ten miles per gallon. There is also a question about whether the additional ten percent investment tax credit for energy conservation equipment would apply to the purchase of commuter vans for company-sponsored vanpool programs. I raised these two questions during the vanpool hearings of the Surface Transportation Subcommittee on May 11 of this year when FEA Administrator John O'Leary appeared with other strong vanpool advocates. While I recognize that the Government Operations Committee does not have jurisdiction over these issues, I think it is still appropriate that they be raised here.

This subcommittee could play an important role in meeting my second objective, to consolidate ridesharing activities within a single office. At the present time, four major departments and agencies are involved with promoting ridesharing. The Federal Highway Administration is responsible for the program authorized by the Emergency Highway Energy Conservation Act. This Act, as amended by the 1976 highway bill, allows states to set aside some of their urban systems and urban extension highway funds for carpooling and vanpool programs. The Urban Mass Transportation Administration

uses Section 6 demonstration grants to fund ridesharing programs. Later in these hearings, you may hear from Dr. Frank Davis who is the recipient of one of these grants, which, I would like to add, has been used very effectively. The Federal Energy Administration runs a program authorized by Section 381 of the Energy Policy and Conservation Act, to promote carpooling and vanpooling. The Environmental Protection Agency, to a lesser extent, is also involved in vanpool programs. In a number of cases involving heavily polluted urban areas, EPA regulations require employers with over 1000 workers in these areas to offer ridesharing programs to their employees.

It isn't surprising that there is duplication and additional red tape when these similar programs are competing within different agencies. There are some experts who feel that it is healthy that these programs compete in that there is less of a chance of all of the programs being a failure, and each agency may bring a different perspective and philosophy to their vanpool program. I believe that these programs can be consolidated, and such a process will make Congressional oversight much easier and more effective. Given adequate resources, a consolidation can make it more likely that an effective program can be achieved.

With the cooperation of the Government Operations Committee, the House of Representatives last week took the first step in establishing a National Office of Ridesharing within the Department of Transportation. By voice vote, the House approved my amendment to H.R. 6804 to transfer the existing FEA carpooling and vanpooling program to the Department of Transportation. This is the first step in what will be an involved, but important process to create a single office which can administer effective ridesharing programs to meet our needs to reduce energy imports, limit pollution emissions, and relieve traffic congestion.

The third objective will clearly be an issue before the Surface Transportation Subcommittee. Establishing a stable funding source is important to assure that programs can be successful. There is little need, if any, for federal funds to be required for the purchase of vans for these programs. Certainly, a loan program such as the revolving fund suggested by H.R. 869 would be helpful. But there are expenses involved which only indirectly relate to increased vehicle occupancy. Without these funds, the potential of vanpooling programs would be seriously undermined.

Funding for planning programs at the state and local level need

to be funded. Yet it would be unfair to require vanpool participants to pay for this planning. State transportation departments often have no resources for planning ridesharing programs, yet it is this planning which is responsible for making the programs a success. Funding is needed for ridesharing traffic and parking signs, and for designating limited access lanes. Funds are also needed to promote ridesharing and to perform the necessary technical studies to evaluate each ridesharing experience. It would be much easier for an applicant to go to a single source for a federal grant, and know that there is a possibility for continuing the program when the "demonstration" funds run out.

The last objective is perhaps the most important--removing the institutional barriers to vanpooling. The language suggested by Section 701 of the bill before the subcommittee today seeks to remove some of the institutional barriers which would impede the success of the federal vanpooling program. However, these barriers are removed only for the federal program and not for the thousands of potential vanpool programs which could be established by 1985.

For example, Section 701 provides for self-insurance by the federal government. Many vanpool programs have had difficulty obtaining insurance at reasonable rates, or even at any rates. On January 27th, under the leadership of Dr. Davis of the University of Tennessee's Transportation Center, a summit conference on ridesharing insurance was held in Washington. My office participated in the discussions during which representatives from the insurance industry, trade associations, the Congress, and the Executive Branch ironed out many of the problems associated with insurance availability. More work still needs to be done in this area. Also in Section 701 is language which limits the jurisdiction of regulatory agencies over the federal vanpooling program. A number of states have enacted laws removing this regulatory barrier. Yet other states still regard vanpool drivers as other than private carriers. Section 701 also provides that certain labor standards shall be waived for operators of vanpools. The Department of Labor has overzealously threatened to enforce certain labor standards to the detriment of vanpool programs. At one point, a vanpool driver would be required to be paid the minimum wage for the time he drove, despite the facts that he was voluntarily driving his fellow

employees to work and receiving fringe benefits for his efforts.

Section 701 removes these three institutional barriers for the President's vanpool program. These barriers will still remain with the enactment of Section 701 for all other vanpool programs. This issue needs to be looked at carefully by the appropriate standing committees.

Considering the amount of time there was available to draft Section 701, the program is very well thought out. I would like to suggest a few changes:

1) The Administrator in charge of the program authorized by Section 701 should be the Secretary of Transportation, not the Administrator of the Federal Energy Administration

2) The program should not be monolithic; rather different types of vanpool programs, such as third party operators and credit union-administered programs should be allowed

3) There should be the flexibility to make agreements with the appropriate office within the Department of Energy, to finance high technology vehicles for the amount exceeding the cost of purchasing a conventional vehicle

4) There should be a study to gauge the practicality of utilizing these 6000 vans during times when they are not being used as part of the vanpool program

The first recommendation is consistent with my first objective to consolidate vanpooling activities within a single office. During his testimony before the Surface Transportation Subcommittee, the FEA Administrator underscored his sincere praise of the success of vanpooling programs in saving energy. I appreciated his honesty when in reply to one of my questions, he said that it would be appropriate for the Department of Transportation to administer a national office of ridesharing, should one be established. The fact is that ridesharing is an efficient method of moving people. In the process, it saves energy and reduces pollution. But clearly, it is a transportation mode, and should be administered by DOT. This is not to suggest that Mr. O'Leary would not run an effective ridesharing program should the law require it. On the contrary, Mr. O'Leary is perhaps the only top Administration official with personal experience with vanpooling programs. I was impressed by his enthusiasm for this transit mode, and I would be the first to nominate him as director of the proposed National Office of Ridesharing. But I still maintain that such an office belongs within the Department of Transportation.

The ridesharing program proposed by section 701 is over 30 times as large as any existing vanpool program. The oldest vanpool program has only four years of experience, and it would be useful to use the 701 program as an opportunity to gain valuable experience about the many types

of programs. My second recommendation, which I believe was first suggested by Dr. Davis, would be to allow the Secretary of Transportation the flexibility to establish different types of vanpool programs. Perhaps some of the vans should be purchased while others should be leased. Perhaps maintenance and operations could be contracted out to a third party for some vans while vans used in other localities could have operations and maintenance run by the federal government. Perhaps the entire operation could be contracted out in some localities to a third party operator and allow excess capacity to be filled by non-government employees. The experience gained from these different programs would be useful to potential private sector vanpool operations in the same locality as the government program. I believe Dr. Davis's suggestion has much merit and should be explored.

The new Department of Energy will have the functions of ERDA to develop new energy technologies. I have identified two technologies which could utilize the vanpool program for operational experience. I would like to suggest that agreements could be entered into between the Secretary of Transportation, the Administrator of GSA, and the Department of Energy for using high technology vans in this program. For example, electric or hydrogen vans could be purchased instead of conventional vans. Rider fees would pay the capital costs of a conventional van, and DOE or DOE and DOT could finance the difference between the cost of the high technology van and that of the conventional van. Some vans should be accessible to the handicapped.

I feel an important component of this program is leaving flexibility to allow drivers to use the vans on weekends with or without charge as determined by the administrator of the program. However, other than use on weekends, the van is used for only a small part of the day during peak commuting hours. In many cases, these vans could be utilized to provide transportation services during the hours which they would otherwise be parked. This concept has been looked into by many private vanpool operations as a way to decrease capital costs. There have been many problems with such arrangements. Intuitively, I feel that these problems could be overcome by establishing standards for use of these vans. I see these 6000 vans as a potential resource, and I feel that despite some problems, we should explore this area. I am suggesting language which might be useful to the subcommittee if you wish to pursue this area, Mr. Chairman.

Section 701 provides that monies collected from participants in the program be deposited in the General Treasury. I agree that the program should, in the long term, not cost the government a cent. However, I am unsure whether this provision gives the administrator of the program enough flexibility to cover all of the contingencies which may arise. I hope that the subcommittee will closely scrutinize this provision.

Mr. Chairman, since it was pioneered by the 3-M Company in April of 1973, vanpooling has come a long way towards becoming an institution. Much work by the Congress remains to be done to make vanpooling as acceptable as highways and mass transit. Just last week, a New York Times editorial hailed the President's vanpooling proposal as a program which deserves the support of the Congress:

(N.Y. Times editorial, June 2, 1977)

Vanguard for Commuters

> A little-noted recommendation in President Carter's national energy plan is a call for 6,000 vans to move Government workers to and from their jobs. The idea deserves the President's boost; Congress should now add its support. Van pooling is one of those ideas whose excellence is matched by its simplicity.
>
> Commuter van pooling is the use of vehicles provided by an employer to accommodate ten or twelve of his employees for the daily work trip. Among the workers for a given neighborhood, one volunteers to drive, in return for free transportation. The others pay a fare; it can be less than a third the cost of driving their own cars.
>
> Van pooling is already in practice. The Chrysler Company has nearly fifty such vans in operation, the 3M Company has 92, and other employers operate about a thousand more. Representative Robert Edgar, Democrat of Pennsylvania, has introduced a bill to provide $50 million in grants to launch additional programs around the country.
>
> The potential is considerable. Each van carrying twelve employees would take about seven private cars off the road. The Government's van pool would save three quarters of a million barrels of gasoline a year. By itself, that would be only a drop in the bucket in the effort to reduce reliance on imported oil. But if multiplied- as experience suggests it can be- van pooling could help, not to mention its contribution to rush-hour traffic, cleaner air and lower commuting cost for riders. It should be easy for Congress to agree.

I admit that I am disappointed that the Surface Transportation Subcommittee did not have Section 701 jointly referred to it. I appreciate the limited jurisdiction of this subcommittee, but I hope that there can be cooperation between the members of Government Operations and Public Works and Transportation to eliminate the barriers to increasing vehicle occupancy. I know that this subcommittee will be able to make the necessary fine-tuning to the language of Section 701, and I will be happy to work with you in this effort.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
WASHINGTON, D.C. 20590

26 AUG 1977

Honorable John L. Burton
Chairman, Subcommittee on Government
Activities and Transportation
House Committee on Government Operations
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is in further response to your questions to me during the hearings on vanpooling before your Subcommittee on June 8. You were particularly interested in the Urban Mass Transportation Administration's (UMTA) vanpool demonstration project sponsored by the Golden Gate Bridge Highway and Transportation District.

A Service and Methods Demonstration grant of $684,096 was made in April of this year. The demonstration, which is currently in the planning phase, will involve several innovative approaches to vanpool organization and operation which have widespread potential application. Under the project, the District will lease 50 vans to private companies or groups of individuals interested in commuter van service. The District will assist the companies in the organization of the pools, matching of riders, and various aspects of operation, including areawide promotion.

After a limited time period of approximately six months the vans will be returned to the District, and the company or group will secure its own vans to continue operation of the pool. The original vans will then be leased to another interested company or group for a period of six months whereupon the process will be repeated. The District will also provide assistance to the pools in arranging for the purchase or lease of their own vehicles for the continuation of the pools. Assuming positive results during the initial six-month period, it would be expected that employers would choose to continue or expand activities in vanpooling.

This is a unique approach to vanpooling and it is estimated that the demonstration will lead directly to the creation of 150 vanpools with the original 50 vans, and indirectly to the establishment of considerably more due to expansion of company activities and to publicity for the program throughout the area. Hopefully, the demonstration will show that employers, private organizations, and individuals will, through stimulation by the District, purchase or lease and operate vans with their own resources.

Substantial growth in the Marin County area in recent years has resulted in increasing congestion on U.S. Highway 101 and particularly the Golden Gate Bridge. Because these facilities are currently near capacity during peak periods, the Bridge District has taken steps to keep the number of vehicle crossings constant. Specifically, the District has attempted to handle as much of the growth as possible by greatly expanding bus and ferry operations. The alternative to this approach would be to put a substantial capital investment into enlarging the capacity of the bridge and highway system.

Even with a substantial expansion of both the bus and ferry systems, the ability of the corridor to handle the volume is severely taxed. Therefore, the District has decided to take an active role to promote vanpooling to further increase vehicle occupancies. Because the bus system is currently operating with a large and growing deficit, the District decided against further expansion of bus service. The stimulation of increased vanpool use would not place a financial burden on the District because vanpool operating expenses including vehicle amortization would be completely covered by user charges.

The implementation of a vanpooling program should not, however, lead to a cut back in the bus system. You seemed especially concerned about this. The bus system and vanpool program in the Golden Gate Corridor are designed to be complementary rather than competitive. Vanpooling is aimed at a market separate from the market for the bus system and generally directed at commuters not served by existing bus service either at one or both ends of the work trip. Most potential vanpoolers currently are single occupant auto drivers. It is possible, however, that vanpooling may make possible the elimination of some longer distance bus routes which incur particularly large operating deficits. In this case the buses would be used to provide additional service on shorter routes where demand is greater. Past experience with vanpooling has shown that it has little adverse impact on bus ridership.

You also asked about any studies indicating the trends in vanpool development. The latest available information indicates that vanpooling is growing at an increasing rate in the United States and has a considerable potential for further growth. The number of vanpool sites has doubled in each of the last four years. Current estimates show that there are at least 1500 State and company sponsored vanpool programs in operation carrying in excess of 15,000 commuters. In addition, an uncounted number of vanpools are individually operated.

For your further information I have included several reports on vanpooling and other issues produced for UMTA. If I can provide any additional information, please let me know.

Sincerely,

Robert H McManus

Robert H. McManus
Associate Administrator
for Transportation Management
and Demonstrations

Enclosures

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
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You also asked about any studies indicating the trends in vanpool development. The latest available information indicates that vanpooling is growing at an increasing rate in the United States and has a considerable potential for further growth. The number of vanpool sites has doubled in each of the last four years. Current estimates show that there are at least 1500 State and company sponsored vanpool programs in operation carrying in excess of 15,000 commuters. In addition, an uncounted number of vanpools are individually operated.

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Sincerely,

Robert H. McManus

Robert H. McManus
Associate Administrator
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and Demonstrations

Enclosures

Mr. BURTON. The next witnesses will be Mr. David Bardin, Deputy Administrator for Policy, the Federal Energy Administration, who will be accompanied by Mr. Robert Hemphill, Assistant Associate Administrator for Conservation Policy, Office of Policy and Program Analysis of the Federal Energy Administration.

STATEMENT OF DAVID J. BARDIN, DEPUTY ADMINISTRATOR FOR POLICY, FEDERAL ENERGY ADMINISTRATION; ACCOMPANIED BY ROBERT HEMPHILL, ASSISTANT ASSOCIATE ADMINISTRATOR FOR CONSERVATION POLICY, OFFICE OF POLICY AND PROGRAM ANALYSIS

Mr. BARDIN. Mr. Chairman, I appreciate the opportunity to appear before you to discuss section 701 of the National Energy Act, H.R. 6831. I deeply appreciate the speed and diligence with which Congress is considering the various portions of this very important legislation.

I have a prepared statement which has been furnished to the committee, and if it were agreeable to the Chair, I would propose to ask that that be included in the record in full, and I will just highlight it.

Mr. BURTON. Without objection.

Mr. BARDIN. I'm very fortunate in following a man who has been an enthusiastic leader for the whole pooling effort. It makes my task much easier in terms of presenting the program, but it will be difficult to emulate his excellent presentation.

Essentially, President Carter's national energy plan seeks to promote the new energy conservation ethic which is really an ethic as old as that that Benjamin Franklin set forth in "Poor Richard's Almanac" saying, "Waste not, want not." We've grown used to cheap, unlimited energy supplies, and we have an important task ahead of us in adjusting to higher prices and more limited supplies.

Vanpooling is an excellent example of how to achieve energy savings by switching to a simple and sensible measure of getting commuters reliably and conveniently from their homes to their work and back.

Vanpooling is one pooling technique which coupled with carpooling and other techniques, can significantly affect the energy picture. Our estimate is that we as a country can save 400,000 barrels of oil a day if we are successful in enlisting the creative capabilities of our people in the private and public sectors.

The leadership in this field has actually come from the private sector and State government more than from the Federal Government. Back in 1973, the 3M Co. in Minneapolis and St. Paul introduced vanpooling. Since then, 3M has expanded vanpooling, and it now has 92 vans on the road. To our good fortune, the 3M Co. has very responsibly detailed and analyzed the results of its initial and expanded efforts. We have made available to the committee the most recent status report issued in January of this year by the 3M Co. which includes answers to many of the questions that you and I would ask about how vanpooling really works, and what is its practical significance.

For example, as shown on page 48, table 12, of its study, 3M found that 49 percent of the vanpoolers in its program had previously driven their automobiles to work alone; and 8 percent, as shown by the extended 1976 survey, had gone to work with only one other

passenger. So more than half of the people participating in vanpooling in the 3M experience had previously commuted to and from work one to a car or two to a car; 22 percent had been in carpools full time and 16 percent had been in carpools on a more irregular basis. Only 2 percent had been riders of mass transit vehicles.

There is very little fallout from mass transit to vanpooling because vanpooling and mass transit serve two difference kinds of transportation needs. The vanpool is ideal for people in places which are not suitable for mass transit, such as relatively sparsely populated areas.

I would hope that the committee makes full use of this 3M study in its deliberations on the bill before you.

In my home State of New Jersey, there are 17 firms that currently sponsor vanpooling programs. That happens to be more than in any other State. The Prudential Insurance Co. alone has 70 vans on the road every day. For Prudential just as for 3M, this is a means of getting people to work in a new center. I think it is significant in terms of Mr. Hightower's earlier question that the 3M Co. when it first considered vanpooling was confronted with the parking problem and access problem. And 3M had anticipated investments costs approaching $3 million for additional parking facilities. By going to vanpooling instead, it was able to avoid making this expense. Today, some 10 percent of the employees of 3M Co. are involved in vanpooling.

We have heard about the Commuter Computer ridesharing corporation in California, which is sponsored jointly by the department of transportation of that State and the private sector. Commuter Computer started with a 10-van program in March of 1976 in Los Angeles. Today it has over 70 vanpools on the road and has 125 more vans on order to be phased in by the end of the year. That is an example of how the program has expanded. Nationwide, the number of vanpool sites—sites to and from which the vanpools operate—has doubled within the last 4 years. It now includes over 100 sites nationwide and involves large companies like Corning Glassworks, General Mills, Hoffman-Larouche, Chrysler, Montgomery Ward, Southern New England Telephone Co., and Hewlitt-Packard.

Eight State legislatures have passed enabling legislation to remove regulatory impediments to vanpools. These impediments are associated with common carrier legislation and public utility legislation. The Federal Government itself has strongly supported and encouraged vanpooling but up until now it hasn't sponsored vanpool programs. Back in 1975, the Congress directed the Federal Energy Administration to establish and carry out a public education program, including, under section 381 of the Energy Policy and Conservation Act of 1975—and I quote—"To promote vanpooling and carpooling arrangements." Under that program, the FEA has engaged in an extensive effort to reach out to the private sector with information about energy conservation by the use of management seminars involving hundreds of sessions and thousands of participants around the country. Vanpooling is one of the conservation measures that we recommend to the corporate world. At the same time we are recommending other ways to cut down on energy consumption, cut down on lighting, on heat, on air-conditioning, and saving on industrial energy consumption in new businesses.

In the case of vanpooling, the Federal Government itself has not been able to follow its own advice. It has not been able to do as well as the private sector. It has simply been able to put out the educational material such as this brochure which is attached to my testimony. The reason for this inability to practice what we preach is that the Federal Government is forbidden by law to use federally owned vehicles to transport employees to or from work. In the case of the successful TVA vanpooling program, it is the employee credit union rather than the TVA itself which owns those vehicles.

H.R. 6831 would eliminate this obstacle and allow the Federal Government to purchase up to 6,000 vans for use in a Federal vanpool program.

In view of the questions this morning, Mr. Chairman, it might be helpful if I discussed quickly the concept of the President's proposal. We are talking now not about promoting vanpooling—which Congress in 1975 assigned the FEA to do—but about the actual role of the Federal Government as an employer interested in conserving energy. In our judgment, we should give a high priority to a program, such as this, which will, just as many private industries are already doing, demonstrate conservation and pollution control potential of vanpooling. We will not only save energy directly, but will encourage other employing sectors to conserve as well.

In H.R. 6831, the FEA Administrator would be responsible for the overall planning of the program and for justifying particular budgets for the purchase of vans or other arrangements for Federal ownership or leasing. The responsibility of going to OMB, the Budget Committee, the entire appropriation process would rest with the energy establishment. When the Department of Energy is established, this function, along with all other functions of the Federal Energy Administration, would be vested in the Secretary of the Department of Energy.

To the extent that the Federal Government owned vans after the establishment of the program, the ground rules for handling of those vans would be assigned to the General Services Administration in consultation with FEA. GSA is the agency which now has the motor pool responsibility in Government. GSA would be authorized—again in consultation—to delegate the actual implementation of the vanpooling programs to the agencies which run vanpool facilities. For example, the Pentagon building is run by the Department of Defense and has large parking lots and offers some transportation services. In the same way, the actual management of the vanpool program could be delegated to the Department of Defense.

We believe that this is basically an energy conservation program although obviously it has other dimensions. It has a transportation dimension, it has an environmental dimension of less pollution and less congestion on the roads. It has a social dimension of making it easier for people who live in the inner city to get out to suburban sites where some of our Government offices are located, and the converse, of getting people from the suburbs to the inner-city locations which are the places where we want them to continue to contribute to the Federal effort.

We believe that there is flexibility built into this bill because arrangements of an outright purchase or lease are authorized. There is no reason why arrangements through credit unions or other private arrangements of Federal employees should not continue.

The 6,000 van maximum in the bill could involve, if there were an average of 8 people in a van, some 48,000 Government workers. This amount is only a very small fraction of the total Federal employee force of some 3 million around the country. So our proposal is an effort to begin to stimulate the major conservation potential that vanpooling can realize. There is in the bill, I say again, flexibility to have additional kinds of programs other than outright Federal ownership and Federal participation.

In closing, the thought I would like to leave with you is that the Federal Government had not invented the wheel. The inventiveness came from the private sector. As of 1975 the Congress directed the executive branch to promote vanpooling throughout the economy. Work has been done and is going on in that direction. But at this point, the Federal Government as an employer is behind and is not setting the example which leading companies and other entities in the United States are setting. What we, therefore, urge is a program which is cost-effective and energy-saving, which is self-sustaining—we do not propose to subsidize the Federal employee, for he will pay for the use of the vanpool—and which ought to make a significant contribution to achieving the energy conservation objectives which are the cornerstone of the national energy plan.

I would welcome your questions and those of the members, Mr. Chairman.

Mr. BURTON. Thank you very much.

What are the estimated costs for the full program? How much would have to be authorized and appropriated before the program becomes self-sustaining?

Mr. BARDIN. Basically, Mr. Chairman, the upper limit is $48 million if all 6,000 vans were purchased at an estimated $8,000 per van. That would be the front-end cost which would come back to the Federal Treasury through the vanpool charges over a maximum period of 8 years under the provisions of the bill.

Mr. BURTON. Then I suppose the prices go down?

Mr. BARDIN. I wouldn't promise you that because the useful life of the van is limited.

Mr. BURTON. So that is not a factor?

Mr. BARDIN. No, I wouldn't think so. There is no reason to assume we would buy all of the 6,000 vans.

Mr. BURTON. Let's assume that we are going to buy all 6,000 in one fell swoop.

Mr. BARDIN. The intention of the Government was not to do it in one fell swoop. We are thinking of providing 1,500 vans a year over a 4-year program. So that's $12 million a year.

Mr. BURTON. Then that is $12 million a year front money plus the cost of training and providing the drivers?

Mr. BARDIN. The driver will be a Federal employee who gets the benefit of free commutation in exchange for driving and coordinating.

Mr. BURTON. In other words, he is one who is already on the payroll. He is a worker and is doing this in addition so a fleet of drivers will not be hired as such.

Mr. BARDIN. That is correct, Mr. Chairman.

Mr. BURTON. How about the training?

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Mr. HEMPHILL. Training costs normally have been limited. We figure generally an administrative cost of about $400 a van per year.

Mr. BURTON. Is that total?

Mr. HEMPHILL. It includes training among other things. In order to keep the vans full you have to continue to run the agency carpool parking place, which is often a subsidized program.

Mr. BURTON. And maintenance and everything else will be included in user fees?

Mr. HEMPHILL. We would put the whole thing on user fees.

Mr. BURTON. But you couldn't make the capital investment until you got user fees and they wouldn't have anything to ride until you make the capital investment.

Mr. HEMPHILL. Because this is a new program what we have suggested is that rather than set up a revolving fund or a trust fund or something like that in order for both administrative branch and Congress to keep reasonably careful and continuing control over the program to make it subject to annual appropriations rather than appropriating a lump of money and having no further appropriations oversight on it.

Mr. BURTON. So the first year is $12 million for startup money. Where do the user fees go?

Mr. BARDIN. The user fees are destined by express provision for the general fund of the Treasury so there will be revenues in the budget.

Mr. BURTON. Will they use something such as a GSA gas credit card to get filled up in a motor pool?

Mr. HEMPHILL. It depends on the sites.

Mr. BURTON. Are we getting too technical right now?

Mr. HEMPHILL. No, it depends on where the vanpool is run. In this case where GSA credit cards are used they could do it that way. But you want to leave a sufficient flexibility site-by-site as to how you handle the gas and oil and maintenance expenses.

Mr. BURTON. And it would take about 8 years to amortize the $12 million capital investment or whatever in the pools?

Mr. HEMPHILL. Yes, sir.

Mr. BARDIN. The bill sets an outer limit of 8 years to fully reimburse the Treasury for all of those outlays and all of the administrative costs. The bill also requires that any self-insurance by the Federal Government, or liability insurance, be analyzed actuarially and added to the user charges involved. It's completely self-sustaining.

Mr. BURTON. Do you know how this specific proposal was prepared?

Mr. HEMPHILL. Yes, sir.

Mr. BURTON. How?

Mr. HEMPHILL. It was prepared by a group of people both in the Federal Energy Administration and in the White House who had some previous experience over the last couple of years with the other van pooling programs which had been done. We had done a fair amount of work to see what it would take to get the Federal Government involved.

Mr. BURTON. So you had helped more or less at its inception.

Mr. HEMPHILL. We helped write it.

Mr. BURTON. In other words, you were in from the beginning of it and helped finalize what is in the bill before us?

Mr. HEMPHILL. Absolutely.

Mr. BARDIN. Mr. Burton, the feeling of the FEA is that we have been very excited, very positively excited by vanpooling. We have learned from the private sector in trying to help them solve their problems. And, of course, we have seen problems in the public sector. We feel we have an investment of analysis, of enthusiasm which is shared by many people around the country.

Mr. BURTON. Did you do any marketing studies among the various Federal employees to see whether or not they were going to flock to these?

Mr. HEMPHILL. No, sir, we have not done specific marketing studies of Federal employees. However, we have relied on the private sector experience which indicates a substantial, even a surprising interest in this concept. I see no particular reason why the Federal employees would be much different.

Mr. BURTON. How did you come up with a 6,000 figure?

Mr. BARDIN. It is a limit that is set by the bill.

Mr. BURTON. How did you come up with the 6,000 limit?

Mr. BARDIN. I think it is the usual process, Mr. Chairman, by which you consider how far the Federal Establishment is willing to let you go in this kind of program in trying to start it prudently, cautiously to make sure that you have demonstrated something very sound.

The experience in the private sector itself and our experience with the hundreds of management workshops that we have conducted around the country where we have the followup of the reaction of the corporate executives and what they actually do indicates to us that we can expect a very substantial response.

Mr. BURTON. Then actually without the change in the laws, there is no way that the Federal Government could even get into this with Federal employees?

Mr. BARDIN. That is correct. The only way you could do it is what TVA has apparently done in which a credit union rather than the Federal Government owns the van. We do not have authority under Federal law or statutory provision of Federal law to transport employees back and forth from their homes to work with Government owned cars. The reason for that law, of course, is that you don't want to confer that kind of fringe benefit. But this bill simply makes clear that that prohibition will not stand in the way of a self-sustaining program which is the program we recommend and which isn't a fringe benefit program at all but a very effective conservation program.

Mr. BURTON. Has anyone figured out what the consequences to the driver would be with the IRS for a free ride and personal use of the vehicle?

Mr. BARDIN. I don't have that answer.

Mr. BURTON. You ought to check that out, because it might come under a fringe benefit ruling.

Mr. Stangeland?

Mr. STANGELAND. Thank you, Mr. Chairman.

I'm sorry that I missed part of the hearing and I'm not sure that the questions I might ask have not been asked.

What incentives were provided or how did 3M get into the business of carpooling? Was it on their own initiative, their own incentive, or were there other incentives?

Mr. BARDIN. It was on their own initiative. They were developing a very large complex outside Minneapolis and they were expanding. They were expanding severalfold. They had a problem of parking which they estimated would cost $2.5 to $3 million. They had a problem of highway access and how long the various public citizen bodies would allow highways to be expanded. They were corporate citizens who were interested in good citizenship in terms of all the other things—air pollution, energy, and the rest. They tried it out on a small scale. They went about it pretty scientifically. I think that the study they prepared, a second status report issued in January of this year, deserves the attention of the committee and its staff. I have had a copy placed at each member's desk. I think you will find it very-interesting and exciting reading. They invested in a little of after-the-fact knowledge which gives us a wealth of information and which incidentally is consistent with what we are hearing from other companies about similar programs.

The program worked.

Mr. STANGELAND. Is it a side benefit that 3M provides for their employees? Do they provide for the rides? Is it self-sustaining?

Mr. BARDIN. Their program is basically like ours. The employee pays and in their version the driver does not pay. If the driver secures more than 8 riders, the 9th, 10th, 11th, and 12th, what they pay goes to the driver. So the driver is a coordinator and a manager with an incentive to keep that van full. The first eight payments go to the company. The driver is allowed to make limited personal use of the van on weekends. But in that case he has to pay a per mile fee for the use of the van. That is the basic economics of their arrangement.

Mr. STANGELAND. How did the Federal Government promote private vanpooling? What incentive did they provide? Did you say there were 100 businesses now?

Mr. BARDIN. We are basically engaged in education. We hold meetings around the country—workshop meetings of various kinds. We have four kinds of workshops. One is an executive conference and we try to get the top executives of the corporation to talk about conservation. Vanpooling is one of many different strategies that we recommend to them.

The second is an industrial workshop where we go to the manufacturing center and again try to deal with conservation opportunities on the industrial machinery side as well as on the employee access and employee transportation vanpooling side.

The third is the buildings workshop. It reaches out to the managers of supermarkets, large restaurants, general retail stores, and office buildings. Again, vanpooling is just one of several strategies which we are talking about and explaining.

The fourth is an exclusive vanpool workshop. The program for vanpool workshops is an educational program which will involve 550 workshops and about 10 thousand participants. Thus far we have over 206 workshops with 3,900 participants. We are just going ahead and completing that program which was a part of the conservation effort mandated by the Congress in 1975. The program will be completed in the next few months. One of its features is the monitoring of the reaction and followup by the participating executives. So far the reaction and followup we have observed has been very favorable.

I'm just looking at the overall statistics—the evaluations of the vanpool workshops—2,164 participants thought the workshops were excellent; 2,082 thought they were good; only 245 thought they were fair; only 35 thought they were unsatisfactory.

More important is that the followup by participating executives, that is, what they set out to do within their own corporations, is positive. Generally they go out and try to take advantage of the vanpooling technique. FEA is not subsidizing the vanpooling program. There is a limited grant demonstration program under the Department of Transportation going through the State transportation departments which can, as I understand it, offer a limited amount of funding. But what we are proposing today is neither a promotional effort nor a subsidy effort. We are simply proposing to remove a barrier that impedes the Federal Government from taking advantage of the vanpooling technique just the way the private sector does.

Mr. STANGELAND. I realize that.

You made a statement during your presentation that the private sector had done a much better job than the Federal. I tend to believe that is the case in most every other instance.

Have you done any studies or is that at all feasible to contract this rather than have the Federal Government do it?

I applaud the attempts at carpooling, vanpooling, and pooling rides. I served in the legislature in Minnesota and I looked at the people in Minneapolis-St. Paul and see countless cars with one person going one way and countless cars with one person coming back the other way. I applaud your efforts to promote vanpooling among the private sector. I would think that some of the 3M studies might well be available to chambers of commerce in some of these large metropolitan areas to encourage not only industry but some of the smaller businesses to promote vanpooling where we can't afford mass transit in some of these major metropolitan areas.

But how many more employees is it going to take to draw up the programs. Are the programs going to be drawn by the drivers assigned to the van? Are they going to develop their own program, their own route, their own method of picking up employees and dropping them off and this sort of thing? Does it mean a good deal more staff to draw up plans and shuffle paper so to speak?

Mr. BARDIN. There are several very important questions here. Let me try to cover them all. If I miss any we'll come back to them.

We now have a carpooling program, which has been assigned to the General Services Administration, to encourage and facilitate carpooling. The experience in the private sector indicates that carpooling and vanpooling inter-react. People often form carpools with the anticipation that somewhere down the road there will be a vanpool which is even more favorable from their standpoint. With vanpooling there are more people involved and fewer people drive so the costs are less per person.

No. 2, the overall Federal program allows the Federal Establishment to complement parallel programs that may take place, such as an industry or chamber of commerce sponsored program. This ability to run a Federal vanpool program in conjunction with a private arrangement will be particularly important in some of the smaller centers where the Federal Government is but a small employer. Here

in Washington we have analagous situations. Often two or more agencies use the same parking lot, and will be able to coordinate a vanpool program.

Three, the bill before you does not say that all these vans have to be bought by the Federal Government. In fact it says there has to be a set of regulations developed by the FEA in consultation with the GSA and the Office of Management and Budget in order to arrive at a cost-effective solution. If it turns out that leasing is more cost-effective or that some other arrangement is more economic and effective we are certainly going to go that route.

The answer does not have to be the same for the Pentagon and for a small post office installation somewhere else in the country. We may have different answers to those questions. So we are going to be looking for solutions which give us the maximum energy conservation for the effort made and which are cost-effective in terms of this front money, which as you know is a limited amount, I believe that flexibility is written into the bill and that is certainly the intention of the administration in carrying out these provisions if they are enacted.

I don't know that contracting out the planning would make sense. Actually, in implementing these programs, what the private sector does is to plan it out at corporate headquarters and then to have the manager of a particular building, parking lot, and personnel run it. Once you convince your personnel manager that this is sound from a company's point of view, you will have generated considerable enthusiasm. You will have someone who sees that people are going to come to work on time, that they are going to be more relaxed, and the relationship of employer to employee will be enhanced. So there are lots of dividends.

I think the analogy applies for government as an employer and manager of people. But I think your question goes to the issue of how the Government deals with the van which is a big part of the cost.

I come from State government in New Jersey, where we have entered into leasing arrangements with automobile manufacturers; in some cases leasing works out very well. Certainly if it is in the economic interest of the Federal Government, then leasing should be pursued. If it is more advantageous for the Federal Government to buy vans outright then, that should be pursued.

Mr. STANGELAND. Then you're not anticipating any additional personnel as far as implementing the program?

Mr. BARDIN. The answer should be no, if we have the adequate number of people working on the carpooling program as the President has directed to be done. The only additional tasks I see are the development of these regulations which might mean a handful of people in Washington and in the various agencies. But the whole idea is to assign the actual program implementation to the management teams who run the various components of the Federal Government. In fact, when they are enthusiastic, I think they will be coming and asking.

Mr. BURTON. You're saying that if this thing gets going there might be three or four new people. But if this program is going to get moving in the planning stage or in the implementation that there might be new employees to implement it?

Mr. BARDIN. Certainly. On that scale, Mr. Chairman, there might.

Mr. BURTON. I was being a little facetious. I thought there might even be more than two or three. But I hope you don't mean to come up and say that if this program goes through you're not going to have to hire more people, because that means you have too many now then.

Mr. BARDIN. Let me be cautious here because we're talking about a 6,000 van maximum. You asked before whether we would be hiring 6,000 drivers and I wanted to make it clear that the answer is no. The drivers will be people who are now Federal employees who are taking on an additional role of solving their commutation problem and receiving a free ride to and from work.

Mr. BURTON. It won't be a burgeoning bureaucracy?

Mr. BARDIN. That's right. And if it works like 3M, the driver does the coordination. He goes out and hunts passengers. And what central management does is give him the information as to where people live and helps in the coordination of the program.

I say again, Mr. Chairman, that I can't speak for what has happened in the previous administration but there is already an executive program which directs GSA to provide that kind of coordination for carpooling. So there should be some more people for vanpooling, yes, but very few people and nowhere near what one might think when I say 6,000 more vans.

Mr. STANGELAND. But there has to be some kind of a motor pool and someone has to be ultimately in charge. You don't just turn the car over to the driver and he is ultimately in charge. Someone has to be in charge somewhere.

Does the Federal Government have maintenance shops? Do you do the maintenance work back in the private sector on these vans?

Mr. BARDIN. I believe the Federal Government has maintenance shops for its own motor pool cars. I think the representative of the GSA would be more qualified to answer that point than I.

The 3M experience was that they paid for the maintenance and then charged it to their user charges. But you could conceivably have a situation in some cases where you would want to run it the other way—where the riders take care of that outside the Federal Government Establishment.

Mr. STANGELAND. You spoke of implementing this over 4 years and 1,500 vans a year. What is the anticipated lifespan of the vans and will the replacement costs be reflected in the user fees as well?

Mr. BARDIN. The answer to the first question, of course, depends on how hard you drive the vans. We think that if they are used just for that commutation purpose 8 years is a reasonable lifespan for the vans. Although as I have told you, the first private program started in 1973 so we don't have full cycle experience.

As to the second question, in addition to the operating and maintenance costs the user fees will recover the capital cost and specifically they will amortize the initial cost of the van minus the salvage value that the General Services Administration would realize when it finally disposes of the van at the end of its useful life. So the user charges will cover the total capital cost of that van.

Mr. BURTON. Mr. Hightower?

Mr. HIGHTOWER. Mr. Bardin, I am assuming, of course, that this will be entirely voluntary and optional as far as the individual riders are concerned.

Mr. BARDIN. You are correct, sir.

Mr. HIGHTOWER. When we come to charging for the transportation—the charges assessed to the rider—within a company some people would be riding 4 miles while some might be riding 10. Do they work up a charge rate depending upon the distance involved and so forth so that it varies from car to car and from individual to individual?

Mr. BARDIN. Let me ask Mr. Hemphill who has been with this program to comment on the experience in the private sector.

Mr. HEMPHILL. It is my understanding that there are generally different fee schedules to be determined by the average length of the trip. So people who go 40 miles a day will pay a slightly lower fee than the people who go 50 miles per round trip.

Mr. HIGHTOWER. Is the charge determined by some coordinator in the office or is it determined by the driver?

Mr. HEMPHILL. It is generally determined centrally. That is probably the source which has access to the data on the initial van costs, oil, gas, and maintenance expenses and so forth.

Mr. HIGHTOWER. Assume that I live 10 miles from the office and ride in a van. My wife works for a private company whose office is right next door to the Federal building where I work. Would she be able to come in on that same van?

Mr. HEMPHILL. Under the President's program, only Federal employees would be eligible to participate in the Federal vanpool program.

Mr. HIGHTOWER. That means then that you have to be a regular rider of that particular van before you can get on it. Suppose I came in on Monday morning on my flight from Texas and came into National Airport and wanted to get on a van that came by there. I couldn't get on that. I would have to go back to my home and get on the van at that place?

Mr. HEMPHILL. That's generally the way it operates.

Mr. HIGHTOWER. Mr. Stangeland asked some questions about the maintenance. This is something which I think we really need to understand a little more about. Perhaps these questions ought to be directed to GSA. If the flexibility which I understand you have here provides quite a bit of flexibility with the operator and even suggests leasing in the proposed budget. When we are talking about leasing, are we talking about the way the Federal Government acquires it or the way the Federal Government operates it?

Mr. BARDIN. The way the Federal Government acquires it.

Mr. HIGHTOWER. So after they acquire it, it will be Federal Government property. The maintenance then will be under the control of the Federal Government rather than——

Mr. BARDIN. I guess I did not put that precisely.

The Federal Government might purchase the van, and then it would be the outright owner. It might conceivably lease 100 vans from a given company under a contract which provides that the company owns the vans and might or might not provide that the company has to maintain them.

The bill says that the operator of the van is the man who drives it and has to be a regular full-time Government officer or employee. Then there are standards to be developed as to who is qualified to be an operator. It has to be somebody who is responsible and who has

business sense as well as driving sense because this will be a serious undertaking on the part of the driver.

I do want to double-check for you the question that you and Mr. Hemphill discussed before about whether one passenger who is not a Government employee would be eligible for consideration here or whether that is a matter to be developed by the regulations rather than prescribed by statute.

Mr. HIGHTOWER. A few minutes ago I asked Mr. Edgar about insurance. Would the responsibility for insurance—public liability insurance—be on the driver or be on the Federal Government?

Mr. BARDIN. The bill addresses that specifically. In terms of the ordinary commuting situation, the bill provides that an actuarially determined sum for Government's self-insurance against liability is to be determined and imposed as part of the user charge.

Mr. HIGHTOWER. Are you going to exempt the driver from any personal liability? Is he going to be considered an exempt person in the event he is involved in an automobile accident? If the van he is driving is involved in an automobile accident and someone in the other car is killed, they may sue the Federal Government and not sue him? Are we going to exempt him? If we're not going to exempt him, then some kind of provision will have to be made for insurance.

Mr. BARDIN. I think this is something you might want to check with the GSA. I believe the rule now on federally owned vehicles is that, aside from a reckless kind of negligence, if in the ordinary course the driver is involved in an accident, the liability is with the Federal Government. But there is a second provision in the bill before you which deals with a case where the regulations allow the driver to make limited use of the vehicle on weekends, paying a reimbursement for that. There the GSA would be required to impose upon the driver the duty of self-insurance to cover exactly the situation that you raise, Mr. Hightower.

Mr. HIGHTOWER. I think you would have a different situation on weekends when he is using it for his own purposes.

Mr. BARDIN. Right. The private use rule appears on page 127 beginning at line 17. The Government self-insurance rule appears on page 126 beginning on line 9.

Mr. HIGHTOWER. Is the passenger insured in the event he is involved in an accident while riding in the van on the way to work?

Mr. BARDIN. I think that is covered by the situation characterized on page 126. His recourse is whatever the recourse would now be.

Mr. BURTON. He could sue the Government because of paying a fee just as you could sue a private bus company? In other words, they could file against the Government and the other party because they are paying?

Mr. BARDIN. It is my understanding, yes. A passenger has paid in advance, and his user charge—an actuarially determined sum—covers the value of that insurance.

Mr. HIGHTOWER. Back to this matter of payment. Is it anticipated that payment will be made to the Government or to the driver?

Mr. BARDIN. To the Government.

Mr. HIGHTOWER. So possibly there would be a payroll-withholding type of thing where you would fill out a card that you are riding in van No. so-and-so, and they would deduct $10 a month from your pay?

Mr. BARDIN. That's right. For example, the 3M example mentioned in my testimony of a $22 a month payment—just a flat payment whether the passenger uses it every day of the month or not.

Mr. HIGHTOWER. And just to reemphasize, that will be optional as far as the rider is concerned?

Mr. BARDIN. Absolutely. It will be optional as far as the rider goes.

Mr. HIGHTOWER. So he signs up to participate in the vanpool and then is unhappy. If he gets in a group that is not very congenial or whatever or if sometimes he does not want to ride in the van, can he drive his own car or get to work in whatever manner he chooses? Will he still have that privilege?

Mr. BARDIN. That's correct.

Mr. HIGHTOWER. If he wants to not ride in the van then he has the privilege of not riding in the van; is that correct?

Mr. BARDIN. Yes, that's correct. The experience in the private sector has been that people will occasionally have business that requires use of the car in the middle of the day. So what they elect to do is to bring their car in that one day. They still come out way ahead financially as well as all of the other benefits of using the vanpool. They express a great deal of satisfaction and pleasure at the way the whole thing works out.

Mr. HIGHTOWER. Thank you, Mr. Chairman.

Mr. BURTON. I have two questions.

Do you really think this is going to be easy to administer?

Mr. BARDIN. Mr. Burton, my answer is, "Yes," if you have got good managers in the Federal Government. I have been the head of a major department of State government in New Jersey for 3 years. I find that the challenge in making people work successfully together and getting a job done is the same in the public sector as the private sector. I think your real difficulty is going to be that once it catches on there is going to be a terrific demand for it.

Mr. BURTON. It would be easy to administer once it gets going. Do you think it would be easy to administratively get it operating?

Mr. BARDIN. There are very few things that are easy to get started.

Mr. BURTON. Part 2 of that question would be: Before you go out and go for the 1,500 vans, are you going to do a marketing survey or find out uses or have a program put together? Are we going to buy the vans and figure that it's so beautiful that we'll be able to sell the program?

Mr. BARDIN. That's a good point. We are going to build it from nuts and bolts. Under the bill the first thing you do is develop the regulation for FEA in consultation with GSA. You are going to go out. You are going to do this piece by piece and block by block.

The building blocks here are really the sites such as the Pentagon.

Mr. BURTON. You are going to get the program going in effect before you buy the vans.

Mr. BARDIN. Yes.

Mr. HIGHTOWER. May I ask one more question?

Mr. BURTON. Yes.

Mr. HIGHTOWER. I intended to ask Mr. Bardin if he would like to comment on Congressman Edgar's contention that this would be better operated in the Department of Transportation. Would you like to respond?

Mr. BARDIN. The administration's position is that both programs—both the promotional program that is now going on in FEA and the particular Federal employer role program supported in the bill before you—should be done out of the Energy Agency rather than the Department of Transportation.

I think you can make agruments both ways on this case as with so many others. The system is undoubtedly part of your total transportation network to the extent that you feel you have or are going to have a well-coordinated national transportation program; this would be an argument for dealing with it in DOT.

On the other hand, vanpooling is a very small element in your total national transportation system. The way the past DOT program has been run has been by delegation to the State transportation agencies which in most cases are highway oriented, in some cases mass transit oriented as well. But vanpooling is just a drop in their bucket.

From the point of view of the Energy Agency in seeking budget support and working through the initial problems which Chairman Burton has mentioned in getting the program ready to roll, there is no question that you have the commitment and the enthusiasm and the mandate from the national energy plan to get this job done. We see it as a part of the program of Federal, State, local, private sector vanpooling and carpooling which all told should save the country 400,000 barrels of oil a day. We find it very embarrassing in our relations with the private sector to have Uncle Sam sitting on his hands and not carrying his share of the load that the private sector is doing.

I think from the congressional point of view the choice has to be made. It boils down to how seriously you take the energy situation. If you think this country has got to do something to bring our energy house in order as quickly as it can be done, then I would think that the mandate and the determination of cost-effectiveness should be in terms of energy savings and dollars rather than transportation improvements and dollars. Fortunately, in many cases the energy saving and the transportation improvement fit together. But if there is a choice to be made as to how to allocate these 6,000 vans—please keep in mind that plans like the 3M one had waiting lists of people who want to get into it—so I anticipate we're going to have waiting lists of Government agencies who are going to want to get into it. The allocation in our judgment should be based on where we get the best energy savings rather than where we solve the transportation problem. That is the priority on the national agenda as the Carter administration sees it this year.

Mr. BURTON. Where it lands will end up with what the conference committee on the Department of Energy bill decides to do. None of us are going to be on that.

Do you two gentlemen feel that there is a possibility that the language of 701 might in some way be improved or refined? I would like to suggest that the staff of the subcommittee along with you or your designates and the GSA people get together and see if there might be some refinements of the language.

Mr. BARDIN. Mr. Chairman, language is yet to be drafted, in my experience, that can't yet be improved. We would be delighted to work with your staff on that score.

Mr. HEMPHILL. And the lawyers who have worked on this legislation are available to meet with your staff and with GSA representatives to perfect the language and to resolve any issues which the staff wishe to raise.

Mr. BURTON. And the Department of Transportation.

Mr. BARDIN. Certainly.

Mr. WALKER. Can you tell me how many people you envision the Department of Energy putting to work with just this one aspect of the energy program?

Mr. BARDIN. In the early stages of regulation drafting, which gets the program started, it might be as much as five or six people. Then after the program is rolling, that goes down.

Mr. WALKER. How many people would have to be involved in each of the various agencies where the vanpool would work on a day-to-day basis in administering it?

Mr. BARDIN. I would think that initially you might have one or two people on the average full time. Supposedly they are there already because of the Presidential directive to the agencies in the last administration to work out an effective carpooling program. This didn't involve any Government vanpooling. If they are there, they are the same people doing the same work of putting it all together. If they are not there you would be talking about 1, 1½, or 2 people per agency.

Mr. WALKER. Is that per agency or per site at the various locations around the country? In other words, the Department of Transportation in Washington might have one and the Department's regional office might be another one. Would that be one per site?

Mr. BARDIN. It should be per site. For example there is a big Federal building down in Manhattan with a lot of different agencies. That whole building really needs this kind of thing done, not the individual agencies in the building. The Pentagon needs an operation. The FEA shares quarters with Internal Revenue Service, ICC, and whatnot. It should be one coordinated effort for that whole complex rather than separate efforts for the agencies. Site really is a more significant criterion than agency.

Mr. WALKER. What level of employees are we talking about here? Are we talking about GS–12's or GS–7's or what level of employees are we talking about to coordinate a program like this?

Mr. BARDIN. I don't know, Mr. Walker. If you would like me to find out I would be happy to supply you with the information. I'd also suggest to you that when you have witnesses from the private sector that you ask the pecple from 3M what level employee they used. As far as I am concerned there is no reason we should do it any differently than the private sector. We shouldn't reinvent the wheel. We should copy and use the wheel.

Mr. WALKER. My reason for pursuing the line of question is that whereas it would be a small part of the Department of Transportation overall transportation program it also constitutes a fairly small portion of the overall energy program as well. I think that the number of personnel or the total of those personnel and so on becomes significant in terms of, is the cost to the taxpayer going to be returned in the savings and energy? That is the reason for pursuing that line of questioning. I think the level of the employee then somewhat does fit into the final pattern.

Mr. BARDIN. On the last point, the bill is quite explicit that these administrative costs have to be borne by the user charges. They are not going to be borne by the taxpayer. Whatever they are—whether printing forms or having somebody as a coordinator—the administrative costs are going to be ground into the formula for the user fee.

Mr. BURTON. They are to pick up the cost. Somebody is already on the job due to the Presidential directive.

Mr. BARDIN. If you have somebody earning $15,000 a year and dealing with 100,000 employees, some little fraction of that $15,000 has to be attributed to the vanpooling function whereas the great majority of it is attributable to the existing carpooling program. In the 3M study, the company found that most of the people who have moved to vanpooling had previously been going to work either by themselves or in a car with one other person. We will try to reach the same people but vanpooling is not going to reach everybody in the Federal Establishment by a long shot. In 3M's case they are reaching 10 percent of the work force. So the allocation has to be made.

It can seem like a big problem but frankly, Mr. Chairman, this is a pretty easy thing for a budget analyst to solve Government-wide by a simple formula.

Mr. WALKER. Have the figures you've given me with regard to personnel included the number of personnel that might be needed for maintenance of the vehicles or for the day-to-day functioning of the vehicles or for the purchase of the vehicles? I realize that is going to be GSA's responsibility, but the figures that you have given me so far, do those personnel costs figure in on this?

Mr. BARDIN. Absolutely not.

Mr. WALKER. Won't that be a significant factor in the program?

Mr. BARDIN. The maintenance people will either be people working for GSA now or they may be in the private sector. It may go outside of Government for maintenance.

Mr. WALKER. That would be an additional burden on GSA with 6,000 vehicles.

Mr. BARDIN. I very much doubt that, Mr. Walker, but I wish you would ask them that question.

Mr. WALKER. I realize it's more appropriate for them.

Mr. BARDIN. I don't think it's much of an addition. As far as the drivers are concerned they would not be hired. They will be people who are just getting to their jobs as in the 3M program and they will be enthused and rewarded by the free use of the vanpool services. They will not be hiring a group of 6,000 drivers.

Mr. WALKER. Thank you.

Mr. BURTON. Mr. Hightower?

Mr. HIGHTOWER. No questions.

Mr. BURTON. What I would like to do now, following up on some of the questions on cost, is to bring GAO up now, finish with GAO, break for lunch and at 2 o'clock reconvene with General Services. I think GAO has some pertinent information to add concerning some of these questions.

Mr. BARDIN. Mr. Chairman, thank you for your indulgence and for this opportunity.

[Mr. Bardin's prepared statement follows:]

PREPARED STATEMENT OF DAVID J. BARDIN, DEPUTY ADMINISTRATOR FOR POLICY, FEDERAL ENERGY ADMINISTRATION

MR. CHARIMAN, MEMBERS OF THE SUBCOMMITTEE:

I appreciate the opportunity to appear before you today. The Federal Energy Administration urges an active Federal vanpooling program to supplement other forms of ridesharing.

President Carter's National Energy Plan seeks to promote the new energy conservation ethic. Our country has grown accustomed to cheap, unlimited energy supplies. Unfortunately, we no longer have the luxury of readily available, cheap and unlimited supplies -- our energy needs are growing; our oil imports are growing in response to this demand; and they are costing this Nation more every year.

Vanpooling is an excellent example of how to achieve significant energy savings by substituting a simple, sensible measure to provide commuters with reliable, convenient home-to-work transportation.

Private industry and State governments have led the effort to advance the vanpooling concept. The 3M Company of Minneapolis introduced vanpooling in 1973. In my home state of New Jersey 17 firms currently sponsor vanpool programs; more than any other State; the Prudential Insurance Company alone has

70 vans on the road every day. Commuter Computer, a ridesharing corporation sponsored jointly by the California Department of Transportation and the private sector, initiated a ten van program in March, 1976 in Los Angeles. Today they have over 70 vanpools on the road and have 125 more vans on order to be phased in by the end of the year. The number of vanpool sites has doubled in each of the last four years, and now includes over 100 sites nationwide. Companies like Corning Glass Works, General Mills, Hoffman-LaRoache, Chrysler, Montgomery Ward, Southern New England Telephone Company, and Hewlett-Packard sponsor successful vanpooling programs.

Eight State legislatures have passed laws removing regulatory impediments to vanpools.

The State and corporate programs now have over 1500 vans serving over 15,000 commuters. This represents an impressive beginning.

While the Federal Government has strongly supported and encouraged efforts to develop and promote vanpooling, it has not, unfortunately, been able to sponsor vanpool programs for its own employees because the Federal Government is forbidden by law to use Federally-owned vehicles to transport employees to and from work. H.R. 6831 would eliminate this obstacle. It would allow the U.S. Government to confirm its commitment to the energy conservation potential of vanpooling

by forming its own comprehensive and innovative vanpool program. Transportation is the single largest end user of petroleum in this country. In President Carter's National Energy Plan, there are numerous energy conservation initiatives affecting the transportation sector including: (1) a tax and rebate program for new automobiles; (2) a stand-by gasoline tax, which if imposed would be rebated back to consumers; (3) removal of the 10 percent excise tax on buses; (4) elimination of the existing Federal excise tax preferences for general aviation and motorboat fuel; (5) encouraging State enforcement of the national 55 mile-per-hour speed limit possibly through the withholding of Federal Highway funds; and (6) Federal purchases of new automobiles which exceed average fuel efficiency standards and a vanpooling program for Federal employees.

These National Energy Plan initiatives seek to increase vehicle occupancy through carpools, vanpools and mass transit.

The energy conservation potential of vanpooling is significant. Each 12 passenger vanpool is estimated to save over 5,000 gallons of gasoline per year. If we could stimulate vanpooling and carpooling to achieve an overall average auto occupany of only two persons per car, the Nation would realize energy savings of 400,000 barrels of oil per day or 17 million gallons of gasoline per day. No serious energy policy

should ignore the opportunity for these large savings, especially since implementation can be so easily and painlessly achieved.

Indeed, vanpooling is one of the most attractive of all energy conservation measures--it is a low-cost, easily administered concept. It saves money for participants and has positive energy and environmental impacts. Vanpooling is a flexible commuter mode which complements mass transit by serving long-distance, suburban commuter who resides outside the characteristic ten mile service radius of our national urban transit system.

The company commuter van or vanpool which the private sector has so successfully adopted, is a hybrid transportation mode falling between a between a buspool and carpool. Vanpooling programs to date have characteristically begun with a company obtaining one or more 12-15 seat vans and assigning them to groups of employees for their daily commute. One member of the group drives and manages the operational aspects including keeping the van clean, fueled and maintained. This reliance on the vanpool driver/coordinator has reduced administrative and other costs which would otherwise have fallen upon the company to underwrite.

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In exchange for his services, the driver/coordinator gets a free ride to-and-from work and the added option of using the van on weekends for a small fee. The other participants share in the payment of low equal monthly fares which amortize all acquisition and operation expenses.

The financial arrangements of vanpooling, while varied, have some basic characteristics. Private and State initiated vanpooling programs now in operation have arranged initial van acquisition generally through direct purchase or leasing arrangements. Fares have been determined by dividing the total leasing or purchasing costs and all insurance, maintenance and gasoline costs by the number of paying participants. These fares are collected periodically either by payroll deduction or by the vanpool driver.

Commuter fares have shown, in general, significant savings for vanpool participants. Long distance commuters have the most to gain. For example, the very successful 3M Company vanpool program in Minneapolis has shown us that a single-occupant commuter in that city with a 60 mile round trip spends an average of $137 per month on total auto commuting costs including gasoline, oil, maintenance, repairs, and tire replacement. This compares to a typical vanpool fare of $40 per month in the 3M program. As one 3M vanpooler stated, "My personal car gets driven much less. My wife

now has a car at home all the time. I feel I've purchased a second car plus chauffeur both for only $22 a month."

The Federal Government has supported vanpooling for several years. Promotion of this transportation mode figures prominently in our energy conservation activities. The Federal Energy Administration has been directly involved in vanpooling in three major areas. The FEA conducted a vanpool demonstration project designed to test various methods of promoting the concept in five urban areas--Chicago, New York, San Francisco, New Orleans, and Hartford. FEA completed this effort this past February. The project indicates that vanpooling is generally accepted as a new mode of commuter transportation, is appreciated by the riders, and saves the riders commutation costs in general.

Nevertheless, preliminary evaluation of the project indicates that wide acceptance of the vanpooling concept still necessitates Government involvement in the form of information, and funds and assistance to reduce institutional obstacles and to help States plan, market and promote vanpool programs. Our experience indicates that this Government help is needed both to encourage employers to participate and to allow municipalities to develop and promote localized programs. The evaluation also indicates that greater awareness of the advantages of vanpooling and other energy conservation measures is needed by the general public.

Secondly, the FEA is promoting vanpooling in a nationwide series of energy management conferences and workshops. The overall program, entitled "Managing the Energy Dilemma", includes commuter van workshops for firms interested in vanpooling programs for their employees. Forty-seven vanpooling workshops have been held across the country.

I have attached to my statement a copy of the brochure FEA is distributing at the workshops on vanpooling. It includes a status report as of August, 1976 on 62 firms which sponsor vanpool programs, and the number of vans each program had in operation at that time. Our latest survey reveals that there are now over 85 firms sponsoring vanpool programs with over 1,500 vanpools on the road everyday.

Lastly, the Energy Policy and Conservation Act authorizes FEA to establish guidelines for the development and implementation of comprehensive State energy conservation plans to achieve the goal of reducing State energy consumption by 1980 to a level of 5 percent below current demand projections. These guidelines were published in the Federal Register on November 3, 1976 and FEA is working with the States to develop workable plans. To be eligible for the Federal assistance included in this program, every State plan must include program measures to promote the availability and use of carpools,

vanpools and public transportation. To date, of the 24 States that have submitted plans, 21 have included vanpooling as a specific initiative to satisfy the transportation program measure.

The Administration fully supports the vanpooling concept and the realization of its significant energy conservation potential. FEA has witnessed and contributed to the growth in use of vanpools from only 16 programs in June, 1974 to the current level of 85 programs. In addition to the major program efforts which I have described, we have also sponsored research to examine insurance, regulatory and other issues which have developed as the vanpool constituency has grown.

The Federal Government has supported efforts to stimulate ridesharing among Federal employees. There has been a requirement since early 1974 that available parking spaces be assigned to Federal employees in a manner which will encourage ridesharing. In general, not more than 10 percent of available spaces are used for executives or persons working unusual hours. Remaining spaces, except those assigned to severely handicapped personnel, are made available to multi-occupant vehicles. A strong promotion and implementation effort is still needed to provide the needed visibility and to generate the involvement necessary to fully realize vanpooling's energy conservation potential in the Federal sector.

Passage of H.R. 6831 would permit the government to use Federally owned vehicles to transport employees to and from work and would authorize the necessary funding to acquire the vans.

President Carter's National Energy Act seeks to resolve these difficulties. It would amend Section 381 of the Energy Policy and Conservation Act by authorizing the Administrator of the FEA to provide for the establishment of vanpool programs for Federal employees and providing that the Administrator of the General Services Administration (GSA) may acquire vans by purchase, lease or other arrangement, and establish and operate training programs for oeprators of such vans. The legislation would authorize acquisition of to 6,000 vans for use in Federal vanpooling arrangements. All participants would pay a rider charge to include the cost of Government self-insurance against liability. This charge will fully reimburse the Federal Government for all program-related expenditures.

The Administration's proposal provides for shared responsibility between GSA and FEA to carry out this program. This arrangement combines the best of Federal know-how -- FEA's experience and expertise with vanpooling and GSA's purchase and management abilities.

This proposed Federal employee vanpool program would be the most ambitious vanpool effort pursued to date. It would be implemented by the Nation's largest and most diversified employer. The proposed Federal vanpool program would provide the flexibility necessary to tailor vanpool program elements to various Federal employment sites and installations across the country.

The private sector has had the foresight and interest to take the first steps to implement vanpooling throughout the Nation. With passage and funding of this legislation, the Federal Government will follow suit, with ultimate savings of over 535,000 barrels of oil per year by 1981.

The Federal ride-sharing program, in concert with existing FEA supports programs at the State level and in the private sector, represents a comprehensive and coordinated approach to a program which has tremendous potential as an energy efficient, environmentally sound, and economical method of commuting. I would be happy to answer any questions you may have at this time.

Mr. BURTON. Mr. Canfield?

STATEMENT OF MONTE CANFIELD, JR., DIRECTOR, ENERGY AND MINERALS DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY WILLIAM OELKERS, ASSISTANT DIRECTOR; DONALD FORCIER, ASSISTANT DIRECTOR; AND PAUL GRACE, SUPERVISORY AUDITOR

Mr. CANFIELD. Thank you, Mr. Chairman. I have with me to my immediate left Donald Forcier who is an Assistant Director working on our evaluation of the President's proposal for a national energy plan; Mr. William Oelkers, also Assistant Director in charge of that evaluation on my immediate right; and Mr. Paul Grace, who is a Supervisory Auditor at our FEA audit side.

We welcome the opportunity to be here today to discuss certain aspects of the proposed National Energy Act, and in particular that section of the act dealing with Federal vanpooling.

On May 10, Chairman Brooks requested our comments on the administration's proposed national energy goals, as well as the vanpooling proposal. Our response to that request is being delivered to the chairman today in the form of a letter report which is available to the public.

Mr. BURTON. I wonder if it might be possible in the interest of time that we accept the statement for the record. Then to the extent that you can divorce the vanpooling from the other comments on the President's program then if you might be able to address yourself to some of the points that were raised here. Would that be all right with you?

Mr. CANFIELD. I can do it either way. If you want me to limit my comments to vanpooling I can. I think it is somewhat relevant that we consider vanpooling in the contest of the total overall energy strategy. If you would like to limit it to vanpooling, I can move immediately to that part of my statement.

Mr. BURTON. I think that would be helpful. If there are areas that you feel that you have to bring in you may. Our concern right now is this aspect, and we are quite interested, as you can see from many of the questions raised, in what your comments may be on this program.

Without objection, your statement will be inserted in the record.

Mr. CANFIELD. I will just note by way of summary that it is very clear to us that the administration has not designed the plan which will meet the goals which the administration has set up. We report on that in the June 8 letter to Chairman Brooks. With that overall statement, we go into some detail on the various ways in which the plan cannot meet the goals stated by the President. I will leave it at that and move directly then into the vanpooling issue.

The basic purpose of the vanpooling effort as we see it is to involve the Federal sector in a transportation, energy conservation measure to reduce the number of vehicle miles traveled by Federal employees and to set an example for the private sector. Under the proposal, the Federal Government would obtain up to 6,000 vans for use by Federal employees to get to and from work. Rider fares would be established to enable the Federal Government to recover the costs of the program over an 8-year period.

We have not had time to assess quantitatively the costs and benefits of the vanpooling program, but we do agree with the program in concept. Some obvious benefits of the program should be: Reduced energy consumption; reduced air and noise pollution; reduced traffic congestion around Government offices and installations; and reduced demand for parking facilities.

The proposal does not include any new initiatives in the non-Federal sector. In our opinion, the program could be made more effective if it were extended beyond Federal vehicles to provide incentives which would promote vanpooling in the private sector. There are several ways this could be accomplished such as providing grants or other incentives to participating organizations. While an existing Federal Highway Administration vanpool demonstration program provides for Federal aid highway funds to be allocated for vanpool projects, these projects must compete with other types of highway improvements for available funds. A better approach could be within the framework of the State energy conservation program authorized in the Energy Policy and Conservation Act. Under that program, States must develop, among other things, a program to promote carpooling, vanpooling, and mass transit to be eligible for Federal financial assistance.

Concerning the insurance aspects of the program, the proposal provides that the Government self-insure against liability which may be imposed due to vanpooling use. It further provides that operators must obtain insurance for any private use of the vans. The subcommittee may wish to consider whether to extend Government insurance coverage to cover full use of the van including authorized private use as an added incentive to encourage persons to become van operators. Information available to us indicates that in the private sector, the person licensed to use the van is in many cases permitted varying degrees of private use and that such use is generally covered by the employer's insurance.

The bill indicates that time spent traveling in vanpooling shall not be considered Federal employment for the purpose of any law administered by the Civil Service Commission or by the Department of Labor pursuant to a specific section of the United States Code which relates to injury compensation benefits. We believe that this language should be clarified to make it clear that time spent in vanpooling should not be considered Federal employment for any purposes.

Certain other provisions in the bill raise questions about vanpool operations and should be further clarified.

One deals with the provision in section 701, which stipulates that each person operating a van under an authorized Federal vanpooling program "shall maintain the van in good and safe working order." The responsibilities of the van operator are not made clear by this statement. The subcommittee may wish to clarify this section to indicate whether the operator is financially responsible for the maintenance of the van including tuneups, overhauls, replacement parts, et cetera, or if the operator is merely required to make the van available for maintenance at Government expense. If the former is intended, then a question arises concerning the condition in which the operator is required to keep the van, which would be Government property,

and what the consequences would be if the van is not properly maintained. If the intention is the latter interpretation, then many operational and logistical questions arise. We suggest that this issue be resolved before final approval of the proposal.

The bill provides that within 8 years the costs and expenses of the program, including administrative expenses, incurred by the Government in connection with the program are to be repaid through rider charges. While the direct operating costs of the program will be relatively easy to identify, considerable problems could develop in attempting to define and recover the administrative costs because of the lack of a good basis for determining what these are and the possibility that numerous Federal departments and agencies would be participating in the program.

We believe that the subcommittee should consider whether the Federal Government should absorb the administrative costs of the program. This would help reduce fares thereby encouraging greater employee participation. It would also demonstrate the Government's interest in and commitment to the program. I should add that information we have obtained about vanpooling in the private sector shows that many firms sponsoring such programs absorb the administrative expenses.

Finally, Mr. Chairman, while vanpooling is a desirable program, it is the only section of the administration's energy program which addresses urban mass transit. We feel the broader issue of mass transit and its overall role in energy conservation must be addressed in developing an effective national energy policy.

I would say, Mr. Chairman, that our report on the President's overall program will deal with that.

Mr. BURTON. On that, and I think for the record and for the interest of the committee, you might go through and highlight that which we have made a part of the record.

Mr. CANFIELD. I would be happy to do that. Mr. Forcier has a list of the kind of things we might be able to talk about. Why don't I let him speak on that.

Mr. FORCIER. The major point we want to make with regard to the energy goals are that the administration did not design the program to meet the goals which they have proposed. For example, they have proposed a goal of reducing energy growth to 2 percent over the next 8 years, but the program falls quite short of that, as is the case for many of the other goals. So our recommendation is that the Congress focus on these goals and adopt a set of goals which it considers to be reasonable and approve a program which is designed to meet the goals. Also, there is no discussion of mass transit in their program other than the vanpooling item.

Mr. CANFIELD. Let me come specifically now back to the question of mass transit because I think that is what you are focusing on—the additional things that might be done in addition to vanpooling in the transportation sector.

Mr. BURTON. You're reading me correctly in that. Basically the President's goal that was set for us, if the bill itself were implemented that plan would not reach these goals?

Mr. CANFIELD. That's absolutely correct. That was the part of the testimony I skipped. Basically, we are saying that the administration

did not design its program to meet its own goals. It knew it from the beginning. We have a list of the goals in our report and the specific actions which the administration's program would take. It relies instead upon unspecified voluntary actions and unspecified future mandatory actions which it may come back to the Congress and request but which are not specified. Also, there are no milestones established to determine how close the administration will come to meeting its goals. So we find it incongruous for the administration itself to come forth with an energy plan which has no intention whatsoever of meeting the goals of the plan. We are in the process of a major task force effort in GAO which analyzes in great detail some of these goals. We will have the results of that effort to the subcommittee, hopefully by the end of the month.

In the letter report EMD–77–45 to Chairman Brooks, we specify several specific areas which we will go into in greater detail when we make that report at the end of the month. Specifically we talk about the fact that there is almost nothing on the supply increasing side of the plan. We talk about the fact that the most significant items in terms of energy impact are the oil and gas pricing actions and the oil and gas users tax; and that the plan is designed to achieve oil import savings by converting from other fuels to coal more than by conserving energy. Our tentative analysis indicates that the effect of the oil and gas pricing section, for example, would be to transfer large amounts of oil use to natural gas.

We generally see that the program seems to be designed not so much to conserve energy but to reduce oil imports by shifting the mix of fuels that are used in the economy. Then we get into whether the programs within the plan achieve the expected results. Our preliminary indications are that they clearly do not. In a couple instances we found that the administration was projecting its savings for a base year of 1977 on an assumption that there would be certain growth rate between 1976 and 1977.

We went back and projected it on the basis of the latest actual experience, which is 1976, and found that the reductions anticipated were significantly less.

Mr. BURTON. On the vanpooling part where you recommend that the person driving the vanpool is for no purpose considered a Federal employee. Then how could the Federal Government insure the vehicle for a driver who wasn't a Federal employee by definition during the time he or she was involved in some kind of accident; or can they?

Mr. FORCIER. What we have in mind there, Mr. Chairman, was the clarification of the question of pay.

Mr. BURTON. So that a clerk-typist wouldn't be paid truckdrivers wages or something?

Mr. FORCIER. So that the employee would not be paid for his time while driving the vehicle.

Mr. BURTON. If they are not considered a Federal employee for any purpose, wouldn't there be some question on the insurance and liability, et cetera?

Mr. CANFIELD. There is a small misinterpretation here. Our statement is that the time spent in the van not be considered Federal employment time. They would be Federal employees.

Mr. BURTON. I think that that would have to be specific, because I think if it is not time on the job, I could see some insurance or liability problems with the legality of the Government to provide the insurance. Also, if Department of Justice or Solicitor General comes and says that by law the Federal Government cannot be liable because he was not working at that time. So I think we would want to be careful how we define that. I can understand that they aren't picking up overtime or whatever during the time that they are driving to and from work. But I think that we want to make sure of the aspects of the liability as far as any tort law is concerned.

Mr. CANFIELD. We agree very much.

Mr. BURTON. Let's leave out the capital expenditure for the vans for a minute. Can we discuss the so-called administrative costs? What do you think might be said about a cost-benefit ratio?

Mr. CANFIELD. We don't have any information that isn't available in the private sector from the test programs. We didn't have time to actually go into that in any detail. We don't have cost benefit information.

Mr. BURTON. What would you think? Do you think it is as simple as the FEA said it would be?

Mr. CANFIELD. I don't know that they said it was all that simple but I think the cost benefit situation will turn out to be highly beneficial once you make that analysis. I am not so sure that you would have to go into a great deal of analysis to show that. We might be able to do some of that kind of analysis for you. It seems the proper place to get it done is by FEA rather quickly and have us take a look at it and see if we think the methodology they employed was sound. We'd be delighted to look at that for you.

Mr. BURTON. Do you feel that a vanpooling type of program basically has a great deal of merit?

Mr. CANFIELD. Yes, we feel it has a lot of merit and we're urging the committee to consider extending it to the private sector by providing additional incentives in the private sector and not just to Federal employees. We also think of it as part of a broader mass transit attack which is not in the President's plan. I'm talking about quick fixes—buying more buses, special bus lanes, higher commuter taxes and so forth.

Mr. BURTON. Are you talking about operating subsidies? Right now a lot of transit districts can get all the buses they want, but they can't afford to run them.

Mr. CANFIELD. Yes, these are things that are not popular but can in point of fact do a tremendous amount in a very short period of time. We see this situation in the special bus lanes in Virginia. It was a difficult thing to make happen, but having those buses and making it happen right here in the District of Columbia and other places, and adding vanpools to that can combine the attack on urban mass transit, which is pretty much nonexistent in the administration's program.

Mr. BURTON. That, I guess, would be the Public Works and Transportation Committee's jurisdiction as far as the things you have laid out. The reason we have jurisdiction over the vanpooling, I assume, is GSA's involvement in it.

Mr. Walker?

Mr. WALKER. Thank you, Mr. Chairman.

I cannot resist for just a moment going back to your general statement with regard to the energy program and asking whether or not you have talked to anybody in the administration about the discrepancy you talk about between the goals and the actual features of the program. Do they have an explanation for that apparent discrepancy?

Mr. CANFIELD. Yes, they do, Mr. Walker. We have talked to them at length. They have seen two or three drafts of our letter report to Chairman Brooks and we have talked to them on each item in it to make sure that it is true. The attachment which documents the fact that the plan itself will not meet the goals was prepared by the President's energy office. So it is their own preparation.

They do not find it as strange as we do. They say in essence that you can just do so much so fast and that some things are politically feasible and some things are not. You go forward with what you can get as quickly as you can and then you constantly reassess. I think it is a legitimate point of view.

From my point of view, though, and from the point of view of the General Accounting Office we think that it is very difficult to meet goals to start with. Then to set a plan which you know isn't going to meet the goals and have to come back later and encourage what I think will turn out to be more unpopular actions at a later date, this will be exceedingly difficult. For example, the proposed actions in the commercial and the residential sectors are essentially, except for some tax incentives, a series of voluntary programs even down to the point of buying meters if you want, as an individual, to put time metering on your home. You have to buy your own meter. What is the answer to that if you find that the voluntary program isn't working? We're just completing a study which shows that voluntary programs don't work very well at all. That report will be coming to the Congress within 8 to 10 weeks.

If you then have to take that voluntary program and come back here 2 years from now and say, "Oh, by the way, folks, voluntarism didn't work. We've really got to bite the bullet here." It is going to be extremely difficult to do that.

Mr. WALKER. Essentially it is saying bite the bullet now; is that part of it?

Mr. CANFIELD. We're nibbling at it in the administration program.

Mr. WALKER. I guess what I'm saying is that the goals seem to indicate that we are reaching the point now where we have to make the effort now. The effort is not 2 or 5 years away but the effort must be made now. If I interpret what you are saying correctly, the fact is that the program does not follow unto that kind of commitment.

Mr. CANFIELD. That is exactly right. There is no way by our preliminary analysis, and I think we can support it in detail within the next 2 to 3 weeks, that that program can meet the goals that are stated. It is physically impossible. There is nothing on the supply side for example which meet the goals, and on the conservation side the total net conservation effect as I recall is 1.9 million barrels of oil equivalent a day which is something less than 4 percent of the total demand. So there is little reduction on the conservation side by their

own admission. The real answer is that somebody, somewhere—Mr. Chairman and you people are going to be faced 3 years from now or a year from now or whenever with the administration coming back up here and saying, "We just didn't come to you with a plan that would get the job done."

Mr. WALKER. If that is the case then the goals become little more than press release fodder or media hype and so on. I mean that's essentially what we get if this is the case. And if we are spinning our wheels on Capitol Hill for an energy program that doesn't even in fact meet the basic goals outlined it seems to me that the whole program or at least the fundamentals of it become so much press release material.

Mr. CANFIELD. I'd like to leave that interpretation on that side of the table because I don't think that's my role. But I would say very clearly that it disturbs us because there may be a combination of things which will have a domino effect. No. 1, you get goals that look pretty good. No. 2, you get a plan which doesn't quite meet them without unspecified voluntarism and perhaps additional mandatory things. There is no specification as to when you come back to say what those mandatory things are or when you are even going to come up and ask for them. Then you take it to Congress where sometimes there is opposition against every one of the 113 items.

So you take a series of fairly unpopular things on the Hill and the net effect of it is that even though the plan does not meet the goals, the chances are the plan will be whittled away here. So you get a further reduction. You get a domino effect. That is what worries us. We think the administration's plan does not meet the goals, but wait until you see what comes out of Congress.

Mr. WALKER. I think politically we have already written off a lot of the President's program on Capitol Hill as it is. I think that the facts are bearing up exactly your point.

Mr. CANFIELD. That is precisely why we're doing the analysis. It was originally requested by Chairman Dingell. We have had requests from about 2 dozen other chairmen and subcommittee chairmen to have this report. It will not be a private report. The report will be available to the Congress and the public and it will analyze the President's program in the light of the past evaluations that we have done in my division over the last 3 years and try to get some comparative analysis to see if you can get there from here.

Mr. BURTON. What was the administration's response to your charges?

Mr. CANFIELD. They did not disagree. In fact, they disagree in terms of whether or not their strategy is an appropriate strategy. We didn't really take them on in the issue of that except that we say we find it somewhat incongruous to use that strategy because of the implications, the sociopolitical implications up here. But they did see this report and they have signed off on it from their point of view in terms of its being factually accurate and descriptive of the gap between the goal and the plan.

Mr. BURTON. And the gap is largely based on how much of the unspecified voluntary conservation there will be?

Mr. CANFIELD. Yes; it is largely. We point out in the testimony and in the report that there were two areas in which they made a methodo-

logical flaw. They projected a growth rate in two areas of 5 percent for this year, which we think is too high. So they set a high base rate and then were able to conserve from a higher than actual base. We find that methodologically unsound. We told them that. We think they should compute conservation savings from actual experienced growth rates.

It is very easy to say electric energy is going to go up 12 percent next year. If it only goes up 4 percent, we save 8 percent. That's hyperbole, but you do get the point.

Mr. WALKER. Mr. Chairman, I'd also like to pursue a couple of things.

In your statement, you say that if the intention is the latter interpretation, then there may be operational and logistical questions which arise. I take it from that that you are saying that if the Government maintains the vehicles. What kinds of questions are those? The understanding I got a few minutes ago was that in at least some locations GSA may be maintaining those vehicles. What kinds of problems would that create for us?

Mr. FORCIER. We were thinking of the possibility that was raised this morning as to whether or not 6,000 vehicles may be a large amount for GSA to undertake. We heard FEA say that they didn't think so, but we don't know what GSA's position would be. That could be a problem. Just the fact that you have the geographical distribution of where these vehicles may be. It might not be a large number with the total GSA fleet but in particular areas, maybe rural areas where you would want this program to be instituted, we might not have the maintenance facilities available.

On the other hand, still with Government-financed maintenance, I suppose arrangements could be worked out where the operator could take it to a local gas station and have the vouchers transmitted to the Government. I assume that could be worked out. However, there are some logistical problems there as to the administrative costs and so on. So that is the point we felt should be addressed as to whether that was intended or whether the operator would pay for the maintenance.

Mr. CANFIELD. We should be clear that we were not arguing that that is an insurmountable problem. I think the vanpooling concept is sound in and of itself. We were just pointing out things that the committee might want to clarify in order to improve a sound proposal as opposed to seeing it as something to shoot the thing down.

Mr. WALKER. I realize that you say you have worked on this on a rather limited timetable, and I don't know how far you have been able to get into it. But one thing that occurs to me—and you have come down strong on the side of mass transit, and you feel that the administration should have done that, too. One thing that occurs to me, and I just wonder whether or not there has been any study on cost-benefit basis of the fact that as you put these kinds of programs into effect, whether it be vanpooling or mass transit, you tend to move the suburbs out further in an area like Washington, D.C. Instead of people commuting into Washington, D.C., they are now commuting to Tysons Corners and picking up mass transit and bringing it in where instead with a vanpool they might commute to a suburban church somewhere. But it allows them to move out further to buy

more inexpensive homes, to buy a better home for the same, or whatever the reason. I wonder if any of that has been calculated into actual energy savings. Couldn't it well be that we will end up expending the same amount of energy simply by moving the suburbs further out and giving people an opportunity to move in with this kind of arrangement? Do you know of any kind of study that has been done on that kind of thing?

Mr. CANFIELD. No; I've never seen anything like that. It's an intriguing concept. The closest I've seen to it are people who go beyond just simple technical efficiencies like increasing the load factor of a vehicle by having it be a van instead of one-person, one-driver thing and start worrying about what they call the intrinsic effects of energy savings—the real ultimate solution in energy conservation in transportation is to quit transporting—get people close to where they work. If you are going to work here and be a Congressman on Capitol Hill, it wouldn't hurt you to live around here. So that is the ultimate look at it. People are just now starting to touch the surface of that so-called second law theory. There is nothing quantified that I have been able to see in this area on that kind of implication. It has all been on first law efficiencies, basic efficiencies; how do you increase load factors; how do you improve miles per gallon and that sort of thing.

There are very few demographers who are interested in the energy implications. Some work was done at the Washington Center for Urban Studies for my organization in my previous incarnation with the Ford Foundation, which gave us some feeling for the energy impacts on a demographic basis and involving different socioeconomic classes. That was the first work that had ever been done in the area.

Mr. WALKER. Why I bring it out is that it may not be as much of a problem with vanpooling as it would be with mass transit. But I do think even though I am not a sociologist that in the conversations I have had with people in suburbs around here that many of them are looking further out for homes because they know mass transit is going to serve them. But if we are proposing mass transit as an energy solution, it seems to me that is something that has to be studied as part of the whole.

Mr. CANFIELD. I think you're right. Mr. Forcier just made an observation that I think is correct that highways do precisely the same thing. For 5 years I commuted from 5 miles east of Frederick. It was a 60-mile trip to the Budget Bureau. The first 40 miles were a cinch. There wasn't any speed limit to speak, and we could go 70 or 80 miles an hour. It's not such a cinch any more. Highways do precisely the same thing. I guess what you are saying is that once the highways are filled, then you have to turn them into used car lots and people will start looking——

Mr. WALKER. I think if we looked at mass transit as a solution to the highway problem, it may in fact aggravate another set of problems that we haven't looked at.

Mr. CANFIELD. Why don't we agree to do a literature search for you and come up with whatever we can.

Mr. WALKER. I'd appreciate that.

Mr. CANFIELD. We have a special library for energy problems and we'll get them to do a literature search and see if there is anything on that.

Mr. WALKER. Thank you Mr. Chairman.

Mr. BURTON. One thing that intrigued me about what FEA said was the possibility that if there is a Federal agency located outside core cities, that people who need employment and live in the city might have transportation going out that way. In the bay area with our BART, the people who helped finance the program that makes it easier for the whites to escape the city, get into the suburbs and come back and work in the city.

Could you comment on the feasibility or the advisability of having a working capital fund under GSA for the acquisition and operation of the maintenance vanpool?

Mr. FORCIER. In the past GAO has generally recommended against the use of working capital funds or revolving funds. It tends to preclude congressional oversight over the program that it is used for. The annual appropriations process requires the agency to come up every year and explain their problem and explain what they would be doing with the additional money. Without that option, congressional oversight is diminished. So in the past we have generally recommended against it. However, if a working capital fund were instituted in this case we would certainly recommend that the committee require some sort of an annual report to keep you abreast of what is developing.

Mr. BURTON. Do you think that would simplify the administration of this or not? Would it make that much difference?

Mr. FORCIER. It might. It is hard to say.

Mr. BURTON. Would you have to trade that off against the oversight?

[Mr. Forcier nods affirmatively.]

Mr. CANFIELD. We're not sure. There are a lot of questions about conflicts in administration. The Government lawyer can design something to be very complex but we are not at all convinced that it has to be a complex administrative program. I think we would agree with Mr. Bardin's response that it doesn't look as though it has to be a great big administrative burden. The 3M people might want to explain how much of an administrative burden their program was. As we understand it was not that much of a burden.

Mr. BURTON. It shouldn't be. But sometimes you have workers dying in mines and factories, and OSHA is worrying about outhouses in Montana.

Do you have anything else?

Mr. WALKER. No.

Mr. BURTON. I thank you very much.

[Mr. Canfield's prepared statement follows:]

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PREPARED STATEMENT OF MONTE CANFIELD, JR., DIRECTOR, ENERGY AND MINERALS DIVISION, GENERAL ACCOUNTING OFFICE

Mr. Chairman and Members of the Subcommittee:

We welcome the opportunity to be here today to discuss certain aspects of the proposed National Energy Act, and in particular that section of the Act dealing with Federal vanpooling.

On May 10, Chairman Brooks requested our comments on the Administration's proposed National Energy Goals, as well as the vanpooling proposal. Our response to that request is being delivered to the Chairman today in the form of a letter report which is available to the public (EMD-77-45).

I will briefly note some of the key points in that letter, including our observations on the Administration's Energy Goals, since they help to place the vanpooling proposal into an overall context.

Administration's Energy Goals

As part of its National Energy Plan the Administration proposed that the Congress adopt the following specific

national energy goals to be achieved between now and 1985:

--reduce the growth rate of energy consumption to below 2 percent per year;

--reduce gasoline consumption 10 percent below the 1977 level;

--reduce oil imports below 6 million barrels per day;

--establish a 1 billion barrel Strategic Petroleum Reserve;

--increase coal production by about 400 million tons over 1976;

--insulate 90 percent of American homes and all new buildings; and

--use solar energy in more than 2-1/2 million homes.

We generally agree with these goals and believe that they can form the basis for developing a national energy policy. In general, GAO's prior energy work underlines the seriousness of the Nation's energy problem. We believe that the goals proposed in the National Energy Plan provide a useful way to address this problem.

One fact that has not been widely recognized, however, is that the Administration did not design its energy plan to achieve the stated goals without unspecified voluntary actions or further mandatory actions not specifically identified except by example. Based on the Administration's own

estimates, with a few exceptions, the Plan will fall short of the goals--even if it is fully implemented. For example, the Administration has proposed a goal of reducing energy growth to below 2 percent per year but the Energy Plan is designed to reduce the growth rate to only 2.2 percent. This difference amounts to an average rate of 650 thousand barrels each day--or a cumulative total of 1.9 billion barrels over the 8-year period. Other similar examples are:

--A goal of reducing oil imports to below 6 million barrels each day; and a plan which is designed to achieve an import reduction to only 7 million barrels each day.

--A goal of insulating 90 percent of all buildings; and a program which is designed to insulate only 60 percent.

--A goal of using solar energy in 2.5 million homes; and a program which is designed to reach only 1.3 million homes.

The Administration estimates that its program will achieve or exceed its other goals of reducing gasoline consumption by 10 percent from 1977 levels, increasing coal production by 400 million tons, and acquiring a strategic oil reserve of 1 billion barrels of oil.

We believe that it is somewhat incongruous to ask the Congress to establish a set of National Energy Goals, and

then propose a National Energy Plan that is not expected to achieve them. To meet the goals, the Administration admittedly is counting on voluntary conservation actions over and above those called for in the Plan. If such actions are not forthcoming, the Administration says that additional, mandatory conservation actions will be necessary. Since under the best circumstances, plans designed to meet goals often fall short, we believe that the plan approved by Congress should be designed to provide a reasonable opportunity of achieving the stated goals.

In addition, we believe that the gap between the goals and what the Plan can accomplish is greater than the above figures indicate for two of the goals. These are the goals of reducing total energy growth to below 2 percent per year, and reducing gasoline consumption by 10 percent from current levels.

The Administration has calculated the estimated effect of the Plan in those areas from a 1977 base, including a projected 1977 growth rate for each of the items of 5 percent over 1976. The actual growth rate that will be experienced in 1977 is, of course, unknown. Based on recent experience, however, a 5 percent growth rate appears high to us. If a base year of 1976 is used in the two areas, the Plan would result in reducing annual energy growth by 1985 to only 2.5 percent as compared to the goal of 2 percent and gasoline consumption by only 5 percent as compared to the goal of 10 percent.

We believe it would be better to establish a goal and a plan which are based on the latest actual experience for a full year, i.e., 1976. This eliminates the problem of starting from an estimated base.

The Administration is proposing a biannual report to the Congress on progress towards the goals. However, there are no proposed milestones on which to judge the rate of progress. We strongly urge that the Congress require that the Administration establish such milestones; not only as a basis for evaluation, but also as a trigger mechanism for making any necessary adjustments in the plan.

Again based on the Administration's estimates, it does not appear that the conservation provisions of the Plan will cause much reduction in energy demand. The Administration projects that if no action is taken, energy demand will grow by 31 percent between 1976 and 1985, while demand would still grow by 25 percent with the Plan fully implemented. This equates to a reduction of roughly 1.9 million barrels of oil each day, or only 4 percent of total demand after 9 years. The major impact of the Plan, as proposed, seems to be reducing oil imports by shifting to coal rather than by conserving energy.

We will comment more fully on the goals and objectives in a forthcoming report to the Congress. This report, which will be completed about the end of June, will compare the

Administration's proposals with the results of past and current GAO work in energy.

Vanpooling

The basic purpose of the Federal vanpooling proposal, as we see it, is to involve the Federal sector in a transportation energy conservation measure to reduce the number of vehicle miles traveled by Federal employees and to set an example for the private sector. Under the proposal, the Federal Government would obtain up to 6,000 vans for use by Federal employees to get to and from work. Rider fares would be established to enable the Federal Government to recover the cost of the program over an 8-year period.

We have not had time to assess quantitatively the costs and benefits of the vanpooling program, but we do agree with the program in concept. Some obvious benefits of the program should be

--reduced energy consumption;

--reduced air and noise pollution;

--reduced traffic congestion around Government offices and installations; and

--reduced demand for parking facilities.

The proposal does not include any new initiatives in the non-Federal sector. In our opinion, the program could be made more effective if it were extended beyond Federal vehicles to provide incentives which would promote vanpooling in the private sector. There are several ways this could be accomplished

such as providing grants or other incentives to participating organizations. While an existing Federal Highway Administration vanpool demonstration program provides for Federal-aid highway funds to be allocated for vanpool projects, these projects must compete with other types of highway improvements for available funds. A better approach could be within the framework of the State Energy Conservation Program authorized in the Energy Policy and Conservation Act. Under that program, States must develop, among other things, a program to promote carpooling, vanpooling, and mass transit to be eligible for Federal financial assistance.

Concerning the insurance aspects of the program, the proposal provides that the Government self-insure against liability which may be imposed due to vanpooling use. It further provides that operators must obtain insurance for any private use of the vans. The Subcommittee may wish to consider whether to extend Government insurance coverage to cover the full use of the van including authorized private use as an added incentive to encourage persons to become van operators. Information available to us indicates that in the private sector, the person licensed to use the van is in many cases permitted varying degrees of private use and that such use is generally covered by the employer's insurance.

The bill indicates that time spent traveling in vanpooling shall not be considered Federal employment for the purpose of any law administered by the Civil Service Commission or

by the Department of Labor pursuant to a specific section of the U.S. Code which relates to injury compensation benefits. We believe that this language should be clarified to make it clear that time spent in vanpools should not be considered Federal employment for <u>any</u> purposes.

Certain other provisions in the bill raise questions about vanpool operations and should be further clarified.

One deals with the provision in Section 701, which stipulates that each person operating a van under an authorized Federal vanpooling program "shall maintain the van in good and safe working order." The responsibilities of the van operator are not made clear by this statement. The Subcommittee may wish to clarify this section to indicate whether (1) the operator is financially responsible for the maintenance of the van (including tune-ups, overhauls, replacement parts, etc.), or (2) the operator is merely required to make the van available for maintenance at Government expense. If the former is intended, then a question arises concerning the condition in which the operator is required to keep the van, which would be Government property, and what the consequences would be if the van is not properly maintained. If the intention is the latter interpretation, then many operational and logistical questions arise. We suggest that this issue be resolved before final approval of the proposal.

The bill provides that within 8 years the costs and expenses of the program, including administrative expenses,

incurred by the Government in connection with the program are to be repaid through rider charges. While the direct operating costs of the program will be relatively easy to identify, considerable problems could develop in attempting to define and recover the administrative costs because of the lack of a good basis for determining what these are and the possibility that numerous Federal departments and agencies would be participating in the program.

We believe that the Subcommittee should consider whether the Federal Government should absorb the administrative costs of the program. This would help reduce fares thereby encouraging greater employee participation. It would also demonstrate the Government's interest in and commitment to the program. I should add that information we have obtained about vanpooling in the private sector shows that many firms sponsoring such programs absorb the administrative expenses.

Finally, Mr. Chairman, while vanpooling is a desirable program, it is the only section of the Administration's energy program which addresses urban mass transit. We feel the broader issue of mass transit and its overall role in energy conservation must be addressed in developing an effective National energy policy.

Thank you, Mr. Chairman.

Mr. BURTON. The committee will recess until 2 o'clock at which time GSA will be present.

[Whereupon, the subcommittee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

Mr. BURTON. The subcommittee will reconvene to hear testimony on the vanpooling section of H.R. 6831.

We have Mr. Ciro P. Farina, representing GSA.

Would you introduce your two colleagues?

STATEMENT OF CIRO P. FARINA, ASSISTANT COMMISSIONER FOR TRANSPORTATION AND PUBLIC UTILITIES, FEDERAL SUPPLY SERVICE, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY JACK FINBERG, DEPUTY DIRECTOR, ENERGY PROGRAMS OFFICE; AND ALBERT VICCHIOLLA, OFFICE OF GENERAL COUNSEL

Mr. FARINA. I certainly would.

On my left, I have Mr. Jack Finberg, who is from our Public Buildings Service. He is the Deputy Director of the GSA Energy Programs Office.

On my right, I have Mr. Albert Vicchiolla, who is a member of our Office of General Counsel.

Mr. Chairman, I am the Assistant Commissioner for Transportation and Public Utilities of the Federal Supply Service in the General Services Administration. I am here representing the Administrator of General Services.

I appreciate the opportunity to appear before this subcommittee today to discuss the Federal vanpooling program as contained in subpart (1), part G of H.R. 6831, the National Energy Act.

For many years, GSA has been directly involved in the many complex problems involved in vehicle procurement and fleet management. We have also been indirectly involved in dealing with the problems associated with employees' transportation to their place of work.

GSA is responsible for the operation of an interagency motor pool fleet of 78,000 vehicles in support of Federal agency programs. We also provide vehicle fleet management services for the remainder of the Federal fleet.

Our Federal Supply Service also handles the procurement of all vehicles for the Federal agencies, and we are currently administering section 510 of the Energy Policy and Conservation Act concerning acquisition of fuel-efficient vehicles as well as other energy conservation programs as they relate to Federal vehicles.

With an inventory of approximately 10,000 Government-owned and leased buildings located throughout the country, GSA has also had to deal with almost every type of transportation situation in considering the commuting problems of Federal employees.

Where there has been good public mass transportation, we have responded by limiting employee parking. In New York, for example, the ratio is one parking place for every 80 employees. However, we

have had to provide a much higher number of employee parking spaces in smaller cities, suburban fringe areas, and remote locations where conditions of density and/or distance prevent mass transit from profitable operating.

In those areas where automobiles are the primary means of travel to work, we have had a major interest in reducing the number of single-occupant vehicles used for this purpose. Our representatives have worked and are working closely with State and local transportation planners, private and public transportation operators, and others in trying to identify and form new mass transit routes or provide additional transit service to our locations. Density and proximity have been the key to success in these endeavors.

We have had reasonably good results with one alternate transportation method—that is employee carpooling. By reducing the number of parking spaces in new facilities, and by providing priority parking to multiple-occupant vehicles, we have been able to encourage formation of employee carpools.

The availability of a convenient parking place and the steadily rising cost of fuel and of operating an automobile are increasingly becoming a strong incentive for individuals to ride-share. GSA has been able to help by providing parking space assignments to carpools.

The proposed legislation will enable us to go beyond this. Vanpooling will be a logical major step beyond our ongoing carpooling program.

We see this legislation as giving the Federal Government the opportunity to provide an expanded ride-sharing incentive program to its employees. Several private sector firms have already recognized the merits of vanpools and are sponsoring this transportation method for their employees.

I am sure the advantages and problems of vanpooling as an energy saver, a pollution reducer, and as a transportation supplement will be presented to you by the different agencies and experts in the individuals' fields. Let me concentrate my testimony—the balance of it—on the administrative aspect of the program as it is defined in the draft legislation.

The draft legislation proposes that the Administrator of the Federal Energy Administration, by rule, provide for the establishment of a Federal vanpool program, and for the Administrator of General Services to maintain and operate the program established by the Administrator of FEA.

We feel that the vanpool program responsibility as proposed for GSA would logically integrate into existing GSA program areas. As I have stated earlier, we already have in place in our Federal Supply Service the vehicle purchasing responsibility, fleet operation and maintenance, and vehicle disposal program. Our Public Buildings Service already has program personnel experienced in providing employee parking and information of employee carpools.

We recognize that the use of Government-owned or leased vehicles for Federal employee commuting will be precedent setting, and that the program will be complex and difficult to administer. However, we believe the language of the draft permits the flexibility of starting on a small scale and building up as we gain experience.

We believe a pilot test in selected locations may be a necessary first step in order to identify and solve problems before expanding the program to its ultimate size of 6,000 vans.

There could be some problems arising from the use of Government-owned vehicles for employee vanpools, such as control of and accounting for off-hours private use; accumulating funds in lieu of insurance; loss of riders from an active vanpool, making it potentially unprofitable; provisions for maintenance; and maintaining accurate accounting for the many separate vanpools. However, we believe these problems can be handled administratively.

In summary, GSA supports the concept of vanpools and welcomes any role in the program the Congress may designate. We have witnessed the growing acceptance of vanpooling in the private sector and recognize it as a potentially attractive, workable transportation alternative to the single-passenger commuter automobile.

Government, as an employer, should give vanpooling an opportunity to prove itself and should also promote its wider use in the private sector. Vanpooling offers an additional complement to existing transportation modes and should be given the national attention a successful Federal vanpool program could provide.

This concludes my prepared testimony. I will be glad to answer any questions and provide any information you might like for the record.

Mr. BURTON. Were you present this morning?

Mr. FARINA. Yes, sir.

Mr. BURTON. Did you hear the questions dealing with the maintenance of the vehicles?

Mr. FARINA. Yes.

Mr. BURTON. Could you respond to that situation?

Mr. FARINA. Certainly. If I recall correctly, a question posed this morning was: Would the matter of maintenance not create a problem for GSA or for the Federal Government if it were to be done through the motor pool system?

As I mentioned, GSA currently has 78,000 vehicles in the system. Of that, 65 percent—which is a pretty high proportion—of the maintenance is handled by contractual services. In other words, we are not doing all of the maintenance done on Federal vehicles in Federal facilities with Federal employees.

Mr. BURTON. In this incremental increase of 1,200 or 1,500 a year, you would be able basically to handle that either through your in-house or your contracted vehicle maintenance?

Mr. FARINA. If it were done contractually, that would be no difficulty at all in terms of direct labor. Obviously, there would not be any.

In terms of administering the program—the maintenance aspect of the program and other administrative matters—I think it would be incorrect not to say that it would take some employees. Whether we did the maintenance in-house or by contract is only one element of the total administrative responsibility.

Mr. BURTON. You have said that you think the program would be complex and hard to administer. Do you mean setting up the program, administratively, or when it is in being and operating?

Mr. FARINA. Setting up the program, in my estimation, is troublesome, but it is not an obstacle which cannot be overcome by a degree of cooperation among the agencies in the executive that would have the responsibility.

I think that there are administrative obstacles which do add to the complexity. I listed four or five in my statement. Just the matter of processing paper or collecting fees and paying bills involves some complexities. Making assignments of riders, maintaining lists, and assuring that the entire program is run profitably, or at least not at a loss as anticipated, is a complexity.

I do not think that it is appropriate to minimize those complexities to the point where we say they do not exist. Notwithstanding, I also want to reassure you that GSA could do these things within the constraints of the proposed legislation.

Mr. BURTON. How about within the constraints of your existing budget?

Mr. FARINA. I see—and I go back to my earlier point—the major problem being one of personnel resources. To that extent, I do not know what the cost would be, but I think there would be some.

Mr. BURTON. Additional funding?

Mr. FARINA. Yes.

Mr. BURTON. Who would allocate the vans? Who would make the determination, for example, of 110 over here, 200 in New York, or what have you? Would that be GSA?

Mr. FARINA. I envision the responsibility being one of GSA initially determining what the universe is. That would have to be done through other Federal agencies to a very large degree, especially in those locations where we have no sizable GSA presence.

Therefore, I think we should be flexible in that regard.

Mr. BURTON. In other words, you would do the research project first and then based on your findings for potential use or whatever, make a basic allocation of where the vans should be operated?

Mr. FARINA. Where they should be located, right, in terms of responding to the density of Federal employees who could take advantage of them.

If I am giving you the impression that GSA would do this, I would say that, if we were given the responsibility for this segment of operation, we certainly would do it that way. There would be no other logical first step.

Mr. BURTON. In the part that says the Director of GSA can delegate to other agencies his authority or responsibility in this vanpooling matter, I guess it would not matter, then, how that was determined—whether or not GSA would delegate to the Pentagon the operation and administration of the vanpools that feed the Pentagon?

Mr. FARINA. I think that there is a combination of ways of approaching this. For example, currently, we have a fairly sizable amount of centralized management responsibility for vehicles in GSA, which is not to say that we are involved in every operational aspect which exists at a local agency level where we have no presence or where it would make no sense for us to allocate personnel for that purpose and that purpose alone. That would be a poor utilization of people.

Consequently, I would say that, in many instances, I am sure we would make use of the delegation route in order to take advantage of other agencies' much more immediate knowledge and ability to handle the situation.

Mr. BURTON. In other words, you really could not figure out how you are going to do that until you sat down with the agencies involved and the energy people, and worked out what is really the best way, administratively, to do it?

Mr. FARINA. I think so, and I think, again, the bill is flexible enough to allow us to do it a variety of ways.

Mr. BURTON. It would be my hope that it is flexible enough to do it a variety of ways, but somehow—at least for Congress sake—we should only have to look one place for accountability—or maybe two. However, I would hate to have to shoot all over the place to find out how it was working.

Do you envision one set of regulations for the operation of these vanpools; or, conceivably, would the Pentagon have its own set of regulations and the Federal complex in New York have its own set of regulations?

Mr. FARINA. The bill calls for the establishment of the program by rule of FEA, and then, through that rule, to GSA the operational responsibility.

I would envision that we would attempt to parallel our existing management rules and regulations. We have, for example, the Federal property management regulations, which are our governing set of rules with regard to motor vehicles. They apply to not only GSA, but all Federal agencies.

As any set of rules must be fairly general when attempting to deal with a whole range of Federal agencies, I would suspect there would be supplemental rules written by certain agencies where they felt our set of rules was not specific enough to handle their immediate environment.

Mr. BURTON. How would you propose to audit these programs, once they are going, as to their effectiveness—whether the vehicles are all maintained in proper operating order and things like that? Would that be your responsibility?

Mr. FARINA. I think it would be our responsibility to establish, again, the procedures whereby schedules are maintained and the proper forms and procedures are observed.

The actual auditing of the compliance with those rules and regulations I see to be beyond our capability at this point in terms of existing personnel, and perhaps even beyond the scope of our agency authority.

Mr. BURTON. Who would be auditing them?

Mr. FARINA. Under normal circumstances, would that not fall, to a large degree, to the General Accounting Office? They are the auditing arm.

Mr. BURTON. In other words, nobody would know anything until we did a GAO study?

Mr. FARINA. I am not assuming that there would be absolutely no check or supervision once the regulation was promulgated.

Mr. BURTON. I mean just to see that the basic maintenance was done—the oil changed, the tires rotated, the proper maintenance.

Mr. FARINA. Again, I think it would fall, as much as possible, on the agencies themselves which have probably been delegated a large degree of responsibility, as I see it.

Mr. BURTON. So that would be part of that?

Mr. FARINA. It would be part of their responsibility to assure that their operators, for example, are maintaining the vehicles in accordance with the rules promulgated by GSA.

That is not quite the same thing as audit in the sense that I thought you were referring to it.

Mr. BURTON. I was not thinking of audit to see if someone took the car away over a 4-day weekend, and it was not even the driver necessarily.

Do you think, at the beginning, that purchase or leasing would make more sense for the Government in acquisition of the vans?

Mr. FARINA. Our studies with regard to Government-owned sedans indicate that ownership is the least costly alternative. Unless there is something substantially different in this type of vehicle, I would assume the same principle would apply—that ownership would be the least costly acquisition method.

Mr. BURTON. In the statute, they refer to acquisition of vans by "lease, purchase, or by other arrangement." Do you know what "other arrangement" might be?

Mr. FARINA. I do not, unless the intention was not to be talking in terms of Government ownership or leasing, in which case then——

Mr. BURTON. Contracting out?

Mr. FARINA. The discussion earlier would indicate a credit union, for example, actually owning the vehicle and the Government providing a great deal of assistance in bringing about the actual establishment of the program.

Mr. BURTON. Have you given any thought to what the responsibilities of the driver would be to keep the schedules, or what would happen in the event the driver took ill or there were other circumstances of this nature involved?

Mr. FARINA. The commercial experience, at least in part, has been to develop a whole backup arrangement—a backup driver, more riders than are actually currently participating. I would suspect we would parallel that experience. It seems to have proved well.

Mr. BURTON. Do you have any plans—for instance, if there were 6,000 people in Federal agencies who were involved in carpools and the vanpooling came in and, in effect, the carpoolers became vanpoolers? Then we have not gained too much. Do we want to get into a maintenance of effort or something of that nature?

Mr. FARINA. I think that, again—because we are involved in the carpooling business right now, as far as Federal employees are concerned—we have some knowledge of who is riding, where they are coming from, and would attempt as much as possible to assure that the vanpooling opportunity is made available to a constituency which is not currently making use of some multiple usage of a vehicle now.

Mr. BURTON. Would that be unfair to the ones who are now carpooling to any great degree?

Mr. FARINA. I do not know the answer.

Mr. Finberg, how would you go about that?

Mr. FINBERG. I do not believe that we would try to penalize carpoolers. I think the records we have seen so far from private industry indicate that there have not been that many people in carpools who have converted over to vans.

The limited number that would be eligible to ride in vans would be a net gain, I think, of maybe 2 or 3 people instead of 10 or 11 people.

Mr. BURTON. What is the significance of the 8-year program, after which it is supposed to become wholly self-sustaining on the current basis?

In other words, after 8 years, as I understand it, it is supposed to be at more or less of a breakeven point.

Mr. FARINA. As I understood it, after 8 years, all of the costs were to have been returned to the Treasury; is that not correct?

Mr. FINBERG. Yes.

Mr. FARINA This is rather than the self-sustaining aspect which is, I think, something that is supposed to be existent throughout.

Mr. BURTON. But then I still have the problem, if the initial nut is at $48 million—I think that would be the total cost of the vans, and I have to believe you have to add another $5 or $10 million to that for incidentals—and after 8 years of utilization those costs are paid back, I am wondering: Is there a reduction of charges, or do those costs keep occurring? Am I looking too far in the future?

Mr. FARINA. I would think that, very practically, it would be very unlikely that any of those vehicles would be in the system at that point.

Mr. BURTON. So there is the constant turnover and they are never really going to get the $48 million totally back. It will be part of an ongoing process.

If they are going to get it back in 8 years, but you have to buy new vehicles in 5 years, I think, from commonsense, you are always going to be a little bit behind. I guess you have the salvage or retail value of the vans, though.

Mr. FARINA. Correct. I would assume that the salvage value of the vehicles should go toward the breakeven point. In other words, assuming acquisition by the Government is accomplished through purchase, then there would be front-end capital provided by the Congress plus whatever other—as you say—incidental costs would be covered as appropriately estimated.

There would then be a form of return to the Government over a period of 8 years.

Mr. BURTON. I would assume that all of these vans would have provisions for entrance by the handicapped and that sort of thing, assuming that our Government hires handicapped persons?

Mr. FARINA. I think the technology exists to make vans——

Mr. BURTON. I know it exists, but I am wondering if we are going to be buying them that way.

Mr. FARINA. As I understand it, the legislation does not deal with the subject, notwithstanding, I would assume—based on the testimony this morning of Mr. Edgar and certainly the interests of the committee—that a suitable number of vans would be able to accommodate interested handicapped employees.

Mr. BURTON. What were your thoughts on Mr. Edgar's statement that presumably the vans will lie dormant between 9 and 4 o'clock?

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What type of complications would there be through either HEW or whatever if these were utilized to transport, maybe, elderly persons or handicapped children during the day?

Mr. FARINA. I do not believe the legislation is designed to go beyond the——

Mr. BURTON. I am aware of that. Would that cause great problems?

Mr. FARINA. Again, I think all of the "fcr official purposes" questions would have to be considered before utilization of vehicles could be entertained for other purposes beyond this one exception, which is currently being considered.

Additionally, I think that there are some experiences that a couple of the vanpooling efforts have already had with regard to just utilizing these vehicles for any reason, other than their intended purpose which is commuting.

It becomes an administrative problem, especially in situations when you are not locating the vehicles anywhere near to a motor pool, for example, or to some other location where they can be flexibly utilized for other purposes.

In the main, the objective would be to have the van parked near to where the operator works. Unless there was a use in exactly that same area, how would you get the vehicle to the appropriate place?

Mr. BURTON. Let's take San Francisco's Federal Building. A van drives in and parks at a quarter of nine. Conceivably from 10 to 2—and the city is fairly small, the vehicle could do things for senior citizens or handicapped persons, whatever, and be right back where the vanpool driver could get it at 4 o'clock.

Mr. FARINA. As I say, who would pick up the vehicle and bring it back? This becomes the question.

Mr. BURTON. Yes. To me that is not much more of a question than the whole program; who is goiug to do this or who is going to do that.

I think that that has some merit. You have equipment, paid for by all the people, that is serving one segment of the taxpaying public—Federal employees who are taxpayers, also, although many people somehow think that we are not.

Maybe this is a direction that we might look into. I know that just putting the first part together is going to be a bit troublesome, but I can see a great deal of merit in that—in letting the other segments of society who are taxpayers share in that utilization at some time if it would not be a problem for the program.

Mr. FARINA. The committee staff and representatives from FEA, DOT, and GSA are going to consider some improvements in the language. I am sure this would be something they could take into consideration.

Mr. BURTON. I think that would be something you would look into and report back on, as opposed to something that is laid on you right in front.

For many hours a day, the vans are just going to be sitting somewhere. I know there are many elderly groups in our area that could utilize, maybe, two or three of these vans. It would give downtown senior citizens a chance to go out to the beach or the park or what have you. It might make some sense.

Mr. FARINA. OK.

Mr. BURTON. What is the encouragement going to be to get people into these vans? Is it just the fact that they will not have to drive and it is cheaper?

Mr. FARINA. I think the economy of it has to be a major consideration.

Mr. BURTON. Would you think of raising the prices on the federally subsidized parking in certain areas?

Mr. FARINA. I do not think any thought has been given to that at this point.

Mr. BURTON. Of course, that would not make it totally voluntary, but a little coercive; right?

Mr. FARINA. I would say that that is a fair assessment.

Mr. BURTON. But the whole thing is, if it is a matter of economics.

Mr. FARINA. OK. The economics being, conditions as they exist now, it would still be—theoretically, at this point, and I am assuming that the facts will bear this out—less costly to operate—to ride.

Mr. BURTON. But a cheaper parking place mitigates against the vanpooling. If I am somebody who has a parking place in a Federal building and I decide to vanpool, my parking place opens up and somebody who was either taking a bus, parking out in the street, or parking on a commercial parking lot gets a chance to get into the building; does this discourage vanpooling?

Mr. FARINA. I think GSA, currently, is very conscious of the need to utilize the Federal parking for carpools. Therefore, possibly, if your scenario were completed, a carpool would then move into that newly vacated space.

Mr. BURTON. Could you describe how the funding of this program would occur under section 1?

As I understand it, it would be direct outlays and revenues in.

Mr. FARINA. As I understand it, that is correct.

Mr. BURTON. Do you think a working capital fund would be better from an operational standpoint, leaving out the oversight problems?

Mr. FARINA. I think oversight is very critical to you. Aside from that, I think either system can work.

Mr. BURTON. It is six of one and half dozen of the other, more or less?

Mr. FARINA. I do not see any overwhelming benefit one way or the other.

Mr. BURTON. You asked for working capital funds from OMB and they turned you down on this; GSA did?

Mr. FARINA. This is an administration bill. I think it is inappropriate for me to indicate that there is any kind of a squabble between——

Mr. BURTON. I am not saying it is a squabble. I see merits to both sides.

Mr. FARINA. I think that there are merits in either approach.

Mr. BURTON. Do you think the administrative costs of this are going to be easily enough determined to break them down into the fares? Or are there not some elements of the administrative costs that we just ought to eat and forget about?

Mr. FARINA. I think that is correct. I think some of them will be relatively easy to identify—printing costs, for example. I think others will be very difficult to assess—portions of people's time where they are not, in any full-time sense, involved in the program.

Mr. BURTON. In other words, 2 man-days a year or something like that?

Mr. FARINA. Yes. I think those will be very difficult to establish.

Mr. BURTON. I imagine it would be cheaper just to write that off than to try to compute it out?

Mr. FARINA. Yes.

Mr. BURTON. What kind of input did you have into the draft and review of this section?

Mr. FARINA. We have had several opportunities to review the draft.

Mr. BURTON. Did you review it before it was submitted?

Mr. FARINA. Yes.

Mr. BURTON. Was it over an extended period of time that you had those several opportunities, or what?

Mr. FARINA. If I am not mistaken, we have had opportunities to review this document in its draft form before it was submitted. I am not certain how extensive that review has been. I think that it was somewhat limited.

Mr. BURTON. In other words, you were not consulted prior to the drafting. You were shown the draft and told, "This is what we have planned for you"?

Mr. FARINA. As I understand it; yes, sir.

Mr. BURTON. Is it you, the FEA, or the combination of the two of you that would be issuing the first regulations?

Mr. FARINA. FEA in consultation with the Administrator of GSA is to issue a set of rules. At that point, then, we are to implement based on that set of rules.

Mr. BURTON. The Levitas amendment to the Department of Energy bill—in that Congress, I think, is given 30 days to review regulations. This is the one-House veto thing. I would assume that that might apply to these regulations, or would it?

Mr. FARINA. I do not believe so.

Mr. BURTON. I guess we will not know, but I think rules or regulations issued by the Department of Energy—of which FEA would be a piece assuming the Levitas amendment stays in—would be subject to that. That would be interesting to figure out.

Mr. FARINA. I misunderstood. I thought you meant before the legislation is enacted. I still do not know the answer, though.

Mr. BURTON. In other words, Mr. Schlesinger would be in business before vanpooling is going to be in business—or, that statute would be signed before this one.

Mr. FARINA. Correct.

Mr. BURTON. We would like to have the GSA, with the other agencies, meet with the staff to see if there is a way we can refine this language. It is our intention to have one more day of hearings and get into markup, I guess, next week, if possible.

We would like to find out, in consultation with the full committee chairman, what happens then. I think there is a great deal of support for the program. There are many questions about it, and I am not certain how that will be resolved. It demands a great deal of flexibility; and, sometimes, in flexibility you lose accountability.

We will have to deal with that, and also with some of the questions that were raised earlier.

Is it your feeling that the reference to acquiring vans by other arrangements gives the authority that you, if you wanted to, could contract out with Hertz vanpool rentals or something? Well, they could not provide the service because the driver has to be a Federal employee.

Is that vital to the program?

Mr. FARINA. I think it is vital to this whole matter of liability.

Mr. BURTON. Why?

Mr. FARINA. Unless the driver is considered a Federal employee—the operator—I think there are problems, then, with the Federal Tort Claims Act. I think the liability of the Federal Government, then, becomes somewhat obscure. In fact, it may become impossible to make the Federal Government a party to any claim if at least the operator is not classified a Federal employee.

Mr. BURTON. Then I cannot conceive of contracting this out to private enterprise.

Mr. FARINA. The operator could still be a Federal employee.

Mr. BURTON. Right; but that is just a lease arrangement. That would not be contracting out the service.

Mr. FARINA. The service of administering, is that what you are referring to?

Mr. BURTON. No. The clause which says you can get vehicles by "other arrangement." I thought that that would be contracting out—contract services.

Mr. FARINA. Yes. In that case, there is always the possibility of Hertz, for example, or Avis—which is providing the vehicle—also providing insurance coverage. It adds costs to the operation, but even at that the Federal Government—at least actuarially—is to determine what the liability would be otherwise and it could include that in the rates.

Mr. BURTON. The GAO made their comment about liability of the driver. I am the driver. They want to make sure I am not collecting overtime or compensatory time on driving to work, but yet keep me a Federal employee, at least so the Federal Government has some liability for ordinary negligence.

What is going to be the status if there is gross negligence on the part of the driver?

Mr. FARINA. I think the question is one of personal liability. Is that what you are asking, whether or not the driver is personnally liable in having performed an intentional act—for example, a grossly negligent act?

Mr. BURTON. Right.

Mr. VICCHIOLLA. I think that, under the Tort Claims Act, there is no remedy against that employee. I have not checked the cases, but I believe that the Federal Government assumes that responsibility so that, in effect, a self-insurer status can be effectuated. If you distinguish between gross negligence as compared to ordinary negligence, then you would require all of the employees to take out insurance to provide protection against a claim of gross negligence. Therefore, we would end up in a circle where the Government wants to be a self-insurer, but would seek damages for gross negligence and this, in turn, would generate a requirement for insurance.

I think the answer is the same whether you characterize it as gross negligence or ordinary negligence.

Mr. BURTON. Have there been any insurance problems in the carpooling? Do you Feds, in any way, get into the insurance in the carpooling?

Mr. FARINA. They are not Government vehicles so we are not involved.

Mr. BURTON. Mr. Romney has a question.

Mr. ROMNEY. Mr. Vicchiolla, I am happy to see you again after our collaboration last year on amendments to the Federal Property Act.

I do have a follow-on question.

In your opinion, would it be—either legally or from a policy standpoint—acceptable if the self-insurance coverage built into section 701 were made broad enough to cover the narrow personal use of the vehicle by the driver, which is one of the possible incentive factors to induce employees to take the driver responsibility?

Mr. VICCHIOLLA. I think it can be done. I think the key this morning was the terminology that you used. I think the Federal Tort Claims Act predicates liability on an employee's status.

Possibly you could handle that by saying, for purposes of this act, an employee enjoying personal use for that limited period will be considered an employee for purposes of the Tort Claim Act references in the act.

As a matter of policy, I would have to defer to Mr. Farina. The reason I say that is that I think it is a small aspect of an entire program. I think the liability questions, such as they exist, would be in the 14, 15, or 20 people coming in to work in a vehicle vis-a-vis accidents that occur there as opposed to a very limited personal use, as I understand the bill.

If you are asking for my personal view on it, I think the personal use aspect is intended to be a small aspect which the Federal Government could well assume, but I would prefer—in spite of having said that—to defer to Mr. Farina as to whether we would want to do that or, even if we did, whether FEA, for example, would want to do that.

Mr. BURTON. Before you get into that, I would like to ask: What is that personal use? I have forgotten the definition—casual, minor, something?

Mr. FARINA. Limited.

Mr. BURTON. What does that mean? Could I take my mother to a store? Could I not go to a bar?

Mr. FARINA. It talks in terms of not for extended purposes and not for vacations.

GSA has not really contemplated an exact definition.

Mr. BURTON. When we get into liability, is that not important?

Mr. FARINA. Very important, certainly.

Mr. BURTON. I am sure it is different from this. In the State of California, the State legislature leased cars and made them available to the members of the legislature. We paid 10 percent of the lease price—the individual—which was basically to cover—if somebody said, "What are you doing at Lake Tahoe?"

We also had to provide insurance coverage, proof of insurance, as the driver, which was a small amount. I think the coverage was $100,000 and $300,000, but the premium was fairly small because it was an add-on to the Hertz insurance; again, to cover liability for that type of situation where either clearly we were on a frolic of our

own or there was some question whether it was travel on official business.

Mr. FARINA. I think that that is how the bill is currently structured and that is the type of arrangement envisioned.

Mr. BURTON. I think that that one had really better be clarified because limited use on the weekends—somebody has proved that most accidents were within 5 minutes or 5 miles from home anyway.

Is limited use going to a football game, going to a church social, going to the store, doing anything? Obviously, it is not a 2-week trip, maybe; but I think that you should have some guidelines as to what that limited use is or, if, in fact, it is free use on the weekend as such or at nights. As I understand the language here it says weekends and it does not mention nights——

Mr. FARINA. I think it talks in terms of usage other than during official travel.

Mr. BURTON. Maybe there is an insurance clause or a rider there to deal with that.

Mr. FARINA. I think there are existing insurance arrangements that can cover this additional type of nonofficial use.

Mr. BURTON. How does it work for the special cases when Government cars are taken home now?

Mr. FARINA. The only reason they would be taken home is, again appropriately, for official purposes—a field trip or a medical purpose. Those would be official purposes and, hence, covered—properly covered.

Mr. BURTON. Say I work for the Federal Government. Tomorrow morning I have to drive down to Richmond and I live somewhere between here and Richmond so tonight I take a car out of the carpool, drive it home, then later tonight I take that and drive out to Kennedy Center, or someplace like that, and get into an accident.

Do you have something that covers those situations now?

Mr. FARINA. That would not be considered an official purpose, hence there would be no Federal liability.

Mr. BURTON. Do you have the authority to use GSA carpool cars for carpools, for riding pools now?

Mr. FARINA. No.

Mr. BURTON. Do you think that that is desirable?

Mr. FARINA. Given the fairly high usage those vehicles are curcurrently experiencing—and we are talking in terms of over 12,000 miles per year now—I would say no.

Mr. BURTON. They do not use them at night, right; only on official business during the day?

Mr. FARINA. Correct; not all together. Wherever official purposes are being pursued, whether it be daytime or at night. In the main, that is in the daytime.

Mr. BURTON. But you do see a lot of cars around at night, do you not?

[No response.]

Mr. BURTON. Thank you. If we have any further questions, we will be in touch. Conceivably, it might make sense to have you present, as we go into markup, assuming that some questions have not been worked out beforehand or some questions come into the minds of the Members.

Mr. FARINA. We would be happy to assist.

Mr. BURTON. Basically, you do not see the maintenance as being a great problem?

Mr. FARINA. I do not see the maintenance issue as being a serious problem. As I mentioned, a sizable portion of what we are currently doing with our own fleet is handled contractually.

Mr. BURTON. Thank you very much.

Mr. FARINA. Certainly, Mr. Chairman.

Mr. BURTON. Our next witness is Mr. William L. Mertz, Associate Administrator for Planning, Federal Highway Administration in the DOT. He will be followed by Mr. Robert H. McManus, who is the Acting Deputy Administrator for Urban Transportation Administration, also of the DOT.

STATEMENT OF WILLIAM L. MERTZ, ASSOCIATE ADMINISTRATOR FOR PLANNING, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. MERTZ. I am Mr. Mertz. I would like also to introduce Donald Morin on my left. I am the Associate Administrator for Planning for the Federal Highway Administration. He is also in our shop as our car and vanpool expert.

I have a prepared statement that I will submit for the record, if that will suit your purposes. I will highlight many of the points in this statement, which have been covered in some ways already this morning.

Mr. BURTON. Excuse me.

Were all three of you gentlemen here this morning?

[Chorus of yeses.]

Mr. BURTON. We would appreciate it if you would submit your statements and highlight them, then respond to any points which were raised by my colleagues.

Please proceed, Mr. Mertz.

Mr. MERTZ. The Department of Transportation supports the administration bill in question.

Mr. BURTON. With or without the Edgar amendment?

Mr. MERTZ. I have no observation on the Edgar amendment.

We have, for at least 5 or 6 years, had a very active carpool and vanpool promotion program in the Department of Transportation, primarily in the Federal Highway Administration and the Urban Mass Transportation Administration.

We have been, as we see it, severely constrained in what we could do under the existing situations. The present legislation, this proposal, would remove many of the constraints under which we now operate.

For example, at the present time we are engaged in a voluntary association with our Transportation Federal Credit Union and our Employees Recreation Association. The Department is providing locator services for vanpools, and the credit union can provide 100 percent loans for acquisition of vans should they choose to form a vanpool.

Parking is assured in the building because of the high occupancy of the vans, and so on.

The present legislation would remove many of those constraints and allow us to move into the vanpool thing with a much greater activity by the financing options and the exemptions from the State and Federal common carrier regulations which the bill provides.

We also view with favor the flexibility that the bill provides and—that which has come under quite a bit of discussion here this morning—the variety of ways that it can be handled, but we think that is a plus.

Our experience is that the vanpools have to be tailored to the existing situations, and some sort of a national model would be very constraining.

Mr. BURTON. What do you mean by the variety of ways it can be handled?

Mr. MERTZ. For example, acquire, lease, and——

Mr. BURTON. It is lease or purchase; right?

Mr. MERTZ. We consider that flexibility. I am sure that, in some parts of the country, leasing would make a better economy for the Government.

We expect or hope—given passage—that the maximum delegation of authority that is provided in the legislation from FEA through GSA to each department or installation is such that, again, the details can be tailored to the situation.

From the energy standpoint, our arithmetic shows something on the order of 120 miles per gallon on a person basis in a typical vanpool. Also, our arithmetic adds up to about 5,000 gallons per year per van of savings of fuel.

In closing, I would like to end on a personal note. I, myself, am an active vanpool member. I have been since 1969. We have 13 members, and our figures are a little bit better. We get 132 person miles per gallon.

We are open for any questions that you have. Mr. McManus also has testimony to offer.

Mr. BURTON. Perhaps it would be better if we were to hear from the three of you, and then we will question you.

Mr. MCMANUS. I think that perhaps it would be a good idea for me to make a few comments.

Mr. BURTON. Without objection, Mr. Mertz, your statement will also be made a part of the record, along with Mr. McManus'.

[Mr. Mertz' prepared statement follows:]

PREPARED STATEMENT OF WILLIAM L. MERTZ, ASSOCIATE ADMINISTRATOR FOR PLANNING, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you this morning to discuss the Department of Transportation's views concerning the Government-wide effort to conserve fuel through vanpooling.

Existing Federal law places some constraints on the ability of the Federal agencies to take actions many private employers are taking to encourage employees to travel to and from work in vanpools. Nevertheless, within those constraints some Federal agencies have been able to take steps to encourage vanpooling by their employees.

The Department in cooperation with the voluntary Employees Recreation Association has studied the operation and financial aspects of vanpools to determine whether vanpooling might

offer an advantageous means of commuting to work for some of its employees. A task group is now available to assist employees in forming vanpools, and to inform them of the important features of vanpooling - cost and other considerations - and to determine the interest among employees. A computer is employed in these tasks.

By providing the information on a questionnaire, interested Department employees will enable the vanpool task group to assist individuals in identifying potential vanpools. The task group can also provide information on rules and procedures that have been adopted in successful vanpool operations elsewhere, plus some representative cost figures on vans and their operation. A source for financing the individual employee's purchase of a van for vanpooling is the Transportation Federal Credit Union which provides 100 percent new-car loans to qualified applicants.

Vanpools are eligible for parking permits for departmentally controlled space on the same basis as carpools. They are therefore virtually guaranteed immediate issuance of a parking permit based on their larger numbers of riders.

Other Federal agencies such as the Social Security Administration in Baltimore and the Tennessee Valley Authority have undertaken similar actions in cooperation with employee associations and credit unions to

encourage vanpooling by employees.

In summary, the existing Federal agency effort is limited by law to a role of encouragement of vanpooling. Technical assistance, a favorable climate for financing, and preferential parking can be made available. We are concerned that these actions by Federal agencies are not enough to create promptly the visible example of fuel conservation that many private employers have already demonstrated.

The principal legal obstacles are the lack of authority to assist Federal employees with vanpool financing arrangements, restrictions on the use of government-owned vehicles, and the inability to clearly exempt vanpools from discouraging Federal, State, or local licensing or regulation of commercial carriers. Section 701 of H.R. 6831 would go far towards overcoming these obstacles.

The exemption of the program from part II of the Interstate Commerce Act regulation, and similar State or local regulation, would relieve the van operator from burdensome paperwork and other observances which otherwise might totally defeat this voluntary program.

The development of vanpool programs has been thwarted by institutional barriers and regulations that were developed long before the concept of vanpooling arose.

One such barrier has been the State laws regulating common or contract carriers. The Department has applauded and publicized legislative revisions in seven of the States to eliminate such barriers. Another insitutional problem has been the employment relationship of the van driver to the vanpool program sponsor. On two occasions the Department has worked with the Department of Labor to clarify this situation. On April 15, 1976, we were able to announce the Department of Labor opinion that for employer-sponsored vanpool programs the time spent by employees driving the commuter vans would not constitute compensable hours of work within the meaning of the Fair Labor Standards Act.

Early vanpool programs were also thwarted by the difficulty of obtaining liability insurance. At the Department, vanpool sponsors and concerned Federal agencies met with insurance industry representatives in January of this year. At the meeting, the Insurance Services Office, a national rating body, announced a new rate structure that would apply to vanpooling effective July 1, 1977.

The proposed legislation for the Federal employee vanpooling program continues this tradition of resolving the institutional barriers to vanpooling. The proposed legislation would remove legal restrictions to allow the use of government-acquired vehicles for a self-supporting commuter van program. The proposed legislation would also

remove institutional barriers of ICC and State commercial carrier regulations. User charges at a compensatory level are authorized, with the operator being charged with custody and care of the van as his share.

The language of the bill permitting Federal participation in vanpooling by "purchase, lease, or other arrangement" provides necessary flexibility for the government. The Department is extremely pleased to see that the bill's proposed Federal Vanpool Program allows flexibility of approach similar to that private employers adopt in their support of vanpooling.

In addition to flexibility in financial arrangements, the various vanpool programs that have been developed demonstrate the need for flexibility in program options and vehicle features. For example, the commuter van program at the Aerospace Corporation found that rider comfort was a prime consideration for the long distance commuting involved, and vans were specially equipped with individual reclining seats, even though the vans carried fewer passengers with a somewhat higher fare. For shorter trips, cost was a more important factor and standard bench seats were used to increase vehicle capacity and reduce rider costs. The Aerospace Commuter Program also experimented with a unique fare structure based in part on daily ridership and in part

on a monthly subscription cost. A report describing the program, "Vanpool Implementation in Los Angeles," was reprinted and widely distributed by the Department.

Another report, "Guidelines for the Organization of Commuter Van Programs," reprinted and distributed by the Department, identified alternative methods of fare calculation based on such factors as daily usage, variable rider trip distances, and special vehicle options. I will supply both reports to the Subcommittee.

Individually owned and operated vanpools have been shown to be as economical and efficient as the company-based programs. Assisting individual van owners has been the primary focus of the existing vanpooling efforts among Federal employees at our Department and at the Social Security Administration Headquarters. Since there is little economy to be gained by consolidating vanpools into a single large program, we would anticipate that the Federal Energy Administration and the General Services Administration would utilize the bill's authorized delegation of authority to the maximum extent permissible. This would facilitate the development of either specialized or multiagency programs responsive to the needs of the various Federal executive agencies, and the participating Federal employees.

We note, therefore, with special approval the power granted in the bill to delegate vanpooling management

authority to the departments and agencies. This authority, if fully exercised, would enable them to most effectively employ their own methods to respond to their particular needs and circumstances. Our experience convinces us that there are marked variations in type of business, geographical considerations, vehicle configurations, and other operational factors which dictate different solutions for different circumstances.

The Department has assembled and distributed a considerable quantity of information concerning vanpooling. Since the first company-sponsored vanpool program was initiated at the 3M Company in May 1973, we recognized that the major barrier to the more widespread development of vanpooling was the initial capital investment of acquiring the vans. The 3M Company resolved this problem by providing the initial capital investment. Other companies realized that the initial investment could be reduced by leasing vehicles rather than purchasing them. Since the 3M Company Vanpool Program began, more than 70 other companies have sponsored similar programs. Furthermore, public agenices, nonprofit corporations, and leasing companies have sponsored additional programs by acting as a broker or third party

to facilitate vanpool development.

Vanpooling will generally be most attractive to people who commute by automobile. Vanpooling is obviously cheaper and more energy efficient than driving alone. Vanpooling can also be more economical, and more energy efficient than carpooling because of the larger number of riders per vehicle.

Determining the cheapest mode among carpools, vanpools, and buses depends on a number of factors. In general, vanpooling is more advantageous only for longer trips (at least 10 miles one-way).

Vanpools are not intended to compete with regular mass transportation service. Rather, they are at best advantage in serving the more distant areas that are not conveniently served by public transit.

In terms of energy usage, commuter vans are more efficient than almost every other form of commuter transportation. With 12 passengers per vehicle and about 10 miles per gallon without deadheading, vanpools serve about 120 passenger-miles per gallon of fuel used. The 3M Company program, for example, reported saving about 190,000 gallons of gasoline annually with about 90 vans in operation. With 78 vans, the Tennessee Valley Authority program reported saving 556,000 gallons annually. Commuter Computer's vanpool program in Los Angeles has grown to 65 vans in 2 years with a total fuel savings of 500,000

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gallons. On the average, each commuter van trip replaces six automobile trips. Using conservative estimates, this is a per-van saving of about 5,000 gallons of fuel annually.

In summary, the proposed legislation for the Federal vanpooling program provides an opportunity for the Federal agencies and their employees to participate in a program that has demonstrated its effectiveness in private industry. The legislation provides the flexibility to experiment with a variety of program financing arrangements, vehicle options, and service characteristics.

Finally, Mr. Chairman, I would urge that the Subcommittee give favorable consideration of Section 701 of H.R. 6831 as a much needed Federal example of how large fuel savings can flow from simple, inexpensive, common-sense measures.

Mr. BURTON. Mr. McManus?

STATEMENT OF ROBERT H. McMANUS, ACTING DEPUTY ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. McMANUS. Thank you, Mr. Chairman.

I would simply like to point out a few things. Although the focus of this bill is on energy savings, we ought to bear in mind some of the other benefits of vanpooling. These include a significant cost savings for commuters; more productive use of commuting time; the ability to eliminate a second car—or, for single car families, to leave a car home for family use; savings of parking costs for employers; elimination of local traffic congestion at worksites; and more efficient use of existing highway facilities.

Mr. Mertz has pointed out some of the energy savings. Actually, only about 25 percent of commuters travel more than 10 miles one way to work. But this group accounts for over two-thirds of commuter vehicle miles of travel. Therefore, a system such as vanpooling which can serve this group, most of whom are outside the range of conventional transit service, can have a favorable impact on fuel consumption.

My own immediate office manages a demonstration program, called the service and methods demonstration program. We attempt to identify various transportation market segments and to develop services to meet the needs of these markets. We are currently funding four vanpool-related demonstrations. They essentially address the legal, the regulatory, and the institutional barriers to conducting this kind of service. They also attempt to establish management structures that help to get vanpooling into a coordinated urban transportation system.

Your earlier comments about the possible use of vanpools that might be employer based for use in the offpeak hours for other types of social services would be the types of services that we would try to bring into play in the demonstrations that we conduct.

Mr. BURTON. Your demonstrations are in the private sector, are they not?

Mr. McMANUS. We essentially try to involve the transit operator, taxicab systems, and social service systems to get the maximum use made of existing facilities. Our demonstrations are not so much employer-based vanpool demonstrations, but demonstrations that are run out of a broker center, which is a new concept that we are trying to foster.

So we would deal with multiple employers and, as I mentioned, with social service agencies to try to get a varied use of existing facilities.

We currently have four demonstration projects in operation or approved. They are located in Norfolk, Minneapolis, San Francisco, and Knoxville, Tenn.

Mr. BURTON. What do you have in San Francisco?

Mr. McMANUS. We have a demonstration with the Golden Gate Bridge Highway and Transportation Authority to develop a vanpool service involving multiple users and multiple employers.

We hope actually to use a relatively small resource as a catalyst to spawn vanpools that may be run by small employers or simply by private persons who would lease the vehicles from the authority.

Mr. BURTON. What is the role of the bridge authority in that?

Mr. MCMANUS. They would be the manager of the whole operation. They would be the broker, in other words.

They have the authority to manage a transportation service. In their case, what they are really seeking to do would be to avoid the necessity to develop, for example, a bus service that would be less cost effective than trying to serve this market with vanpools.

And this is what we are trying to get transit operators to see. We are trying to get them to see that different types of ride sharing such as vanpooling, or even the use of the taxicab mode in a shared ride form, far from taking away riders from the transit system and hurting it, may actually help minimize costs that could be incurred if the transit authority tried to provide the service.

Mr. BURTON. Did we provide them with the vans?

Mr. MCMANUS. In the beginning; yes. That is part of the demonstration expense.

Mr. BURTON. How many were provided?

Mr. MCMANUS. I believe that Golden Gate will start with 50 vans.

And the thought is that this would actually be a catalytic activity and there could be 150 or so vans that actually could be brought into use. But it is all self-financing. And the attractive feature of the vanpool service is that it is self-financing.

Mr. BURTON. If we provide them with the vans, do they provide the drivers?

Mr. MCMANUS. We provide them with the money.

Mr. BURTON. Do we provide the money for the drivers?

Mr. MCMANUS. The drivers would be employees of various local employers who would be provided the vans.

Mr. BURTON. They get the vans and then the broker deals with, for example, Firemen's Fund or some big employer. Is that how it works?

Mr. MCMANUS. Actually, I think what Golden Gate will try to do will be to interest employers in starting vanpooling operations. They will let them use the vans for 6 months or so to get the idea started, and then return the vehicles and use them for another employer.

The whole idea is to generate this type of service. And it has the effect of avoiding demands upon the district for putting out more fixed route service in low density areas where they cannot provide it effectively. At the same time it minimizes traffic on the bridge. And that is, of course, one of their major interests.

Mr. BURTON. There is no way in the world that you are going to minimize traffic on the bridge. You can't count the one driver cars going one way as you go the other way on the bridge.

And they have tried free fares. They were even giving out broccoli or something once, too. [Laughter.]

But you think that they could use these vans, in effect, to eliminate fixed route service to low density areas?

Mr. MCMANUS. Yes. They could minimize the demands on the authority for that kind of service. And that is the same as one of the main purposes in Knoxville.

Mr. BURTON. I don't know Knoxville, but I know Marin.

Mr. MCMANUS. The demonstration, Mr. Burton, hasn't started yet so I can't describe specifically what they are doing.

Mr. BURTON. Nobody can since they changed from a bridge authority to a highway and transportation district. Nobody has been able to figure it out.

This isn't the purpose of this hearing, but so long as I am here and since it is my district and since they are so beloved by my constituents, I think I should try to find out about it.

For example, the Firemen's Fund is an employer in both the city and the county and they have had some of their own busing. Could the transportation authority make these available to a private company for their employees to go back and forth in and somehow end up reducing local bus service?

Mr. MCMANUS. It would not necessarily be reducing bus service, but reducing the demands to expand bus service into areas where it would not be cost effective to provide a fixed route service.

That is what happens to these public transit authorities. Demands are put upon them to provide service in low density areas with conventional means which are not cost effective. And we are trying to alert the transit authorities to the prospect that they may be able to serve the public by brokering this kind of a ride sharing operation. They could serve a need while at the same time avoiding exacerbation of their financial deficits. This type of service is self-financing.

Mr. BURTON. I would like to have you send me a copy of what we have done for them and what it is supposed to do. It is difficult to explain to people how they can get from San Rafael in Marin County over to San Francisco during the rush hour almost easier than they get from one place to the other within Marin county. The Golden Gate Bridge district runs the intercounty thing as well. It never ceases to amaze me.

You may go ahead. But just to tell you how touchy it is, we didn't mention, when we put out the press release, that they were involved in the vanpooling. That could set the ferryboats back a hundred years.

Mr. MCMANUS. Maybe you are making a mistake because there really are some positive values of the kind that I have mentioned there.

The basic point I want to make about the demonstrations that we are financing is that they do involve this broker concept. They do involve the possibility of bringing into play various resources. Vanpooling is one type of ride sharing that can be offered by a broker who would try to identify the needs of people.

For example, the broker would try to identify the needs of people in low-income neighborhoods, the needs of special user groups such as the aged and handicapped people, and the needs in low density areas. And they would try to match the needs to the facilities available. Vanpooling is one way.

Mr. BURTON. I can only deal with what I know, but I don't see how it can work that way. All of the people in the low density areas are not going to be working in the same area of downtown.

The black people who live in Marin City aren't commuting over to the cities. And, again, I come back to Firemen's Fund because they happen to have two big operations, one on either side of the bridge.

I could see them tying in with an affirmative action or something, but I don't see these vans being tied in with the aged or the handicapped or with anything except trying to get some of the commuters out of the one-driver cars and into a van.

Mr. McMANUS. The comment I just made was meant to characterize the four demonstrations by focusing on the broker idea. In Knoxville, for example, vans were made available to people in low-income neighborhoods who were unemployed. And the result of that was that of the first 24 people who used the vans, 12 of them were able to find employment because they were able for the first time to reach centers at the fringes of the city which they could not reach with the otherwise available services.

Mr. BURTON. Did you have that as a separate requirement? Was that part of their proposal?

Mr. McMANUS. It was part of their proposal. They had actually set up a city agency as the broker.

The bridge district hasn't gotten started, but their attempt will be to deal with employers. The Knoxville demonstration is, I would say, more comprehensive. It attempts to deal with social agencies and low income areas as well as with employers.

Mr. BURTON. What is in it for the broker?

Mr. McMANUS. The broker is a publicly supported agent. In Knoxville, they are employees of the city.

Mr. BURTON. Then they are working it more as a social/transportation combination, aren't they?

Mr. McMANUS. Yes.

Mr. BURTON. The bridge district, though, I assume, is just trying to get as many people out of cars as possible.

When you gave them to the employers, did they then lease them?

Mr. McMANUS. Yes; they did lease them. I would reiterate that the whole idea is that they be self-financing.

Mr. BURTON. Except for the Federal Government?

Mr. McMANUS. I don't see why it shouldn't be for the Federal Government.

Mr. BURTON. You are giving them the vans and there is no payback.

Mr. McMANUS. That is only because it is a demonstration project. And we only have four of them going in order to generate the idea.

Under its capital grant program, for example, the Urban Mass Transportation Administration may not finance a system which can support itself from revenues. So, for example, our so-called section 3 program and our section 5 formula grant program could not be used to buy vans universally for several hundred cities if the van operation were able to be self-financing.

Mr. BURTON. I am sorry to have gotten off on that subject, but I would like a copy of the grant program. I could see that some really good things could come of it, but I would hate to see it as a reason for cutting back on some fixed routes.

Mr. McMANUS. It could substitute for a fixed route, perhaps, but not cut back.

Mr. BURTON. How do you substitute for a fixed route unless everybody using that fixed route is taking the van and going to American Can Co. or something?

Mr. McMANUS. I can't match your knowledge of your own area by any means, but I can give you another example. In Rochester, N.Y., this did happen. There was a substitution of demand responsive service in that case for a fixed route service.

Mr. BURTON. Was it during the day?

Mr. McMANUS. Yes, during the day. It is done based on experience and on public acceptance. It is a superior form of service which can be offered and which is more cost effective. At least, that is what we found out in Rochester.

I think you have probably heard enough about the Knoxville experience. And this interaction has at least brought out the idea that it is a broker concept that we are fostering here.

I would just say that currently the number of passengers carried by subscription buses and vanpools in Knoxville is now at approximately 25 percent of the total ridership carried on the conventional transit system. And that 25 percent is not subsidized.

Mr. BURTON. So the experience you have had would show that the program which is envisioned in the President's proposal should be a workable and valuable program. Is that right?

Mr. McMANUS. Yes, sir.

The concluding point that I would make is that we, as a transit administration, do not see vanpooling competing significantly with the fixed route systems. And we are attempting to foster the ride-sharing mentality, whether it be vanpooling or the imaginative use of taxicab systems or carpooling in conjunction with conventional transit modes such as bus systems and rail transit systems.

Mr. BURTON. I suppose you heard the comments by GAO about dealing with this through trying to encourage more of this in the private sector, which would come under the Department of Transportation. It would not be under our jurisdiction, but under that of the Public Works and Transportation Committee.

Have you been before their Surface Transportation Subcommittee on this specific legislation? Are they working on a part of this?

Mr. McMANUS. No.

Mr. BURTON. I don't know how we would tie them into this or to try to expand on it to also get it moving in the private sector.

Mr. McMANUS. Through the planning programs and the financial assistance programs of FHWA and UMTA, we would attempt to foster ride sharing in the private sector.

Mr. BURTON. How much has been appropriated and spent for highway administration programs or projects to establish vanpooling?

Mr. MERTZ. The 1976 Highway Act made the acquisition of vans an eligible item for Federal highway funds. The regulations that we have issued covering that require a 4-year payback.

My notes indicate that Wisconsin, Connecticut, and New Mexico are bringing forward programs under the act.

Do you have any dollar figures, Don?

Mr. MORIN. The dollar figures, particularly for vanpool, are very low right now. They are all in a startup stage. But for car and vanpooling under the Federal program, it is about $12 million to date.

Mr. BURTON. Have you had more of the lead in this than FEA or EPA or any of the other Federal agencies?

Mr. MERTZ. It is regular highway funds that are eligible for vanpool van acquisitions. So we administer those. There are no special funds, but it is simply an eligible item on a payback basis of regular highway funds.

Mr. BURTON. Again, that is capital acquisition funds and not operating expenses?

Mr. MERTZ. Yes; capital.

Mr. BURTON. What are your feelings about the several administrations of GSA, FEA, and, conceivably, other Federal agencies as against having one responsible agency?

Mr. MERTZ. We see the proposal as stated in the bill as workable, given a maximum delegation of authority to Federal agencies and installations.

Mr. BURTON. Is this the type of thing that really needs that sort of flexibility?

Mr. MERTZ. We think so; yes.

Mr. BURTON. I won't ask you whether you feel DOT as opposed to FEA ought to be the principal managing agent.

Mr. MERTZ. Thank you.

Mr. BURTON. You're welcome—what do you think?

Do you have any ideas as to how the present language in the bill might be improved or refined by the committee?

As you know, this bill was drafted under certain time pressures. So if you see the need for any refinements or clarifications that need to be made, it would be helpful.

Mr. MERTZ. The only thing that comes to me was developed here this morning during these hearings. I feel that that "limited personal use" is too vague. I personally would like to see that dropped. It should be for transportation from home to work and then back again. And I see that "limited personal use" as being too troublesome to administer.

But other than that, we look forward to the opportunity that you have presented here of working with GSA and FEA on polishing the bill.

I don't have any further specific points in mind, but I am sure we can help.

Mr. MORIN. I think the only other point would be some clarification on the "other means of acquiring vehicles"—other than by purchase or lease. We have some ideas on other means that are being used by private agencies that could be beneficial using highway program funds.

Mr. BURTON. Would you rather see that "limited personal use" eliminated?

Mr. MERTZ. I see that as so troublesome in terms of trying to administer it and enforce it that I just don't see it as necessary.

Mr. BURTON. I guess since you are dealing with human nature, if somebody has a van, that person will use it. But I think GSA could come up with regulations that might cover that.

Again, I will use the State of California as an example. You just paid x percent and then it was stipulated that you might be using it at some time. It's the same as the idea that nobody uses State or city or federally owned vehicles now except on official business.

What do you think about lease versus purchase of the vans?

Mr. MERTZ. I would have to defer to GSA on that. If I recall, they felt that purchase was better for the Government.

Mr. BURTON. That assumes that there is no question in anyone's mind but that this project is going to work. Are you sure you wouldn't end up with 3,000 vans?

Mr. MERTZ. I am sure that there will be some aborts, and I am sure that there will be costs attendant to that. But I don't see any problem with making the program as a whole viable.

Mr. BURTON. Did you have any input in the drafting of this section 701?

Mr. MERTZ. No.

Mr. BURTON. Did you have time to review it before it was dropped in?

Mr. MERTZ. I saw it yesterday.

Mr. MCMANUS. I would just add that we don't find anything in it that is not consistent with good practice that we know about.

Mr. MERTZ. There is no implication that our feelings are hurt.

Mr. BURTON. Do you think that the development of this program in any way could create a hiatus in the expansion throughout other sectors of the economy as far as vanpooling and waiting to see how it works there?

Mr. MCMANUS. I don't think so. I think that to the contrary it would help to develop a ride-sharing mentality.

Mr. MERTZ. Even given this program, I think that many would opt to operate their own operation—such as we do in my own vanpool.

After all, this is self-amortizing and all costs are paid. It is the same thing either way.

The whole question is the front-end money. That is a big encouragement to some, but we don't need it. We would rather own our own. To us, it would be the same cost. We would be paying the same amount in to the Government.

But for those who are unable to handle the front-end costs, this would be very helpful.

Mr. BURTON. How is your own vanpool organized?

Mr. MERTZ. It is very simple. It has been operating for about a dozen years all together. I have been in it for 9 or 10 years.

To avoid the complexities of incorporating and that sort of thing, we just passed the ownership from hand to hand. It is in about its fourth ownership.

One individual owns it; he buys the insurance; and, he keeps the books. The rest pay a fare. And the guy on the end of the line keeps the bus.

It works very well. We have no dead-head time. Our seat-mile utilization is very high. It is a very informal arrangement, but it works very well.

Our fare is $1.65 a day for the round trip. This is less than the bus. And we amortize all of our costs—the front-end costs and everything else, including the operating costs for the van. It is economically viable on a private basis.

Mr. BURTON. Is there any way in which you feel that your agency's programs and vanpooling could be strenghened?

Mr. MERTZ. Yes. We consider this legislation as strengthening it. We consider it a great help.

Mr. BURTON. If you were to take away the "limited personal use" for the driver, what type of incentives do you think there should be for assuming the additional responsibility as the driver?

In other words, if you are the driver you do have a responsibility that is greater than that of the riders and you can't take that sick time with a hangover.

Mr. MERTZ. I don't think that any operation can exist with one driver. There will have to be multiple drivers.

For example, we have 13 members. Our average load is around 10. Somebody is always on vacation or traveling or ill. So I don't see it as workable with one driver.

But there does have to be one person who is responsible. There has to be a personal responsibility and an accountability of that person to the Government.

So the incentive should be his free transportation. For that responsibility and for his management of the operation, he should get his commutation free.

Mr. MCMANUS. In some of these operations, the other incentive is that the driver is permitted to keep the fares of those occupants above the 9 or 10 level. He is allowed to keep the last couple of fares.

This is an incentive to keep the van full. And it is actually a form of compensation that he has to report as income.

Mr. BURTON. We know this can't be done under the law, but I would ask you this as a policy question.

Mr. Hightower asked the question what would happen if he worked for the Federal Government and his wife who worked two blocks away wanted to ride. In other words, she is not a Federal employee, but is going to the same place. What do you think about that type of rider in the vanpool?

Mr. MERTZ. This is subject to being checked out by the legal people, but my impression is that the driver is the only one who is required to be a Federal employee under the terms of this legislation.

Now, I throw that out as a stimulus for investigation. But I don't see any reason why privately employed people could not ride if they paid the agreed upon share. I don't see a reason for there needing to be that distinction.

Mr. BURTON. The bill does not specifically preclude them. It says that it should be offered to Federal officers or employees, but it does not say "solely."

Mr. MERTZ. I would suggest that so long as the private riders were serving the goals of the program—those of energy conservation and the reduction of vehicle miles of travel—and so long as the Federal employees were not being denied a seat, there is no reason at all that I see that that feature could not be in it.

Mr. BURTON. Could it be just another citizen who lived next door rather than a spouse?

Mr. MERTZ. Surely.

Mr. BURTON. So as a policy matter, you don't see that that would create complications?

Mr. MERTZ. No; I don't.

Mr. BURTON. Mr. McManus, what kind of problems have you run into with local transportation organization employee memberships with reference to using these "nondriver" drivers?

Mr. McMANUS. There is a concern on the part of labor organizations and other paratransit operators and taxicab companies. There is no denying that.

But in the demonstrations that we have undertaken so far, there has been very open communication with them about the problems. To launch the demonstrations, the sponsors have had to obtain a determination from the Secretary of Labor that protective arrangements had been made and so on.

Labor has actually been quite statesmanlike in the demonstrations we have put together so far. I think that generally, by trying to broaden the concept of what public transportation is and by trying to foster ride-sharing of various types, we are inviting these questions and the reactions of such groups as taxicab drivers, for example.

But I guess one just has to be optimistic about it and feel that we are trying for a greater public good. And we are actually trying to involve each of these modes to take care of the segment of the market which they can best address. That is the trick in these demonstrations.

But I would say that questions are there and that we are hearing about them.

Mr. BURTON. So you are aware of them and trying to deal with them?

Mr. McMANUS. Yes, sir. But the attitudes that we are confronting are quite constructive.

Mr. BURTON. Besides your pilot projects, what do UMTA'S programs do to promote vanpooling?

Mr. McMANUS. Both FHWA and UMTA attempt to promote ride sharing in our joint planning regulations where we call for a so-called transportation systems management element which must address ways in which to use various modes of ride-sharing and conventional public transportation to make the system work as effectively as possible.

So we require this as a planning element. We also require that there be some actual projects put together which employ these concepts if they are found to be sensible for a given metropolitan area.

So our planning program supports the development of ride-sharing. Also, in our section 5 financial assistance program, we are able to finance the brokering expense that I mentioned earlier.

We are not able, in the UMTA program, to finance the acquisition of the vehicles themselves if the system can be self-financing. I don't think the urban system funds of the highway program are subject to the same constraints.

In a nutshell, that is the way we are using our programs.

Mr. BURTON. So as you move out with your projects or your programs, you try to see that there isn't overlap or interference with the mass transit programs. In other words, you use vanpooling to fill a gap. Is that right?

Mr. McMANUS. That is correct.

Mr. BURTON. Do you insist upon that from your recipients?

Mr. McMANUS. Yes. We also insist that all of the service providers, such as the transit authorities and the taxicab companies, be participants in a planning process. They have to be in it so that each knows what the other is doing and how he is being affected by plans that are being put together.

Mr. BURTON. But if we look again to the bridge authority, they only have to deal with themselves.

Mr. MCMANUS. No; they have to deal through MTC through the whole transportation improvement program for the bay area.

Mr. BURTON. But unless it is something in their jurisdiction, I am not sure how much of a look MTC would be giving to it.

Mr. MCMANUS. MTC would have the obligation to see that other service providers in the area served by Golden Gate would have to be heard from.

Mr. BURTON. There is only the San Francisco Muni Railway in San Francisco. The district has Commute, plus, through contract, the Marin County Transit Authority. So they have intra- and intertransportation.

I guess that theoretically they have to deal in San Francisco with the Muni Railway and the jitneys and the cabs, but there would be no competition with them because the Golden Gate Bridge Authority is the only one that crosses the bridge—with the exception of a cab driver from time to time.

Mr. MCMANUS. You have just named everybody who would have a claim to be heard.

Mr. BURTON. But, they aren't effective. In other words, is there any input from groups such as the Marin County Board of Supervisors or local governing bodies?

Do you hear only from transportation people?

Mr. MCMANUS. The elected representatives of the general governments in the area have an input.

Mr. BURTON. If this were a program operated only in the city, the others would show some concern. Or, if it were something going from the airport to the city, they would show some concern.

But otherwise, I can't see the three that I mentioned caring because it wouldn't cut into their bread and butter.

Mr. MCMANUS. You are probably right.

Mr. BURTON. Do you have any studies, Mr. McManus, to substantiate the vanpooling's growing at an accelerating rate?

Mr. MCMANUS. Yes; we do. We have information on that which we could provide for the record.

Mr. BURTON. Also, if you have any studies that might show us projections, we would appreciate that.

One of the points raised in connection with this is that we are all assuming that because this works for 3M or for somebody else that it is going to work here. But there really hasn't been any marketing survey to see if Federal employees are waiting with bated breath to be vanpooled.

But it would seem that from your testimony that it makes so much sense on the merits that it just can't miss working. Or at least as a concept that would seem to be the case.

Of course we are not going to have 12 people in 1,500 vans the first year, but it does seem an attractive proposition on the merits.

Mr. MCMANUS. I believe it will work; yes.

Mr. MERTZ. Yes; we believe it will work.

Mr. BURTON. Thank you very much. I would appreciate receiving the information on the bridge authority and seeing how that works.

I am concerned that these things might somehow be an excuse. As that has worked, San Francisco outvotes everybody on the whole board. And the bridge authority buses never really meant anything to them because not that many San Franciscans use them. Only Marin and Sonoma and others use them to go in and out of San Francisco.

So we really have a lot of control over the lives and destinies of the people in Marin and Sonoma who don't have the votes on the board. When I was in the State legislature, we helped make sure that they didn't have the votes on the board. But, somehow, my outlook has changed for the district.

[Mr. McManus' prepared statement follows:]

PREPARED STATEMENT OF ROBERT H. MCMANUS, ACTING DEPUTY ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Mr. Chairman and Members of the Subcommittee:

We at the Urban Mass Transportation Administration greeted the President's proposal to establish a Federal employee vanpool program in a very positive way. Vanpooling is growing at an accelerating rate in the United States, and it is appropriate that the Federal Government, which is encouraging citizens to decrease their dependence on the automobile, should demonstrate its commitment to decreased auto usage by establishing effective commuter pooling programs for all of its employees.

Although the focus of this bill is on energy savings, we should bear in mind the other benefits of vanpooling. These include a significant cost savings for commuters; more productive use of commuting time; ability to eliminate a second car or, for single car families, to leave a car home for family use; savings of parking costs for employers, elimination of local traffic congestion at work sites, and more efficient use of existing highway facilities.

The market for vanpooling is a small but significant one, consisting of long-distance commuters. Because of the cost of participating in vanpooling and the time it takes to pick up eight to twelve passengers, vanpooling generally has appeal to commuters who live more than 10 miles from work.

Only about 25 percent of commuters travel more than 10 miles one way to work; however, this group accounts for over two thirds of commuter vehicle miles of travel. Therefore, a system which can serve this group, most of whom are outside the range of conventional transit service can have a favorable impact on fuel consumption. For this reason and to achieve the other benefits for commuters and employers, UMTA is interested in developing vanpooling service.

As part of our Service and Methods Demonstration Program, which seeks to identify transportation market segments and develop services to meet the needs of these markets, we are currently funding four vanpool-related demonstrations. These projects are designed to develop techniques for encouraging vanpooling; overcoming the legal, regulatory and institutional barriers to commuter pooling; and establishing management structures that can incorporate

vanpooling into a coordinated urban transportation system. These coordinated systems go beyond employer-based vanpool programs and give an opportunity for more people to participate in vanpools.

The projects are located in Norfolk, Virginia; Minneapolis; San Francisco; and Knoxville, Tennessee. Knoxville has already established a city department to act as a transportation broker to coordinate all local public transportation services.

While we do not see vanpooling competing significantly with fixed route transit systems, vanpooling programs should be organized with the knowledge and cooperation of local transit operators. The UMTA-funded demonstration projects involve local transit operators and there will be no conflict between the two modes of operation.

To give an idea of the impact that vanpooling can have, let me cite the results achieved by two separate efforts in Knoxville. The first involved an in-house ride-sharing effort by the Tennessee Valley Authority. Although TVA faced the same constraints as other Federal agencies, they gave transit service and pooling programs a high priority, and made a management commitment to reduce the number of automobiles carrying employees to work. A competent, full time staff was appointed to organize the program. The number of single

occupant autos at TVA was reduced from 65 percent of the work force to 19 percent. Now, approximately one third of the employees travel in subscription buses and vanpools, and about one half in carpools. When TVA moved into their new headquarters they estimated that they saved $5 million which it would have cost to accommodate the cars that were taken off the road by their ridesharing program.

The second effort in Knoxville involves a city-sponsored transportation project -- funded under the UMTA Service and Methods Demonstration Program -- which utilizes a "broker" concept to match supply and demand for all forms of ride-sharing. In the last year, this project has put more than 55 vanpools on the road. The numbers of passengers participating in the TVA and city-sponsored programs combined is 25 percent as large as total transit ridership in the city. While 88 percent of the regular transit riders do not have a car, virtually all of the passengers in special buses and vans were attracted from their cars.

These programs help demonstrate that you can get the American commuter out of his car for some types of trips. You just have to give him something good to replace it. All recent experience indicates that commuters will respond favorably to a well run vanpool program that meets their individual needs.

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We should keep in mind that vanpooling is a very inexpensive means of getting commuters out of their cars. Others have made it work, we should be able to make it work too.

Mr. BURTON. This hearing is adjourned until tomorrow morning at 10 in the same room.

Thank you very much.

[Whereupon, at 4:10 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Thursday, June 9, 1977.]

NATIONAL ENERGY ACT—FEDERAL VANPOOLING PROGRAM

THURSDAY, JUNE 9, 1977

HOUSE OF REPRESENTATIVES,
GOVERNMENT ACTIVITIES AND
TRANSPORTATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:12 a.m., in room 2247, Rayburn House Office Building, Hon. John L. Burton (chairman of the subcommittee) presiding.

Present: Representatives John L. Burton, David W. Evans, Robert S. Walker, and Arlan Stangeland.

Also present: Miles Q. Romney, staff director; Bruce Butterworth, Marcia Green, Cynthia Mora, and Benjamin Palumbo, professional staff members; Elizabeth L. Wasserman, clerk; and Rachel Halterman, minority professional staff, Committee on Government Operations.

Mr. BURTON. The Subcommittee on Government Activities and Transportation will reconvene, considering section 701 of H.R. 6831, of the National Energy Act, concerning Government vanpooling.

The first witness is Dr. Frank W. Davis, Jr., who is with the National Association of Van Pool Operators and from the University of Tennessee in Knoxville. He is the associate professor of marketing and transportation.

Dr. Davis is also the managing director of the Tennessee Credit Union League that, I understand, either owns or finances—are you connected with the TVA?

STATEMENT OF DR. FRANK W. DAVIS, JR., ASSOCIATE PROFESSOR OF MARKETING AND TRANSPORTATION, UNIVERSITY OF TENNESSEE

Dr. DAVIS. We are the statewide organization, of which TVA is one of the members.

Mr. BURTON. Thank you, Doctor. Please proceed.

Dr. DAVIS. I asked Rusty Girdner to come along with me because I guess the credit union had financed about as many vans as anyone else at the present time. I thought you might be interested in several of his comments.

Mr. Chairman and members of the subcommittee, first of all, as you have mentioned, I am professor of marketing and transportation at the University of Tennessee. You have a copy of my written statement.

Mr. BURTON. Yes; we do. Without objection, they will be made a part of the hearing record.

Dr. DAVIS. I will summarize my remarks very briefly.

We have about 77 vanpools operating in the Knoxville area. At this time, I think that it is important that we put vanpooling in perspective.

Vanpooling is not a new mode of transportation but rather an effort to legitimize a new form of transportation. I think this is important. If you stop and think about it, over the last number of years—in fact, since the 1880's—we have had two forms of transportation in the country.

The first has been private transportation where people can haul their neighbors and friends but where no money can change hands. This represents about 99.8 percent of all the vehicles in the country.

We also have common carriage—or contract carriage in some cases. This is where businesses are organized on a for-hire basis to haul people for a profit. There has been a franchise system set up in which these carriers have been given exclusive franchises in some areas but are required to provide services in other areas where the regulatory agency feels that there is a special need.

I think we are all familiar with the decline of our common carrier system, including rail passenger service, the decline of the commuter service by inner-city buses—such as Greyhound and Trailway—and the high cost of transportation by transit.

Knoxville became involved with vanpooling when we found there was a very high demand for peak-hour commuter service; in fact, far more than our transit system could provide because our deficits were determined primarily by the peak-to-base ratio—the number of buses used during the peak/the number of buses used in the offpeak.

Therefore, the only way that we could effectively manage our deficits was to develop a more economical alternative of serving peak-hour commuter demands. We soon found that almost 10 times as many Knoxvillians commute in carpools as they do in transit.

As we began to manage and promote the largest carrier of commuters—carpooling—we received an education. Our traditional preoccupation with private carriage and for-hire common carriage have set up institutions which severely limit any other option.

Vanpooling is an effort to make pooling legal and to remove institutional barriers so that employers, employees, and community groups can make more efficient use of private transportation and reduce the high personal cost of commuting.

This is a grassroots effort that concentrates on improving the efficiency of the 99.8 percent of the vehicles and the 99.65 percent of the drivers that cannot now legally be used to haul commuters where money changes hands.

I think that the groups that you hear from today are unique because they have had such pressing commuter problems that they have been willing to ignore the law or to flout the law, and to break these institutional barriers, so that they could solve their own commuter problems.

It seems to me that the vanpooling concept is basically not built around the van. It is not the van that is important but whether privately owned vehicles can be used in a pooling mode to haul

commuters on a shared-expense basis without becoming a common carrier and incurring all the institutional problems that have virtually destroyed the common carrier industry for commuting purposes over the last 25 to 30 years.

Vans are simply the hot automotive item. It could have been station wagon pooling, or recreational vehicle pooling, something else if it had started a few years ago before the popularity of the van.

It seems to me that the decision that your subcommittee is going to have to make is whether the 6,000 vans that have been recommended are going to be used to remove institutional barriers so that the private sector—private citizens, employers, employees, community groups, and many others—can make more efficient use of their vehicles—99.8 percent of our transportation resources; or to decide whether you are going to set up an organization in Government so that 60,000 Government employees can have a very narrowly defined and administratively expensive program whose application is to a few Government agencies.

You have to decide if you want the vanpooling program and the 6,000 vans to serve as a catalyst to change institutions so that the public, as a whole, can benefit, or limit benefits to 60,000 Federal employees.

I feel strongly that there are tens of thousands of vans that will be started quickly if you help remove these institutional problems. This is very important because there is no public advocate, at the present time, to encourage more efficient use of private transportation.

There are highway groups that are concerned about building the highways. There are mass transit groups concerned over the funding of mass transit. But there is no one to remove the institutional barriers to make more efficient use of our private resources—99.8 percent of our vehicles whose inefficient use causes congestion, pollution, and other transportation-related problems.

Mr. BURTON. Would you list the institutional barriers that you speak of?

Dr. DAVIS. Yes. In fact, I would be happy to. That is what I wanted to cover here because there is a need for an advocate who is not identified with a special interest to serve as the catalyst to eliminate them. I see that as the primary role of the 6,000-van program.

One thing we notice is that, when the 6,000 vans were first announced, we had been working with many governmental agencies. As soon as they heard that money might be available soon, the agencies stalled pooling efforts because now they were waiting for Government to present them with their vans and money so that they could get started.

We think that if the Government buys the vehicles for distribution to governmental agencies, then governmental agencies—as well as the private sector—will wait until Government buys the vans before they can get started. This will seriously delay the effort.

When Knoxville started vanpooling, the city purchased 51 vans and leased them to private operators. However, very quickly we decided that we should sell the vans to the individual operators.

We found that the credit unions would provide 100 percent financing not only for the purchase of the van, but for licenses, insurance, taxes; the whole works—100 percent financing. They would also put the riders on payroll deduction for their monthly share.

They would also set up escrow accounts for maintenance, insurance, tires, parking, and the other items which might present cash flow problems for the smaller owner-operators.

We also found that the operators did not call us at 5:30 in the morning when the vans would not start and they took better care of their own vehicles, so Knoxville's moving away from government ownership and we think it has a lot of benefits.

I do not think that anyone, at this time, can prescribe exactly how a vanpool program should be organized because there are numerous ways of doing it and none of us have had enough experience to know the best way. Vanpooling is new. However, I think there are several caveats we can point out.

First, there is no one best form of vanpooling. Employee-owned vanpooling works well because the employees help organize their fellow employees and perform many of the administrative functions.

Employer-owned vanpools have the resources to resolve many of the institutional barriers, such as insurance regulations.

The community-promoted vanpool programs are instrumental in changing the law and regulations which prohibit employee and employer-owned vanpools from forming.

Third-party organizations—such as banks, lease organizations, credit unions, dealers and others—are effective in organizing vanpool programs for companies on a turnkey basis including the ownership of vehicles and monthly accounts.

Each of these approaches should be experimented with.

Second, we do not feel that there is a real shortage of funding for vanpools. The only Government funding that is really needed, we feel, is a loan assistance program—such as a GI home loan, a small business loan, or a Federal Home Administration loan—to help people get involved and remove some of that risk of buying a $6,000, $7,000, or $8,000 vehicle to enter an activity that virtually any level of government can easily regulate out of business with the stroke of a pen.

We do feel, however, that Government should fund the removal of these institutional barriers that prohibited the formation of pools.

Our study of vanpooling—and this surprised us—revealed that the government employees already drive more privately owned vans that are suitable for vanpooling than government will ever buy, and it is only logical that government should make maximum use of these existing resources. It is not logical for government to purchase a new van for pooling purposes when many employees already own one and would be glad to pool if their employer would only encourage it. The greatest folly of all would be for a single individual to have a government van for commuting and a private van for personal use.

The institutional problems that I see are these: First, the ICC has a very ambivalent role toward shared-expense pools. They have allowed some pools to operate.

There has been a decision that, basically, the ICC will not inhibit the 3M type of employer-owned pool; however, there are other forms of vanpools that are very uncertain, especially employee-owned pools.

We feel that a major program, like these 6,000 vans, should serve as an advocate to show that there is a place for commuters who can solve their own transportation problems by eliminating this institutional barrier.

Although most of these restrictions are at the State level, the States will generally follow suit if the ICC takes the lead.

Second, the Department of Labor and State laws may equate employer promotion of carpooling and vanpooling, even if done in cooperation with government conservation efforts, as exercising some degree of control over the employee's community activities—even if the employee is using his own vehicle in the pooling effort.

This definition of control may bring commuters under workmen's compensation. That may not be a major problem for some companies, but for other companies which are experiencing large increases in workmen's compensation cost this could be a major barrier.

Also, employees may become subject to third-party liability suits if the person that was injured claims, "You were operating under the direction of your employer, and your employer has a deeper pocket. We will sue him."

Another thing that we have found is that agencies or groups that have offered priority parking for vanpools or carpools have been subjected to discrimination suits against them. There is even some indication that pooling programs may raise demands for portal-to-portal pay in collective bargaining.

Some method—legislation or regulation, or policy statement—must be found to state, "It is in the public interest to help employees find lower-cost transportation to benefit them and society." We feel that that is one institutional barrier that could be eliminated very easily with the right advocate.

The next issue is insurance. The risk to vanpooling commuters is substantially less. Vanpools transport the same people between their homes and the same jobs at the same time of day in fewer vehicles with carefully selected drivers in larger vehicles which are better maintained and with more people sitting in the rear of the vehicle where they are less prone to injury.

From an insurance standpoint, however, liability goes up substantially when you start pooling. The ideal situation, from an insurance standpoint, is to have everyone ride alone because, if there is an accident, only one-half of the people can sue—the driver cannot sue himself and there is only one party to sue in the vehicle that was hit.

However, when commuters pool in large vans everybody, except the driver who was at fault, can sue because they are passengers. Consequently, pooling reduces injuries to all concerned but increases the number of people that can sue, and concentrates risk around a small number of drivers. Hence, injury is less but liability is greater and insurance companies are concerned.

There is a critical need to use this program to work with the insurance industry to come up with a different approach to providing insurance. I happen to know that many in the insurance industry are anxious, willing, and waiting for this program to start, hoping Government will ask the insurance industry to help develop an effective risk-management program and to develop an alternative approach to insuring commuter liability.

The problem is that no one insurance company wants a monopoly on the high occupancy vans while the remaining insurance companies receive the benefit from the reduced overall exposure for all other vehicles.

Vanpooling offers another benefit that may be overlooked. That is, in many cases, there are certain habitual offenders on the road that should be removed from the highways but the judges are reluctant to take their licenses away from them because they would not have access to work and would go on welfare or be unemployable.

The vanpools allow the judge to restrict driving privileges without restricting access to work.

For these reasons, I think it is imperative that the 6,000 vans be insured by the private sector, rather than following the traditional approach of Government self-insurance. Efforts to insure the 6,000 vans would provide the impetus to resolve the insurance issues so the private sector could benefit. I do not think insurance is that much of a barrier, but we need an advocate to get it started.

The next thing is the Government accounting procedure. Government funds parking lots from capital budgets and transportation from operating budgets.

In Government capital budgets, interest as depreciation and taxes are not considered to be costs. Therefore, a parking space that would cost $30 to $50 in a private garage that includes these costs appears to be a free good in the Government sector.

Therefore it seems logical to give an employee free use of a $30 to $50 parking space, but completely illogical to subsidize the administrative cost of a van at a cost of only $5–$10 per month. If you consider the high cost of highways plus the parking subsidy, this apparent logical behavior becomes totally illogical when viewed from a business accounting procedure. It is much cheaper to provide transportation than it is to provide the parking space alone.

When there is a charge for parking, it is usually on a subsidized basis. The same subsidy is given to the person who rides alone as is given to a vanpool that carries 12 people in it. Thus, public policy discriminates against the people who use more efficient vehicles, and transit riders get no subsidy because they do not use a parking space.

In our mandatory 1985 fuel economy standards, there is a tendency to forget that fuel economies depend on the way the vehicle is used. We should try to conserve the fuel required for getting people to work, and not on a per-vehicle-mile basis.

For example, high fuel standards that discourage 12-passenger vanpools force the same number of commuters into two 6-passenger carpools or six carpools using Pintos, Vegas, or Chevettes.

Vanpooling can be encouraged by air quality standards. If there were a vanpool advocate to promote the offsetting of emissions with vanpools as well as from stationary sources as a means of authorizing construction of new plants it would provide a strong incentive for employers to promote pools.

The Internal Revenue Service needs to make numerous decisions regarding vanpooling, such as:

Why should employer-supplied parking be considered a nontaxable fringe benefit but employer-supplied transport is taxable? In an employee-operated pool, who is eligible for the investment tax credit?

We are finding, for example, that if a private operator operates a van, he cannot take advantage of the investment tax credit unless he declares himself to be a business. If you declare yourself to be a business, the van becomes a commercial vehicle which may not be able to park in a residential area, becomes subject to regulation from the public utility commission, has strict accounting requirements, and a new standard of liability.

Vanpooling needs an advocate to say:

> Look, there are two ways in which we can approach van pooling tax issues. One is that we follow the approach that gives the most impact for the dollar in reducing congestion, pollution, and in saving energy.
>
> The other approach is to collect every dollar possible and then spend the money on very costly highway mass transit or energy conservation programs which have less impact.

Regional transportation authorities—one of which I am a member—frequently view mass transit funding as being virtually unlimited, and often object to anyone else hauling commuters because they feel that it is transit's role and they do not want any "competition" for use of public funding.

An advocate is needed who would say:

> Isn't it time to start making more efficient use of the other 99.8 percent of our transportation resources, and van pooling is a low-cost way to start.

My recommendation is that your committee view this 6,000-van program as a series of demonstrations, and that the demonstrations have an individual who serves as a non-vested-interest advocate in each area. I would choose perhaps 200 sites with an average of 30 vans each. If you get 30 vans operating, you will have to change the institutional arrangements in that area.

Have one of these demonstrations in each State and you will find that the legislation is changed fairly easily, if you get an individual who says, "The Government wants to put in 30 vans."

Our legislature was very cooperative in Tennessee and we have gotten five pieces of legislation through.

I think, also, the demonstrations would teach various public employees who are responsible for administering the program how frustrating some of these institutional barriers can be. They could serve as local advocates for making these institutional changes, such as getting a change in a ruling from the IRS, the ICC, or the Department of Labor.

I think it is fairly easy, but you need that advocate.

I think this is an opportunity and this bill should serve as a catalyst to bring the insurance industry in to develop new insurance programs. They are anxious and just waiting for the word to do so.

I think we should provide an opportunity for specialized third parties—such as banks, credit unions, lease firms, and others—to promote vanpooling, because where people can earn a buck there is an incentive for them to promote it.

I was amazed when Rusty Girdner told me, in the State of Tennessee, that the credit union has $1 billion of assets and that 30 percent of these—$300 million—are very liquid and would be available within 90 days to put vans on the road. The incentive is that the credit unions get a 9- or 10-percent rate of return on van loans, instead of the 7 percent they are getting on CD's or Treasury bills. I think this has real potential.

I think there is also a need for the advocate to incorporate vanpools into the local programs—in zoning, transportation planning, etc.—so that they fit into the total transportation program.

We are suggesting 200 demonstration sites with 30 vans per site. Each site must develop their own approach to initiating the program and involving the private sector wherever possible in financing, insuring, managing, and operating vanpools.

A coordinating office should be organized to locate institutional problems and to act as an ombudsman or an institutional representative to say, "Look, I understand that Joe Hillbilly in Tennessee or Sally Smalltown out in Iowa wants to set up a program but has very little clout to change the IRS, the Department of Labor, or other agencies; but this coordinating agency could make changes so that the private sector could also make more efficient use of their pooling vehicles."

I think if this approach is followed with the 6,000 vans that have been recommended, I feel confident—and we have had a lot of experience in this area—that the residents of the rural areas of east Tennessee, alone, will have 6,000 vans in operation in 4 to 5 years; especially in the rural areas where the people need them so much because they travel such long distances to work and can afford the long distance commuting only if they carry their neighbors with them on a shared expense basis.

I think that if you want to do this, the National Association of Van Pool Operators is very anxious and willing to help. We have members in most States.

I think this is an opportunity where Government can reverse the past trends. Now Government can help solve some of the institutional and regulatory problems that have been set up so that private citizens have the right to solve their own commuter transportation problems and not be dependent upon Government for their transporation solutions.

These are my comments in this area.

Mr. BURTON. Thank you very much for a very provocative testimony.

Are you aware that the reason this subcommittee is considering this issue is our jurisdiction over the General Services Administration and their role in this?

I do not know—based on this program and based on our limited jurisdiction—if we could legislatively implement some of your suggestions.

Dr. DAVIS. I am suggesting that we take the approach that says—

> Look, the Federal Government recognizes that we need to exercise leadership in energy conservation. Instead of forcing employers and private individuals to do it first, we are going to take the lead.
>
> We feel that vanpooling has potential at Federal employment centers.

The General Services Administration over which your committee has jurisdiction will then go in and implement vanpooling. It may start with leases, it may start with the purchase of a few vehicles, but it will start a number of demonstration sites.

You are in effect saying, "We are going to resolve the problems before we pass laws that force the private sector to do it." This gives

you the advantage of being in a leadership position to resolve the institutional problems and set the lead so that, then, the private sector can follow on behind.

I would hate to see vanpooling set up, however, where it did not provide this leadership.

Mr. BURTON. It is my belief that that would be the thrust of it; that it would not only put 60,000 Federal employees in the vans, but that it would be a pretty good demonstration project. Hopefully, the bureaucrats would be sensitive enough—they can just run over the institutional barriers. If they could, at least, empathize and put themselves in someone else's position, they could say, "If we were not the Government and this was not the President's program, my God, it would be a nightmare trying to get it through."

Dr. DAVIS. Exactly; in fact, I think that is the key.

However, if we made the mistake of buying 6,000 vans and setting up a very structured type of program like the GSA motor pool, which operates under the Government self-insurance and operates under the exemptions which Government has, then you would institutionalize it so that there was one way of providing vanpooling and the private sector could not take advantage of it.

Also, we would not experiment with alternative arrangements; such as the employee vans, the third-party vans, and a number of other options.

Mr. BURTON. One of the institutional barriers to the Federal Government doing this is a law that prohibits this type of operation by the Federal agencies for their employees; therefore, they are dealing to eliminate that barrier.

I do not know whether they would be ready to get away from your plan of self-insurance at this time and go out and try to deal with private sector insurance and get into all the ramifications of that as far as if there would be State or Federal laws dealing with insurance and things of that sort.

Dr. DAVIS. The insurance industry is well aware of the vanpooling problems. They have gone the extra mile in introducing new rates nationwide.

The problem is that there needs to be a change in the structure of commuter insurance. If the insurance companies go to the State legislatures, they are a "vested interest seeking self-serving legislation."

If, however, GSA asks the insurance industry for help in setting up the program, then they are not such a vested interest, but a cooperative industry working to help society, and I think the broad spread of support could come much more rapidly.

I think you may find that interesting.

Mr. BURTON. We do have copies of your suggested amendments to this section which we will take under consideration, I think, during the meetings that our staff has with the staffs of the various Federal agencies involved.

My problem is that I do not know how limited we are going to be as we deal with this legislation, and I do not know how far we are going to go before we run into the institutional barrier of the Subcommittee on Surface Transportation of the Public Works and Transportation Committee.

Dr. DAVIS. You know, we had this problem. I started out on this transit authority as an academician. No one can have less authority than an academician, but we saw problems and we began to attack each one.

As we would bring people in, we would explain it to them and say, "Now, look, think about it in this light. When that legislation was written many years ago, I do not think they thought of our current situation."

Changes occur quickly then. However, we found that the biggest barrier to change was where leaders have been reluctant to attack barriers they perceive as outside of their jurisdiction.

Therefore, I think that the climate is right and people are receptive if we organize this program to do the coordination necessary to make the required changes.

Mr. BURTON. Mr. Stangeland?

Mr. STANGELAND. Thank you, Mr. Chairman.

I have just a few questions, Dr. Davis.

What percentage of those who joined the vanpooling program were in one-driver cars and what percentage had used some form of mass transit or carpooling prior to the implementation of the vanpooling program?

Dr. DAVIS. In Knoxville, when we started out, we wanted to be very careful that we did not do anything to compete with mass transit.

In spite of the fact that we were hauling all of the commuters that we were possibly able to haul on transit and we had to shift over to using a number of private buses—we now have as many commuters going in private buses as we have in the publicly owned buses, operating in the express mode.

Vans were only started where the origin and the destination—one or the other—was outside of the transit service area because we did not want to confuse vanpooling with labor, or franchise or competition issues.

Therefore, of our 77 vans operating in Knoxville, none of them have the origin and destination in the same area as transit. This has not been difficult since a van does not operate like a bus.

A bus goes down the street, picks up people, and lets them off on every block. A van—where you charge a fare based upon the total distance traveled and everyone pays it on a monthly basis—is not going to pick up a person halfway to work and charge them the same thing that people are charged to go the whole distance.

Therefore, vans have a tendency to haul all people from the same neighborhood, and the economics of the vans are advantages at distances over 15 miles.

One area we have emphasized has been the very long-distance commutes. There was one van that served an industrial park as a special request because the employer had a lot of interest in the community. At first the transit authority provided a bus from the downtown area that averaged nine riders per day. We were losing $50 a day on the bus so the transit authority terminated it. The employer called up the vanpool program and asked, "Could we get a van?" We said, "Well, we want to make sure that we are

not running in competition with the bus company." He said, "They have abandoned us." We put it on and it is still operating on a profitable basis.

Therefore, I feel that there is very little competition.

Besides, the only way that we can control transit deficits in Knoxville is to control the number of buses used in the peak to the number of buses used in the base period—we keep it at 1.6 or below so we do not put buses on where they can only make one trip in and one trip out. The vans provide an option to increase productivity.

Mr. STANGELAND. The city of Knoxville owns 47 vans?

Dr. DAVIS. We own 51. We are using several for backup.

We are selling these vans to the private owner/operators, and we have found now that even the garages are willing to provide the backup vans on a lease basis.

Mr. STANGELAND. This is what I was wondering.

Do these vans that you own show a profit, or are there city tax revenues subsidizing the vans?

Dr. DAVIS. If you look at the money that was spent during the institutional research—working with the insurance companies so we could get insurance rates, changing laws so it was legal for them to operate—this was subsidized.

If you take the operating costs including depreciation, interest, license fees, taxes, maintenance, tires—all operating costs as a business would measure cost—then this was not subsidized. We are actually building up a replacement reserve from depreciated funds.

Mr. STANGELAND. Then if it is economically profitable, it is feasible that your city-owned vans will eventually all be owned by private operators.

Dr. DAVIS. That is our hope; right.

Mr. STANGELAND. If that is the case, then—I asked this question yesterday, I guess—would it not be possible for the Federal Government to encourage—use some kind of stimulus to encourage—vanpooling and then contract out the vanpooling program to a private entrepreneur?

Dr. DAVIS. That is what we are encouraging you to do, but I think that the first step is that someone needs to be an advocate, come in, and get rid of these institutional barriers because a third-party operator or contractor cannot do it. He is a vested interest. Government is skeptical of changing laws for "special interest" groups during our period when all business is suspect.

We are also suggesting that there are many other options to having a third-party contractor do it. Individuals who are already driving to work can carry their fellow employees in their own vehicles. There are no administrative costs there.

On the other hand, there may be situations where you have high turnover in an organization where you cannot depend on employees, and you have to go to the employer, the credit union, or a contractor to do it.

We are saying; please, set it up so you can have a number of demonstration sites and experiment with all of these options before you cast the program in stone.

Mr. STANGELAND. My concern is that, generally speaking, a small governmental unit—such as a city—would have more efficiency as far as running a program; that you lose efficiency—and certainly a private contractor operates a business much more efficiently and economically, because he has that profit motive and concern, than does the Federal Government.

It would seem to me that, once we have put this into the Federal Government, once we have started, it grows like topsy like most anything else.

Dr. DAVIS. I agree with you. The only thing that we need is an advocate or promoter in Government to change the institution. I think that we should experiment with using all different types of contractors.

One contractor may come in for a turnkey program. Another one may be a credit union that will loan funds but the employees will own the vehicles themselves. Another may be a bus company that uses the vans for social service trips during the day.

There are literally hundreds of combinations and possibilities possible, and please do not freeze out any of them this early in the game.

Mr. STANGELAND. Do you have some cost benefit figures of the people who utilize the vanpooling in Knoxville?

Dr. DAVIS. We can get those for you. We figure that, in Knoxville, each van saves approximately 6,000 gallons of fuel a year. That raises another problem because it is easy for certain groups to say that vans are stealing $480 of highway trust fund money a year, but that is another issue.

However, we save 6,000 gallons, and we can get testimonials for you from various individuals that they will save on personal commuting costs, depending on the trip, anywhere from $15 to $50 or $60 a month—$75 a month—on commuting costs. They are just as happy as can be.

When our early vans started one person would get in, then he would get his cousin, and next a brother-in-law would start getting their own vans. This type of satisfaction develops a word-of-mouth promotion.

Mr. STANGELAND. With the experience that you have had, the Federal credit unions started up part of your vanpooling program?

Dr. DAVIS. TVA, at this time, is operating about 160 vans and 14 bus pools that operate just like vanpools. They are all funded by the TVA credit union. TVA operates them, administratively, but the money was put up by Rusty's group—all of it.

There are many others that are funding—such as Offutt Air Force Base—which is using their credit union. For the ones in Knoxville, we received a grant of which vanpooling was to be a small part of the project. We received funding for 51 vans as a UMTA service and methods demonstration grant.

We now feel we should sell them, and the funding is not a problem. The program could not have gotten started, however, had not the project been funded to remove the institutional barriers.

Mr. STANGELAND [presiding]. We will recess the hearing for a few minutes for a vote and return as quickly as possible.

[Recess taken.]

[Dr. Davis' prepared statement follows:]

Prepared Statement of Dr. Frank W. Davis, Jr., Associate Professor of Marketing and Transportation, University of Tennesse

I am Frank W. Davis, Jr., Associate Professor of Marketing and Transportation at The University of Tennessee, a member of the Knoxville Transit Authority Board and Director of the City of Knoxville Brokerage Program which now has 77 vanpools operating including 47 vans owned by the city and leased to private operators, 20 company owned vanpools and 10 employee owned vanpools. Before discussing efforts by government to implement the operation of 6,000 vans, I feel that it is important to put vanpooling in perspective.

ROLE OF VANPOOLING

Vanpooling is not a new mode of transportation—but rather an effort to legitimatize a new form of transportation. In the late 1800's transportation policy (legislation, regulation, policy, funding, and promotion) divided transportation into two separate and exclusive categories:

Private transportation where individuals acquire, finance, manage, route and schedule their own vehicle to carry family and friends where *no money is allowed to change hands.*

Common carriage where companies own and operate vehicles to carry the public on a "for hire" business basis. Those common carriers (sometimes contract carriers) are required to provide "for hire" transportation even in non-profitable areas if the public needs it and in return the carriers receive an exclusive franchise which protects the carrier from competition in the more profitable areas.

The common carriers have faced four major problems which prohibit them from providing extensive communter transportation:

Peak hour demand—a vehicle can frequently make only one run each morning before the peak hour demand is over.

Full time labor contracts—most employees desire to work eight hours per day but when full time labor must be used to provide peak hour service the cost is prohibitively high.

Deadheading—although there is a strong demand for peak hour commuter service the common carrier finds it must travel 50 to 70 percent empty miles as it must go empty from the bus barn to the residential site and return to the bus barn after delivering a full load of commuters to the work site.

Public expectations—regulation has restricted the carriers flexibility in raising fares, abandoning costly service, and entering into new high potential market areas.

As a consequence, common carrier service especially for commuters has continually declined since World War II as evidenced by rail commuter passenger service, the virtual abandonment of commuter service by intercity bus lines, and the extremely high cost of commuter service provided by transit.

Knoxville's interests in vanpools began once the transit authority realized that there was a strong demand for commuter service, but that transit losses were primarily determined by the high peak-to-base ratio which occurred in serving commuters.

$$\text{Peak-to-base ratio} = \frac{\text{number of buses operated during peak hour}}{\text{number of buses operated during off peak}}$$

Therefore, the only way to bring Knoxville's transit deficit under control was to find some alternative for hauling peak-hour commuters.

A study of commuter activities revealed that approximately ten times as many Knoxville commuters went to work in carpools as in common carriage, so the efforts began to concentrate around pooling activities. Then Knoxville received an education. It is virtually impossible to formally promote pooling because institutions ranging from the Internal Revenue Service to the Interstate Commerce Commission, to the insurance companies, to financial institutions, to employers recognized only private carriage and virtually non-existent common carriage. Vanpooling is an effort to make pooling legal and to remove the institutional barriers so employers, employees, and community groups can make more efficient use of private transportation and to reduce the high cost of commuting. This grass roots effort recognizes the futility of limiting "for hire" transportation to the use of .2 of 1 percent of the nation's vehicles (taxis, buses, railcars, streetcars) while the potential for making more efficient use of the remaining 99.8 percent of the vehicles and 99.65 percent of the potential drivers continues to be illegal.

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The groups that the committee will hear from today are companies and organizations that have had such pressing commuter problems they have been willing to flaunt or change institutional barriers in order to solve their own commuter problems. They have been successful and now others want to get on the bandwagon.

The vanpooling concept is not built around the van but rather whether privately owned vehicles can be used in a pooling mode to haul commuters on a shared expense basis without becoming a common carrier and incurring all of the institutional problems which have virtually destroyed the common carrier industry for commuting purposes. Vans are simply the "hot automobile" item today. If this program had started several years ago it could have easily been called station-wagon pooling, recreational vehicle pooling or bus pooling.

THE ROLE OF SECTION 701

Section 701 of this act allows this committee to make a choice.

Will the 6,000 vans be used as a demonstration to force a broad recognition of the many institutional barriers which now inhibit private citizens from making more efficient use of their part of the 99.8 percent of our nation's vehicles, or

Will the 6,000 vans be used to simply establish "government vanpools" as a third narrowly defined mode of transportation with strictly defined methods of operation without taking any steps to assist the private sector in taking advantage of the pooling principle.

If the first approach is followed then the 6,000 vans will pave the way so that citizens in the private sector can likewise benefit from the new institutional arrangments that have developed and pave the way for the operation of thousands of vans throughout the country. If the second approach is followed then the committee will establish a very costly program administratively that will benefit 60,000 government employees but will have no more relevance to the private sector than the operation of the GSA motor pool but will encourage every agency and business to henceforth wait until they receive their allocation of government funds or vehicles before they start pooling efforts.

Knoxville is now operating 48 vanpools which the city owns and is leasing to private operators. Experience with this program as well as other programs reveals that administration will require approximately one employee for every 20 to 25 vans depending upon the accounting system used. Knoxville has decided that it is much more logical to sell the vans to the current operators. Arrangements have been made to provide 100 percent funding through the credit union which will also place riders on payroll deduction and set up escrow accounts for maintenance, insurance, tires and parking. Furthermore, individuals treat their vehicles differently when they own them and vehicle owners do not call up at 5AM because the vehicle will not start. Over three-fourths of the vans currently coordinated by public bodies are financed by credit unions who are anxious for the business and already have the accounting procedures to operate and provide payroll deduction services.

RECOMMENDATIONS

I wish that I could prescribe the optimum way that the 6,000 vans should be organized and operated but no one at this time has enough experience to know the best way to form vanpools. We can, however, tell you many approaches that work better than others and identify some of the institutional problem areas. Several of these are as follows:

1. There is no one best form of vanpooling. Typical types include:

Employee owned and operated pools;

Community promoted pools; and

Third party pools owned and/or operated and/or managed by credit unions, banks, dealers, lease firms, maintenance firms, bus companies, etc.

The type of organization depends upon the tenure of the employee, work shift patterns, entrepreneural spirit of the employees, parking policies and many other factors. The majority of existing pools now, however, are employee owned and operated pools.

2. There is no shortage of funding—the only government funding assistance needed is (a) a loan guarantee program with financial institutions to guarantee loans in case of failure. This program should probably be similar to a G.I. bill home loan, F.H.A. home loan or Small Business Administration loan program; and (b) for the management or a task force to help resolve the myriad institutional problems.

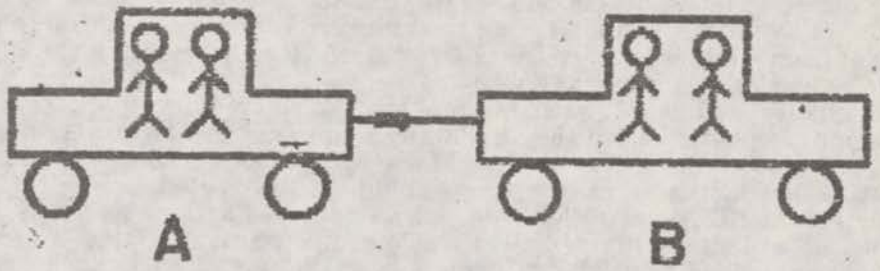
3. There is little need or reason for government to fund or operate vans. Individual government employees already own a large number of suitable window vans, in fact, far more than the government will ever buy.

The real role for government is to remove the institutional problem a few of which are listed below:

1. The I.C.C. as well as many states prohibit various types of "shared expense" pools unless they submit to common carrier regulation. Car pools are tolerated under the precedent set during World War II and the assumption that all car pools alternate driving and do not "share expense." A major government program like the 6,000 vans could easily force a re-evaluation of existing car pool and vanpool regulations.

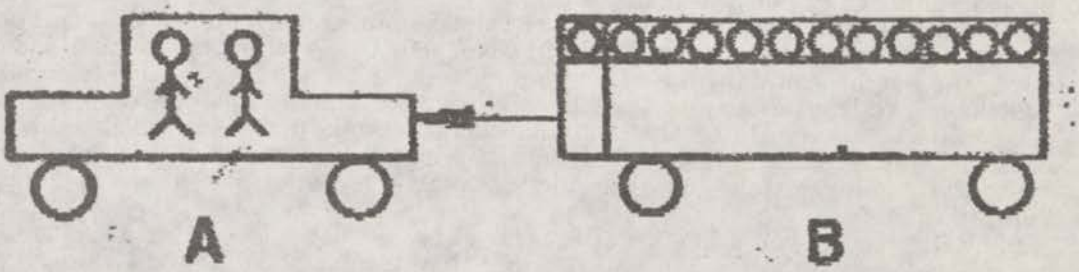
2. The Department of Labor and state laws equate employer promotion of carpooling or vanpooling (even if the promotion is done in cooperation with government conservation efforts) as employer exercising a degree of "control" over the commuting activities and thus establishing an employer/employee relationship even when employee owned or third party vans are used. This "control" may even make the employer liable for commuting accidents under workmen's compensation or to the point of being named in a third party liability suit where an employee owned ban was involved. Furthermore priority parking for pools have resulted in job discrimination suits. Employer provided pools raised questions about future collective bargaining demands for portal-to-portal pay which need to be resolved now. A major government program like the 6,000 vans could establish the precedent that voluntary pooling programs are a social contribution by the employer and outside of the normal employer/employee relationship.

3. Vanpooling substantially reduces the overall risk of commuter accidents to society since the same number of workers are going between their home and work at the same time using fewer vehicles with carefully selected drivers and riding in larger vehicles with more passengers in the rear seats (where probability of of injury is less). Individual insurance policies, are written on a per vehicle average



(Where B is at fault the driver and passenger of vehicle A as well as the passenger in vehicle B may sue driver B for injuries. This is the reason for the 10,000/20,000 or 100,000/300,000 limits.)

Vanpools have a very high concentration of risks since there are so many potential passengers who can sue.



(Where B is at fault the 11 passengers in the van as well as both occupants of vehicle A may sue driver B.) Thus pooling reduces overall societal risks but increases the number of passengers who can sue a greatly decreased number of drivers. When commuters ride alone they cannot sue themselves so total liability is substantially reduced where pooling is illegal.

A major government program like the 6,000 vans could be a call for the insurance industry to develop an effective risk management program in cooperation with government to assist in the selection and training of pool drivers, vehicle modifications, and possible new approaches to insurance that might provide passenger and employer protection in case of commuter accidents regardless of vehicles used. This insurance could be developed on a group or company basis. It could also resolve the dilemma of the habitual offender that should have their license revoked but where the judge does not want to take away the individual's accessibility to employment. This would provide the judge the vanpool option. For this reason it is imperative that the 6,000 vans be insured through the private sector rather than following the traditional approach of government self-insurance. I believe the insurance industry is willing and simply waiting to be asked to help develop such a program.

4. The General Accounting Office procedure of funding parking from capital budgets and vehicles from operating budgets has set a pattern whereby parking is free, but the use of vehicles is a chargeable expense. Furthermore, since depreciation, interests, and taxes are not chargeable items for parking lots public policy readily accepts the provisions of free employee parking spaces which would normally cost $35 to $50 per month in private garages but would be appalled at a $20 per month for employee transportation service. In many cases it is cheaper on a total cost basis to provide free vanpool service for all employees within a 20 mile radius than a free parking space. A major government program like the 6,000 vans would hopefully require GSA to evaluate the trade offs between parking costs and transportation costs and devise guidelines to reduce cost on a total cost basis. This would encourage private employers to follow suit.

5. Mandatory fuel economy standards have been established for 1985. Unfortunately, the private automobile is seen as a stereotype and makes no consideration of commuter pools which require larger vans or automobiles. A major government program like the 6,000 vans would hopefully direct attention to a broad array of potential users and view energy conservation efforts to reduce the amount of fuel required to transport commuters to work and not simply reduce the energy consumed per vehicle while increasing the number of vehicles. For example, a 12 person vanpool becomes six carpools of two persons each when using the 27½ mile per gallon vehicles currently available.

6. Air quality standards often require that a community reduce emissions from stationary plants before they build any additional plants. A major governmental program like the 6,000 vans could focus attention on pooling as one method of offsetting emissions so that new plants could be constructed.

7. The Internal Revenue Service treats free employee parking as a non-taxable fringe benefit while an automobile is taxable compensation. A large government program like the 6,000 vans should require an evaluation of issues such as:

(*a*) When is commuter transportation taxable to the employee? i.e. free parking, free use of vans, free administration of vans, the fares from the 10, 11, and 12th passengers or free use of the vehicles on weekends?

(*b*) When is employer supplied commuter transportation tax deductible and eligible for investment tax credit? i.e. the construction of employee parking lots, the purchase of company owned vans, underwriting of credit union loan guarantees, investment in self insurance coverage, administration of vanpool programs, personal mileage use on weekends, etc.

(*c*) May an employee owned vanpool take advantage of depreciation and/or investment tax credits without declaring his pool to be a business which then forces the purchase of a business license, may restrict the parking of a commercial vehicle in a residential area, may require Public Service Commission regulation, may subject the vehicle to the common carrier standard of care which makes insurance unaffordable and sets a substantially higher standard of record keeping. Must the employee treat his own ride as taxable revenue? When is a pooling "profit" made?

(*d*) What records should be kept? It is far cheaper to give the driver a six cents per mile allowance for gas, oil, and cleaning than to give them a credit card and incur the accounting overhead yet one is an accounting of actual expense while the least expensive method is a questionable allowance.

A major government program such as the 6,000 vans may emphasize two approaches: (a) the Internal Revenue Service could set policy to reduce the total cost of getting commuters to work or, (b) the IRS may stress collecting every possible tax dollar without considering very costly expenditures for highways, mass transit and energy conservation programs to accomplish the same net effect.

8. Regional Transportation Authorities who view mass transit funding as being virtually unlimited often object to anyone else hauling commuters even if no subsidy is required. A major government program such as the 6,000 vans may help these authorities realize that the only way to control transit deficits and provide service in low density areas is to make more efficient use of the other 99.8 percent of the vehicles.

RECOMMENDATIONS

My recommendations are that the committee view this program as a series of demonstrations to:

Show that "shared expense" or "profit making" pooling is a viable alternative for commuting.

Teach the group of public employees responsible for administering the program how frustrating existing institutional barriers really are;

Identify the conflicting legislation, policy and regulations which prohibit effective pooling so they can be changed;

Provide an opportunity for the insurance industry to develop new risk management and insurance programs for commuting activity;

Provide an opportunity for specialized third party institutions such as banks, credit unions, lease firms and others to promote and support organized pooling programs;

Integrate pooling efforts with mass transit efforts, Transportation Systems Management programs, and transportation planning activities in the local community; and

Develop guidelines which will integrate pooling policy into energy conservation efforts, zoning for parking lots, and parking requirements for office buildings on a total cost basis.

This can be done by setting up approximately 200 demonstration sites (at least one in each state) averaging 30 vans per site. Each site must develop their own approach to initiating the program and involving the private sector in financing, insuring, managing and operating the programs. A coordinating office should be established with responsibility and a congressional mandate to communicate with the demonstration sites, determine institutional barriers and to make the intergovernmental contacts necessary to resolve these barriers. The members of the National Association of Vanpool Operators will be glad to assist and have members to help you in most states. If this approach to demonstrating the 6,000 vans is followed, I feel confident that the residents of the rural areas of East Tennessee alone will have 6,000 vans operating in four to five years, not to mention the thousands more throughout the rest of the country. This is an opportunity for government to help solve institutional and regulatory problems so that private citizens have the right to solve their own commuter transportation problems and not be dependent upon government for a solution.

Mr. BURTON [presiding]. Mr. Girdner, while we are waiting for Mr. Stangeland to return, would you please proceed.

STATEMENT OF ALWIN J. GIRDNER, PRESIDENT, TENNESSEE CREDIT UNION LEAGUE

Mr. GIRDNER. Thank you, Mr. Chairman.

I am not as learned as Dr. Davis. I have only two points, actually, to make.

There are quite a few out in the private sector who are interested and willing to support the commuter van program. I represent the Tennessee Credit Union League which is 600 credit unions in Tennessee, only. We feel that the credit unions have really made progress in moving into this program and supporting the commuter van program without any real support or subsidization.

The manner in which they have gone into it has been mostly informal. I feel that the reasons they have been successful—and they are just into it a few months—is that in credit unions we have a very close rap-

port with our members. Those members are the very people who will be riding the vans, they are the employees in these groups.

Through our credit unions over the years, we have set up payroll deductions and other services so that these members turn to their credit unions for these services and for counseling.

We can finance vans for these prospective owner/operators because they probably already have authorized payroll deductions. We can set up payments, escrow accounts, and handle rider charges through that same machinery.

We have worked out our insurance program over the years, and within this framework we can move on into insuring vans which they are doing.

In the counseling, as I mentioned, we can counsel these members who are interested in getting into something like this, setting themselves up as little capitalists and start riding and driving vans. We can give them, through our credit unions, the advice and financial backing to get into it.

We probably already have a financial background on these people and know what they can do.

As Dr. Davis mentioned a little while ago, one of the basic objectives of credit unions is to encourage thrift. In the State of Tennessee, alone, we have now accumulated about $1 billion of money that we are loaning out to individuals. Of this, about 72 percent is in loans and the other, nearly one-third, is in investments.

In other words, it ranges from 6 to 8 percent or whatever we can get on investments. If we can go out and make member loans at 10 percent, it is a tremendously good business for credit unions. It is also good business for our members because, as they pay off their loans, they, in turn, benefit from it.

Therefore, I am trying to make two points. One is that we are set up and have the machinery to do it, and that we have the money available to do it.

I have the example of one credit union which is in Oak Ridge. This is a credit union of some 7,000 members. They got into this program just a few weeks ago. I am submitting, with my statement, a newsletter that they put out to announce their program to their members.

They would finance new vans for anyone who wanted to go into this at 100 percent financing, 10 percent APR. They would finance the van, the taxes, the license, and the insurance up to 48 months.

I called this manager the night before last and asked, "What is happening in your van program? You have been in it a couple of months now." He said, "We have 35 vans rolling." I have not verified this, I have not been back to count his vans, but he said he has 35 rolling.

This is a credit union with $19 million in assets of which they have only $10 million loaned, so they have $9 million that they would love to put out for this type of endeavor.

That is my statement. I believe that there is a structure set up in the private sector which could move in and really take hold of this program and make it go.

Mr. BURTON. Thank you, Mr. Girdner.

Without objection, your prepared statement will be made part of the record of this hearing.

[See p. 149.]

Mr. BURTON. What is the average cost of a van?

Mr. GIRDNER. I do not have those figures as well as Dr. Davis would.

Mr. BURTON. What would be the average cost of the insurance?

Dr. DAVIS. This varies. The van will run in the neighborhood of from $7,000 to $8,000 to purchase, depending upon equipment and so forth.

When it comes to insurance, we have gotten figures ranging anywhere from $200 to $2,000, depending upon the organization and other things. We are making some real breakthroughs. The cheapest insurance is with the individual who insures it as he does his own private automobile.

ISO has taken the lead on this and has indicated that when a person pools in their own privately owned van or station wagon there will be no increase in insurance costs over what it would be if they did not pool.

If a company has a van, then the rates are very low because it comes under the workmen's compensation coverage, generally, for the employer. Then, on third-party, the cost is much higher.

Mr. BURTON. If an employer has this and I get injured in an accident, I am limited to workmen's compensation coverage?

Dr. DAVIS. They feel that the workmen's compensation coverage would probably have first priority here. You see, there are a lot of unanswered questions. This is the reason I beg you to set this up so that the insurance companies are brought in and these institutional arrangements are worked out because there are a number of ways of doing it.

Right now, I think probably one of the biggest incentives for using single-occupant autos to commute to work is the way that our insurance system is structured, and our liability system.

Mr. BURTON. Do you really think that that is what people think of? That never enters my mind.

Dr. DAVIS. We have found a number of people—for example, one individual right now has been insured for 15 years by one insurance company. They have been driving to work for a number of years and they have never had an accident.

They decided to use their eight-passenger van to haul neighbors to and from work. They went to their insurance company, told them what they were going to do, they thought about the increase in exposure, and the insurance company said, "Great, we think it is fine that you do this, but you will probably want to get your insurance for your three vehicles somewhere else."

That is the type of thing that may not enter your mind until you want to do it. It is interesting, the way this happens.

Mr. BURTON. Mr. Stangeland?

Mr. STANGELAND. I think most of my questions are answered, Mr. Chairman. The last one was going to be: Why could we not fund this program from credit unions instead of with taxpayers' money? I think that you have pretty well answered that—that there is a possibility of going that route.

Dr. DAVIS. I think there is a good possibility, and not just with credit union money. I think the key is that we not make the mistake of saying, "There is plenty of money available there." We do not even need to tell GSA that they have a responsibility to get something moving in the area.

The key is to give somebody the responsibility and get them moving so we can remove these institutional barriers and get it done. I think that much of the testimony you are going to hear is, "Look, if we can just get them to get 6,000 vans, that is better than nothing," and, "If we do not ask for the money, then nothing will happen."

Therefore, I think it is imperative for something to happen, but I do not think that we need a whole lot of money. We just need to get those demonstrations started.

Mr. BURTON. Early in your testimony, you stated that, if we get into the program, the private sector, employers, or other people are going to say that it is going to slow down their operation because somehow they feel that the Federal Government is going to give them a van; is that correct?

Dr. DAVIS. I think that if you get into the mode that all the vans that are used are purchased by the Government and then doled out to the employees or to the Federal employment areas, then I think you will get a tremendous request that says, "Hey, we have an employment site out here. Why can't we get some of these, too?"—just like an extension to mass transit or highway funding.

My contention is that this program should be used to drive home the point that we need to manage commuter transportation just like we manage parking lots or any other thing. We need to drive that point home and GSA needs to direct as much attention to the management of commuter traffic in and out of their facility in accomplishing energy objectives and others as they give to the management of any other part of their operation.

Mr. BURTON. Mr. Evans?

Mr. EVANS. I have no questions.

Mr. BURTON. Mr. Walker?

Mr. WALKER. No questions, Mr. Chairman.

Mr. BURTON. Thank you very much.

[Mr. Girdner's prepared statement follows:]

PREPARED STATEMENT OF ALWIN J. GIRDNER, PRESIDENT, TENNESSEE CREDIT UNION LEAGUE

I am Alwin J. Girdner, president of the Tennessee Credit Union League, the service organization of some 600 credit unions in Tennessee.

I am here because credit unions are already involved in providing commuter van service for the employees of a number of plants in Tennessee and I believe our experience can prove valuable to any van pool program.

In Tennessee we have found that credit unions are ideal for van pool programs because as member owned and oriented organizations, credit unions are already actively serving the financial needs of the employees who are participating, or should be participating in commuter van pools. In many cases both the owner-operator and the riders have been members of their credit unions for some time and have long established payroll deductions for both their saving and their borrowing needs. Therefore, no great managerial problems are involved in arranging for the financing of a van by a prospective owner-operator nor in the authorizing of payroll deduction and escrow accounts to handle rider charges for prospective participants.

Credit unions have long been involved in the insurance problems of their members and have developed rather sophisticated insurance programs to meet these needs. Within this existing framework, credit unions can provide the insurance protections that investment in equipment require for the owner - operator.

Financial counseling is also an integral part of credit union service and members who are concerned with energy consumption and traffic congestion quite naturally turn to this source of consumer information for advice and assistance in either setting up or participating in a commuter van pool.

As the credit union has considerable background information on its members, it is in a position to provide sound advice to interested members and can urge qualified persons to participate as owners and operators.

Over the years, one of the basic purposes of credit unions has been the encouragement of thrift through systematic savings by members and this has resulted in the gradual accumulation of considerable funds that are available for loans. In Tennessee, this amount now approaches one billion dollars.

Credit unions have a close member relationship with the employees of nearly every major employer in the country, have extensive experience in counseling and individual financial affairs, have available funds and a deep commitment to the future of their members.

I believe there are tremendous advantages to be had in both money and resource conservation through an expanded use of individually owned commuter vans through credit unions.

On behalf of the Tennessee Credit Union League I thank you for the opportunity to make these views known to you.

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as of 3/31/77

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Assets (Net)	19,466,400

Y-12 CREDIT UNION SUPPORTS VAN POOL PROGRAM

Conservation is a critical part of the Nation's Energy Program and present indications are that it will become a more important factor in our energy policy.

Y-12 Credit Union firmly believes that there are significant advantages to the individual, the company involved, and the community by the use of car pools and commuter van pools. Ride sharing is conservation of both money and resources.

To assist our members, Y-12 Credit Union will offer financing for qualified members who desire to purchase a van in order to participate in the Commuter Pool Program. We suggest that interested members contact the Van Pool Guidance group at 974-6666 for preliminary information and technical assistance. Sellecting the van is the most important decision you will make, for not only does a van represent your largest single cost, but its comfort and reliability has a lot to do with obtaining and keeping riders. Twelve and fifteen passenger vans are sold by many dealers in the area, so visit each and study the options and cost.

A good warranty and reputable back-up service are important because they can reduce headaches and costs during the first year. Remember that every day your van is in the shop, you lose revenues, directly affecting your profit picture.

After selecting your van, bring the invoice to your Y-12 Credit Union and one of our loan officers will be happy to assist you in arranging your van pool loan. Below are some examples of typical new and used van loans and repayment schedules.

NEW VAN—10% APR

100% financing of van, plus taxes, licenses, and insurance up to 48 months.

AMOUNT FINANCED	6500.00		8000.00		9500.00	
	weekly	monthly	weekly	monthly	weekly	monthly
36 months	48.25	209.74	59.38	258.14	70.51	306.54
42 months	42.34	184.06	52.11	226.54	61.88	269.01
48 months	37.92	164.85	46.67	202.90	55.42	240.94

Used Vans Up To (2) Years Old—10.5% APR

100% N.A.D.A. Retail, plus taxes, license and insurance up to 42 months.

Used Vans Over (2) Years Old—10.5% APR

100% N.A.D.A. Trade In Value, plus taxes, license and insurance up to 42 months.

SAMPLE PAYMENTS FOR USED VAN—10.5% APR

AMOUNT FINANCED	4,500.00		6,000.00		7,500.00	
	weekly	monthly	weekly	monthly	weekly	monthly
30 months	39.38	171.29	52.50	228.26	65.63	285.33
36 months	33.64	157.39	44.85	195.01	56.07	243.77
42 months	29.55	128.50	39.40	171.33	49.26	214.13

Credit Life Insurance up to $20,000 on the loan at no additional charge to the borrower.

In addition, we will establish a payroll deduction program for riders, to a special account for the owner-operator to assist in collecting ride sharing cost. (If requested.)

A driver escrow account may also be set up to reserve funds for maintenance, repairs, additional insurance and other related costs. Avoid cash shortages and earn dividends on your reserve without effecting you after savings plans.

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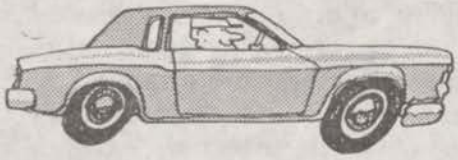

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Mr. BURTON. The next witness is Tobias Kaye, project director of VanGo, Inc. of Baltimore.

STATEMENT OF TOBIAS KAYE, PROJECT DIRECTOR, VANGO, INC.

Mr. KAYE. Thank you, Mr. Chairman and members of the committee.

I have been asked to appear before you this morning on a subject which is close to my heart, and I am very happy to have this opportunity. I have contracted for the past 2 years to serve as a ridesharing program coordinator for the Regional Planning Council in Baltimore.

In that capacity, I have, to some extent, been responsible for the development and initiation of various vanpooling programs in the region. What I initially viewed with sincere skepticism has come to intrigue and enthuse me more and more, for vanpooling is one of those rare activities in which everyone wins.

The employers who sponsor it find that it reduces plant congestion and tardiness, while increasing employee morale. Commuters win because they receive the benefit of luxury, express door to door service at a price which is significantly below the true commuting costs of driving alone.

Even nonusers, or the overall community wins, because each vanpool eliminates an average of seven vehicles from the rush hour peak and thereby makes considerably better use of existing highway facilities, reduces consumption of gasoline, and reduces air pollution due to automobile emissions.

The Federal Government is perhaps the biggest winner because each vanpool is capable of saving 5,000 gallons of gasoline per year, and the establishment of vanpooling as a serious commuting alternative has enormous implications for reducing our balance of payments deficit.

If, however, the concept has such obvious advantages for all concerned, why are we gathered here discussing ways of inducing it, rather than just monitoring its phenomenal growth? The reasons, I think, are numerous.

In my own experience in selling this concept to major employers and employee groups in the Baltimore area, several problems related to the promotion and marketing of these programs have become apparent.

The first is the administrative and financial burden of individual programs. Many employers are concerned with the internal redtape, administrative cost, and effort necessary to start a program from scratch.

Second is the prohibitive restrictions against direct Federal sponsorship. Federal agencies are specifically prohibited from spending moneys for the purchase or lease of commuting vehicles under the United States Code title 31, section 638a.

Third is the concern over financial liability for individual drivers or riders. Although there is great potential for employee groups to sponsor their own programs, there is an expressed reluctance to sign any leases or contracts where financial liability would be assigned to individual drivers or riders.

Fourth is concern over company liability. Companies are concerned about large capital losses for vanpools which may be aborted.

Last is the long waiting time for vans. Vans are now a hot item and current waiting time of up to 6 months is proving unnecessarily long for programs just getting off the ground.

While not always critical, these problems have effectively diminished the potential of vanpooling nationally. It is in view of these institutional barriers that H.R. 6831, section 701, is, in my opinion, a welcome proposal.

Because of the great potential that vanpooling exhibits, the real issue is not whether government should or should not get involved in the promotion of vanpooling, but rather how extensively. It is an issue which has been faced in Baltimore and many other communities around the country, and perhaps the Federal Establishment can gain from this experience.

From a personal point of view, it has always been my belief that vanpooling is intrinsically attractive to commuters, and that vanpool programs could flourish with or without strong government initiatives or interference.

What is needed from government at all levels is the elimination of restrictive legal, regulatory, and insurance barriers and to otherwise serve as a catalyst in the development of vanpooling programs.

In Baltimore, this approach has led to an innovative program known as VanGo, Inc. The catalyst, in this case, is to provide standardized, risk-free leases of vans to employers and employee groups in the Baltimore metropolitan area.

To accomplish this, a private nonstock, nonprofit corporation was established which, through limited assets—$30,000—could guarantee an unlimited number of leases on vans organized through the program.

Preliminary funding for the program was secured from Federal and State matching funds, and continued funding is expected from the Federal Energy Administration through the State conservation program.

The reasons that leasing of vans was chosen over direct purchase is because of the significant advantages that leasing affords. Financially, the major difference between purchase and long-term leasing is the ownership of a vehicle after the length of the term.

Secondly and more important, the fiscal restraints of present funding for transportation programs in Maryland forced us to take advantage of the varied management and administrative services provided in many fleet leasing programs. It was our estimation that the private sector was more capable of providing many of the administrative services and at a lower cost than government.

Also, through this method, the administrative burden of each vanpool can be lifted off the shoulders of the vanpool group, employer, and VanGo, Inc., to rest more comfortably in the private sector. For a service charge of approximately $6 per month per van—2 cents per rider per day—the leasing company can generally provide the following management services:

Maintain a budgeted maintenance account for each vanpool; provide recognized credit cards for routine maintenance; supply monthly fleet administration reports; provide quarterly individual van expense analysis; secure and provide insurance coverage; pay all bills as required for annual registration and tags, annual safety in-

spection, annual insurance premiums; establish and maintain an itemized contingency fund for each van; and provide backup vehicles for the program.

This approach can effectively eliminate the problems enumerated before. For example, large capital expenditures for purchase of vehicles would be unnecessary.

A minimum of redtape would be required to order vans. Standardized simple-to-use procedures would be established to keep track of funds, maintain vehicles, obtain insurance, and handle other administrative details.

Because of the small amount of administration being done in-house, the annual budget for this regional program is expected to be around $100,000. Similar programs which do everything in-house have annual budgets of up to several million dollars. The difference here is that the users are asked to pay for the service, rather than the taxpayers.

It would also alleviate restrictions against Federal sponsorship. Federal agencies could simply enroll in the program and organize pools to lease vans.

Regarding financial liability, where ridership cannot be maintained, vans could be transferred to new pools or losses written off by the corporation.

On the waiting time problem, good planning and management of the program will anticipate demand and provide vans at a faster pace.

Because of the many particular advantages afforded by this concept, it would be most helpful if the Congress would consider those modifications to section 701 that would make this alternative approach for organizing vanpools among Federal employees possible.

The Government may consider establishing its own corporation or it may choose to contract with existing corporations, such as VanGo, Inc., to provide at least the 6,000 vans specified in this legislation.

Accordingly, I would make the following specific recommendations to insure the success of this section 701.

First, the lead agency, as specified in this legislation, is somewhat unclear. Whichever agency is designated should be given the authority to accomplish the job essentially in-house.

Second, an itemized contingency fund of between 5 and 10 percent should be included in the monthly fare so that, if a lease is terminated, funds set aside can be used to help offset the liability incurred.

Third, in addition to the operation of training programs, it is necessary that the lead agency or corporation be responsible for marketing the program so as to make it attractive to potential users. Other consultation services should be made available for both drivers and riders.

Fourth, not charging the drivers for personal use will drive up the cost to riders by approximately $2 per month per rider. Experience has shown that this particular incentive is unnecessary.

Fifth, charging the riders for all expenses associated with the establishment and administration of the program would make the fares prohibitive. It is generally an understood if not publicized fact that most programs indirectly subsidize the costs of startup and ongoing administration.

Sixth, the additional actuarial risk of adding personal use to the primary insurance coverage is small and would make the program more attractive.

Last, it may be more efficient to take rider fares and maintain a revolving account which can make budgeted maintenance available for each van. Since charges are based on assumptions of real costs, they may have to adjust from time to time.

Gentlemen, I will be happy to answer any questions you may have.

Mr. STANGELAND [presiding]. Thank you. That is a very fine statement. It seems to corroborate what I somewhat feel, that we might well look to outside assistance as far as starting up the program.

I think your ideas on leasing seem to tell us that we do not need quite as much funding money to start a program as we might anticipate if we were purchasing.

Mr. KAYE. That is correct. I would estimate—although we do not have any ballpark figures because we do not know what the Government program, at this time, would entail in terms of cost and we are not quite in a good position to compare—that a program which makes available the services of corporations and programs nationally—whether they be private, public, or quasi-public—would save the Government millions of dollars and achieve, at least, the number of vans that are required under this program.

Mr. STANGELAND. In your experience with leasing over the long term, is leasing more economical than outright ownership?

Mr. KAYE. That is a difficult question to answer. It depends on who the sponsoring group is.

For example, if it is an employer who wants to go out and buy 100 vans for their employees and is in a position to do so, I would say that probably direct purchase would be the best bet.

However, if a group is considering that they want to start with a small pilot program and, perhaps, get five or six vans on the road just to test the program, leasing is a very excellent alternative because the leasing companies can provide a great many management services.

It also does not involve the large capital outlay which would be required for direct purchase.

Mr. STANGELAND. Mr. Evans?

Mr. EVANS. Thank you, Mr. Chairman.

What would you say offers the potentially greatest pitfall to the Federal Government operating a vanpooling program?

Mr. KAYE. One of the concerns that I have is that if the Government comes in—and this is a point that was made by Dr. Davis before—and simply purchases 6,000 vans and assigns them as the GSA might assign a regular Government pool program, these vehicles may not be the type of vehicles that would be attractive to commuters.

Government employees are likely to consider them as the GSA shuttle-type of buses. I am concerned that one of the major attractions of vanpooling is the luxury that is usually associated with these types of vanpool programs.

This is one concern that I would have; if the Government purchased vans directly, it would be providing an unattractive type of vehicle to commuters and, therefore, would have difficulty getting the ridership that they want.

Mr. EVANS. Thank you, Mr. Chairman.

Mr. STANGELAND. Mr. Walker?

Mr. WALKER. Thank you, Mr. Chairman.

Do the leasing companies collect the money from the individual riders or is this still left up to the driver in most of the leasing programs?

Mr. KAYE. It depends on the various programs. For example, Commuter Computer—which you will hear a presentation on later on—out in Los Angeles does have the billing procedures and everything done in-house so they are billed directly for the leases which they sublet.

Mr. WALKER. Is that a substantially more expensive kind of thing if they get involved in all that?

Mr. KAYE. It is substantially more expensive in terms of the administration of the corporate program. In our particular program, we viewed this with some concern because we were concerned that we would not get the support, financially, to set up that type program.

What we have done, therefore, is specify in our request for proposal that the leasing company provide the services and bill the drivers directly so that it would not go through VanGo.

Mr. WALKER. If the Federal Government contracted out to leasing companies this 6,000-van proposal that we have before us, would we eliminate the need for the Government to have people in each agency responsible for the vanpooling of the people in that agency? Would we eliminate the need for the Government to do the maintenance and so on?

Would Federal personnel, as such, be eliminated from the program?

Mr. KAYE. Congressman, the answer to your question is that it is a matter of degree. I feel strongly that if the Government would consider an outside contractor—whether it be a Government or quasi-Government corporation, or a leasing firm or firms—to do this job nationally, they would indeed eliminate a great many of the personnel required to supervise and administer these programs in various regions around the country.

However, I would strongly suggest that the Government would want to coordinate the activity and, at least, be able to supervise it and make sure that it is accountable, and make the necessary changes.

Mr. WALKER. For purposes of discussion, if we made FEA the lead agency in this, or the Department of Energy the lead agency in this—in other words, one office with a couple of people in it out of the Department of Energy could run the whole country if we were leasing it out; is that what you have in mind?

Mr. KAYE. That is essentially my point, yes. How many people would be involved in that particular office is up in the air at this point, but I would suggest that it can be done essentially in-house with a small core of good, dynamic staff people.

Mr. WALKER. And the leasing people in the various localities would take care of all of the problems of putting together the vanpools for the various agencies out in, say Philadelphia and Boston and Detroit and so on.

Mr. KAYE. That is correct. Of course, the Government would be able to subcontract; and not necessarily subcontract the entire country, but divide it up into different regional areas and go out with requests for proposals for leasing firms in a particular area that are most capable of providing the services that are required.

Mr. WALKER. That was my next question. Are there enough firms that are in this kind of business now, scattered around the country, that the Federal Government could likely find people willing to take such contracts at this point?

Mr. KAYE. I can only speak from my own experience. In Baltimore, we went out with a request for proposals and we did receive a number of responses, nationally. We also received three bids in terms of the actual bid. A contractor has been selected, and it is essentially fulfilling the same requirements that we have specified.

Therefore, while the field is small, it is growing rapidly. I believe that there would be a very competitive edge on the contracting for these types of programs.

Mr. WALKER. One other point that you make in your discussion of how we should modify the bill is that the establishment and administration of the program would make the fares prohibitive if we included those costs.

Would those not be included in a leasing program, if we went to a leasing company? Would their expenses for that kind of thing not be absorbed and, therefore, raise the amount of fare that would be charged to the various employees participating?

Mr. KAYE. That is correct; but, as I suggested before, because the leasing companies in particular are more capable and, as a matter of experience, are able to provide these services, they can provide them at a much lower cost. I suggested to you before that most of those services can be provided for about $6 per month per vehicle, which is extremely cheap.

The only other administrative burden would be the actual in-house operation of the coordinating staff. That, I would suggest, should be indirectly subsidized for the program because to add that onto the additional burden and also the burden of initiating a program——

For example, our deliberations right here—is that to be itemized in the initiation of the program?

Mr. WALKER. Are you saying that very few people would be needed in the lead agency?

Mr. KAYE. That is correct.

Mr. WALKER. In other words, the Government would pay their salaries without passing that on.

Mr. KAYE. That is correct.

Philosophically, I would propose that the Government should have no problem with that. Certainly, we subsidize mass transit to a very great extent in this country. While vanpooling programs are essentially self-sustaining, I think they do deserve this small bit of support and encouragement that the Government can possibly give to them.

Mr. WALKER. Thank you very much. I am very interested in your approach. I do think that if there is some way that we can bring the private sector into this whole thing, rather than having the Government—I am somewhat boggled by the idea of the Government going out and purchasing 6,000 vans and being responsible for the whole thing. I think your presentation is well worth considering as we do this.

Thank you very much.

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Mr. STANGELAND. Mr. Kaye, I understand that you have or are assisting with two Federal programs of vanpooling with the Social Security Administration and the National Security Agency; is that correct?

Mr. KAYE. Yes. As I suggested before, we have set up a corporation which will make guaranteed leases of vans available to various employers throughout the region. Our primary candidates—or clients, if you prefer—at the moment are the Social Security Administration, the National Security Agency, and also the Johns Hopkins Hospital and the downtown Federal agencies in the city of Baltimore so we do have a number of large clients that are in the program.

I think that, in terms of taking the lead, the National Security Agency—which is a very large employer in the Baltimore metropolitan region—and also the Social Security Administration—which is the region's largest employer—are both very heavily committed to the program.

I have with me today Mr. George Tyson who is the vanpool coordinator at the Social Security Administration. Perhaps he would like to say a few words about his own program.

Mr. STANGELAND. If he would like to say a few words, we would like to have him come up and speak to us.

Mr. Tyson, would you please identify yourself for the record?

STATEMENT OF GEORGE TYSON, VANPOOL COORDINATOR, SOCIAL SECURITY ADMINISTRATION

Mr. TYSON. Thank you.

I am George Tyson. I am the coordinator for Social Security's vanpool program.

Mr. Chairman, our program is—we have 10 vans now on the road and they are all individually owned. Like all other Federal agencies, when we decided that we would like to set up a vanpool program approximately a year ago, we did research and ran into stone walls everywhere that we cannot subsidize any kind of home-to-work transportation.

We found out that any program that we set up would have to be entirely self-supporting so that is the reason we went to our three employee organizations. The credit union was most cooperative and gave 100 percent loans to employees who are cooperating with us. That is how we got the 10 vans that we have.

I am very happy to appear with Mr. Kaye because he was most instrumental in getting our program started. He has been out to Social Security many times and has been a great help to us.

I would like to make a few comments on the bill, itself. On page 125 where it says "acquire vans by purchase, lease, or other arrangement," I do hope that if such a bill is passed you will not make it monolithic. I think that we should have every option open—leasing, private ownership, group ownership, or any other method.

The idea is to get the vans on the road, to get the employees into the vans, and to encourage them as much as possible so I hope the law will be worded to be encouraging and permissive, and not, in any way, restrictive.

At the bottom of that page, it suggests that some of the rider charges could be kept by the driver. I think that is unnecessary. If you leave it in there, I hope that it will be, as it is worded, "permissive and not required." I do not think that we really need that.

As Toby Kaye has already mentioned, putting the administrative costs onto the cost of the van would really run the cost up.

I would like to point out that, although getting a vanpool started is difficult and time consuming and, you might say, expensive, once it is operating, it is practically—I never hear from these drivers except when they need a new rider or something of that nature.

Once they are started, it costs very little to maintain them. Getting them started does require a number of meetings, advertising, and so on; therefore, I hope you will not saddle us with the administrative costs.

I would like to point out that we have a staff of 10 or 12 people who work with parking of individual cars and carpools, and who administer the carpool matching program. The carpool people, the individual drivers, and the bus riders—who also get information from the same commuter information center—are not charged any sort of administrative cost, even for that staff of 10 or 12 people.

Those are all the comments I have. I would be glad to answer any questions you might have, Mr. Chairman.

Mr. STANGELAND. Thank you.

Apparently, you have more responsibility than just the carpools, then.

Mr. TYSON. Sir, I have nothing to do with the carpools. They are handled by a separate agency. We have an Office of Energy, Environment, and Housing and, because the carpool section is already heavily overworked, the responsibility for the vanpool program was put into the energy office.

Mr. STANGELAND. I see; so you just coordinate that.

How much additional workload did that result in, in your office, to coordinate that?

Mr. TYSON. I work at it full time. I forgot to mention that we do have 14 individuals, at the present, who are interested in forming new vanpools and 12 of these are interested in going with the VanGo leasing program when that is offered to them.

Did I answer your question?

Mr. STANGELAND. I am not sure I understand. You work full time coordinating the vanpooling?

Mr. TYSON. Right.

Mr. STANGELAND. You say you do not hear from the drivers of the vanpool. What do you do full time coordinating the vanpool?

Mr. TYSON. We advertise. It takes several hours of talks with a potential driver to explain the program and to make sure that he or she understands all the details of what is involved—insurance, how to acquire vans—whether you want to go by a lease or purchase—and we have to do advertising. Telephone contact is a great deal of it.

Mr. STANGELAND. In other words, you are attempting to expand the program.

Mr. TYSON. Constantly.

Mr. STANGELAND. Mr. Evans?

Mr. EVANS. Thank you, Mr. Chairman.

You said that your drivers get their own insurance; is that correct?

Mr. TYSON. Right.

Mr. EVANS. Since they own the vehicles, exactly what are they paying for that insurance?

Mr. TYSON. It varies from around $300 to $450 per year.

Mr. EVANS. Are they reimbursed somehow for that?

Mr. TYSON. It comes out of the rider charges.

Mr. EVANS. And that takes care of all of it?

Mr. TYSON. Right; well, in some cases, now, the individual owners do absorb some of the costs.

Mr. EVANS. Did you say how many drivers you have?

Mr. TYSON. We have 10.

Mr. EVANS. How long have they been driving—how long has the longest one been driving?

Mr. TYSON. The first one started the middle of October last year and the last one approximately 2 months ago.

Mr. EVANS. So we have a little over 7 or 8 months then of experience.

Mr. TYSON. Right.

Mr. EVANS. Thank you.

Mr. STANGELAND. Mr. Walker?

Mr. WALKER. Thank you, Mr. Chairman.

Would you agree with the contention of Mr. Kaye a few moments ago that if we went with a leasing kind of approach, rather than a purchase kind of approach, in the Federal Government, this could be coordinated out of one office—say, in Washington, D.C.—and we would not have to have onsite kinds of people in the various agencies around the country.

Mr. TYSON. I doubt that Mr. Kaye meant to imply that. I think that each site would have to have a coordinator.

For example, in downtown Baltimore, we have around 1,200 Federal employees in the Federal building, and I do not know how many agencies—10, 15, or 20 agencies. If you are going to have a vanpool program for those people, you must have somebody there that can handle the calls and all the administrative detail that goes into it to get them set up.

Mr. WALKER. Let me go back a moment, then, to Mr. Kaye.

Was it your contention that a leasing company could handle that kind of thing at the local level, rather than having a Federal employee onsite? In other words, could a leasing company take care of the kinds of things that are being done in the Social Security Administration—talking to the drivers and getting things set up as well?

Mr. KAYE. The leases could be done and dealt with directly with the drivers and the riders, or whoever would be signing the lease; however, it would be necessary for staff people—either regionally located or located in-house in Washington—who are coordinating the overall program to be responsive to the needs of each particular area.

Therefore, in that sense, it would be necessary for staff people to be available in Nebraska, in Wyoming—in the various areas—as these programs get set up. I think that, once they are going—as George mentioned before—they are extremely easy to maintain and would require very little onsite supervision.

Mr. WALKER. Mr. Tyson, how much paperwork is generated by this type of program that you see coming across your desk? Is this something where, by the Federal Government operating the program itself, we generate a good bit more paperwork within the agency?

Mr. TYSON. I think that it would. If the Federal Government had the entire thing, I think that it would generate more. My paperwork is limited to telephone inquiries from potential riders and drivers, and then we ask each driver for a monthly list of his passengers just for our own information.

Mr. WALKER. Why is it that the people who are coming onstream now seem to be preferring, maybe, to go with VanGo, rather than go toward purchase of their own vehicles? Is there some particular reason why they see that as a more attractive option?

Mr. TYSON. There are a number of reasons for it. One of them is that VanGo eliminates the financial risk to the individual driver. Many employees have said to me, "I want to do this, but I do not want to put my name on the line for an $8,000 van that I do not really need."

Others say, "I might get sent to Bethesda next week and then where would I be?" It is true. Under our program, the driver is responsible. If he gets transferred to Bethesda, then he has an $8,000 van. This is the financial risk, and it is the removal of that risk that makes VanGo so attractive.

Mr. WALKER. I think that is an interesting program from the standpoint of the Federal Government all told where we do transfer people within the Government—that the purchase kind of thing would be a problem for many employees.

Mr. TYSON. It certainly is.

Mr. WALKER. Thank you very much. I appreciate your testimony.

Mr. BURTON [presiding]. Thank you very much.

The next witness is Jack Derby, chief of the office of ridesharing from the State of California Department of Transportation.

STATEMENT OF JACK DERBY, STATE RIDESHARING COORDINATOR, CALIFORNIA DEPARTMENT OF TRANSPORTATION

Mr. DERBY. Mr. Chairman and members of the committee, it is good to be here to speak to you on this very important issue.

I am, as you said, the statewide ridesharing coordinator for the State of California, operating for Caltrans, the State department of transportation. My office is responsible for doing all the things that are necessary to motivate and promote ridesharing projects throughout California.

We furnish guidelines to regional ridesharing coordinators, and we have initiated legislation making it possible to have areawide ridesharing projects throughout the metropolitan areas of the States.

At the present time, we sponsor nine areawide ridesharing offices where people can call and get free assistance in forming carpools, bus pools, or vanpools. We get about 300 calls a day to these 9 offices and we place about 25 or 35 percent of those people in carpools, vanpools, or bus pools.

In addition, each month we get about 5,000 to 10,000 new applications for ridesharing from major organizations, which our marketing people visit to promote ridesharing.

Caltrans was instrumental in establishing legislation permitting the use of county and State vehicles for fully reimbursed ridesharing in California. I think we were the first State that did initiate legislation of that type. It has worked out quite well.

We started the program with a demonstration which lasted about 2 years. Our legislation became fully effective January 1, 1977. At this time, we have 11 State vans in service; 3 in San Francisco, 8 in Sacramento, and we have 8 more on order at those 2 locations.

Our vanpooling in the Los Angeles area is handled through Commuter Computer, which is a nonprofit corporation which we support to the tune of about $700,000 to $800,000 a year. We do the marketing of our ridesharing program, including the vanpooling, through Commuter Computer for the five-county area in southern California.

Our program is steadily expanding and there are three basic approaches we use in California. There is a private approach which has been described; the in-house approach which is the type that is proposed for Federal employees and is used in Caltrans and 3M and many other large organizations; and there is the third-party approach utilizing credit unions approach and nonprofit corporations such as the Commuter Computer.

There is a need for all three of these kinds of programs. There are different situations at every location. In some cases, people want to ride in their own vans. They want to have their own individual vanpools.

In other locations—such as at McClellan Air Force Base in Sacramento, where you have 18,000 employees in almost a central city situation—the people feel that they should be riding with their fellow employees. They like the protection of their major employer sponsoring their program, and the idea of the workmen's compensation consideration which applies to these in-house organizations.

There are other people who cannot operate through a big organization and, therefore, the third-party approach is very desirable for them.

Mr. BURTON. Is McClellan not the Federal Government?

Mr. DERBY. Right.

We are working with McClellan Air Force Base, Beale Air Force Base, Mather Air Force Base, and the Sacramento Army Depot right now to set up vanpooling programs. They are watching this legislation very carefully.

We are doing it by operating through credit unions. We are finding that, in some cases, the credit unions are very cooperative. We had one credit union manager say to us, the other day, "I have $8 million ready to invest, and now I know how I am going to invest part of it."

On the other hand, we have some credit unions which are very reluctant to get involved. The smaller credit unions serving smaller bases are very cautious and they are looking for every excuse to avoid getting involved with the credit union approach.

For that reason, I feel you need options such as use of Federal vehicles, and I will speak to that a little later.

We are very strong advocates of vanpooling, The reason is that it produces tremendous benefits. Experience with our vans has indicated that the average savings is about 100,000 vehicle miles per year per van, which translates to conservation of about 6,500 gallons of fuel

saved, 5,700 pounds of pollutants prevented, and user savings to the participants of about $14,000 per year—over $1,000 per person per year.

That $1,000 per person is based on our having 12-passenger vans, but we oversubscribe them because there are usually some people on vacation or traveling. Therefore, we would say that it saves people about $1,000 per year based upon our experience,

How much does it cost us to run this program? Remember this is a Government program sponsored by Caltrans for all State employees in the Sacramento area.

We feel it costs us about $300—or somewhere around $25 per person in startup costs to organize these vanpools. This is based upon the records that we have kept on our projects.

OK. How does that compare to the benefits? If you save people $1,000 a year and there are 12 people in a van, that is $12,000 a year for 4 years which is the estimated minimum life of a vanpool. Four times $12,000 is $48,000. Dividing by $300, gives us a benefit cost ratio of about 160 to 1.

You can see that, where there is a market for vanpooling, there is no form of transportation that can really compete with it. It has a tremendous benefit cost ratio. Someone had asked a question about that earlier.

We feel that it is very important that Federal organizations break down this institutional barrier that prevents the conservation officer at Mather Air Force Base, or wherever it happens to be, from establishing an in-house vanpool program because, in some cases, he cannot get a third party to do it for him. Maybe it is appropriate in his situation to use Federal vehicles.

We would stress the greatest amount of flexibility possible in establishing this legislation. You have copies of our legislation in your package, I believe. You have a copy of my statement, which I am now paraphrasing.

We got the use of State sedans and State vans to be declared an acceptable official use, and indicated that guidelines would be established by the State board of control, which they did.

In that way, there is a considerable amount of flexibility by the board of control. They require a report once a year from the agencies which are implementing these carpools and vanpools.

Thus far, as I have said, we have 11 vans on the road and we have 8 ordered. We have about 40 sedans on the road in various agencies. These are all fully reimbursed, as required by the law, including the administration costs.

I do not consider the administration of an ongoing vanpool a very major item. I do not really understand the concern for that.

In California, we have at least 70 major military bases or Federal agencies. They represent about 650,000 Federal employees. We are working with these prople, trying to get them into vanpools, so we need all the assistance we can get. I think this legislation is going to help us. If we can get 10 percent of the 650,000 persons to join vanpools, about 30 million gallons of fuel per year will be conserved.

We have had a lot of complaints from people who have said, "Why is it that the counties can do vanpooling, the State can do vanpooling, and the private sector can do vanpooling, but the Federal employees cannot?"

Someone spoke about the problem of a man who joins a vanpool, but his wife who does not work for the Government can't participate. We get a lot of complaints from people who ride in our State vans and make statements such as, "It is a shame that I can ride to work in a van, but, my wife who isn't a State employee, has to ride to work in a private carpool."

We are considering adjusting our legislation, because the board of control is not ready to state in their guidelines, that it is acceptable to carry privately employed persons in our vans.

However, the private individuals say to us, "We pay taxes just like the State employees, and this is a fully reimbursed program. Why should we not be allowed to ride in the vans?" We do not have a good answer for them.

I would suggest that, in the Federal legislation, you provide the organization which is going to set the guidelines for the program the leeway to permit this use because, after all, the real reason we are doing this is to conserve fuel and to clean up the air—and that results in public benefits. Why not? That is my question.

Mr. BURTON. Have you gone before the board of control? Have they given you reasons for not doing this? Is it the liability?

Mr. DERBY. Their staff says that there are some specific statutes that prohibit them from doing it. Our attorneys are working with them right now to try to straighten this out.

Mr. BURTON. It would not be a gift of public funds if it is reimbursable, right?

Mr. DERBY. I do not think it is a gift of public funds. I do not see anything wrong with it. As a matter of fact, we know that there are some stowaways that occasionally do ride in our vans.

When we take people out to sell them excess land in our State cars, they are private individuals, and they are fully insured. I really do not see the difference between hauling a private commuter and hauling an individual to whom we are going to sell a piece of land, but this is something we are going to have to work out in California and we are working it out.

Mr. BURTON. This is something we are going to try to deal with. That issue came up yesterday. I was just curious as to the reason.

As I understand it, no State employee can ever use this State vehicle for anything but official business.

Mr. DERBY. That is one of the conditions.

Personally, I feel that the vanpooling program should be as flexible as possible. There are some situations where, if you want to get a lot of vans on the road, it would be desirable to let the people use the vans on the weekends at a fully reimbursed price and maybe let the driver pick up the 10th and 11th fares.

However, our legislature said no on that, and the board of control said no on that. Therefore, thus far, we do not have that option.

I would recommend it to you, but, on the other hand, you might have some concerns as to what the taxpayer would think. Speaking to that point, when we started our vanpool program, there were a lot of people who said, "This will never fly. The taxpayers will not stand for it, even though it is a fully reimbursed program."

In the past 2 years, while we have had these 11 vans in service, I have had one call asking, "Is this a good use of a State vehicle?" I talked to the fellow for 5 minutes and, at the end of the 5 minutes, he was an advocate of the program.

Mr. BURTON. Did you ever find out from General Services out there how many calls they had about "E" plate cars driving up to Lake Tahoe and things like that on weekends?

Mr. DERBY. That may be the case, but we get——

Mr. BURTON. I do not mean the vans. I mean under old law.

Mr. DERBY. They get quite a few, and it used to be much worse than it is now, I understand. Of course, that would not be a typical commute situation.

However, we do have 40 State sedans being used for reimbursed carpooling and if any of those received a complaint it would come to me. I have not received complaints on any of them.

Therefore, I think that the public is recognizing that there is a problem with energy and that this is a major contributing factor, and, therefore, their attitude is changing to become more receptive to this sort of thing.

Mr. BURTON. Are the vans "E" plated?

Mr. DERBY. Yes, they are.

Mr. BURTON. And they have "State of California, official use" on the side?

Mr. DERBY. You will see that in the slide show in a minute. It will show them to you. It will say "Commuter Van. Dial 445–POOL" right on the side of it—"Caltrans"; yes.

I think I will present the slide show at this point and then you might have some questions for me.

Mr. BURTON. Thank you, Mr. Derby.

Without objection, we will insert the written statement you have submitted in the record.

[Mr. Derby's prepared statement follows:]

PREPARED STATEMENT OF JACK DERBY, STATE RIDESHARING COORDINATOR, CALIFORNIA DEPARTMENT OF TRANSPORTATION

My name is Jack Derby, and I am the State Ridesharing Coordinator for the California Department of Transportation. My primary responsibility is to coordinate efforts to encourage car, van, and bus pooling throughout the private and public sectors of California.

The Caltrans Ridesharing Office provides statewide policies and procedures for the implementation of ridesharing projects in nine metropolitan areas throughout the state, and furnishes consulting services to major employers wishing to establish carpool or vanpool programs in both metropolitan and rural areas of the state. We have been instrumental in obtaining legislation making it possible to use state, county and city vehicles for reimbursed ridesharing in California and are now operating 8 twelve passenger vans transporting state employees into the downtown Sacramento area from outlying communities.

California's program has shown that vanpool legislation should be as simple and flexible as possible. The energy conservation officer for each Federal facility should have the liberty to establish the kind of program that is appropriate for his/her location. In some locations, such as those where salaries are very high, luxury vans may be in order. At other

locations, where conditions are different (e.g. parking is free), it may be essential to keep fares low, and stock vans may be desirable. At some locations, it may be necessary to let drivers use the vans on the weekend in order to interest enough operators; however, at other sites, such as our Caltrans program in Sacramento, this added incentive may not be needed.

There are many approaches to vanpooling, and if the market is to be fully realized, it is important to utilize them all. Basically, there are vanpools operated by private individuals, in-house programs by major employers, and several different kinds of third party operations. There is a place for each of these. Some persons would rather vanpool with their own vehicles, while others will not vanpool unless they can do so in their own organization's vehicles. There are still others who are willing to share rides in vans which serve a variety of employers. There is a need for each approach if we are to attain the maximum number of benefits.

Caltrans is a strong advocate of vanpooling. Based on our experience, the average vanpool will reduce travel by about 100,000 vehicle miles per year. This translates to conservation of 6,500 gallons of fuel, reduction of 5,700 pounds of pollutants, and user savings to participants of about $14,000 per year. There are many other additional benefits such as reduced parking

needs, decreased noise pollution, improved levels of highway service, and decreased wear and tear on existing highway facilities.

It is important for Federal organizations to provide vanpool service for their employees. I represent a state which has at least 70 principal Federal installations with a minimum of 650,000 employees or servicepersons. If we could place 10% of these people in vanpools, it would save some 30,000,000 gallons of fuel per year. Furthermore, it would set an example which would make our efforts to interest other major employers in vanpooling easier.

I have brought with me, today, a seven minute slide presentation which describes our vanpool program in Sacramento. I will be happy to show it to you now and answer any questions which you may have.

WITH THE SECRETARY OF STATE
(Pursuant to Government Code Section 11380.1)

DO NOT WRITE IN THIS SPACE

4. Adopts new Section 841.1 to read:

841.1. STATE-OWNED VEHICLES OPERATED IN A COMMUTE PROGRAM.

(a) State-owned or leased automobiles and passenger vans may be used to provide commute transportation to state employees if such use does not interfere with the prescribed use of the vehicles.

(b) Commute operation of the vehicles used in the program shall be fully reimbursed.

(1) Each agency shall determine the cost of operation of its commute vehicles.

(2) Participating employees shall be charged a monthly fee which will reimburse the agency for the cost of operating the vehicle in the commute program.

(A) Fees may be collected in advance by payroll deduction in accordance with Section 1156(e) of the Payroll Procedures Manual.

(B) Agencies may adopt fee collection methods that best meet their needs.

(3) Each agency shall maintain records to demonstrate that the commute program is self-supporting.

(c) Employees may be authorized to participate in the commute program when the following criteria are met:

(1) Participants shall be selected from volunteers who will most effectively contribute to the goals of the program: conservation of fuel, improvement of air quality and more effective use of existing streets, highways and parking facilities.

(2) Drivers shall be assigned by the agency.

(A) All drivers must possess a valid non-probationary California license appropriate for the size of the vehicle which they will operate.

(B) All drivers shall have a history of safe driving verified by an analysis of their driving records by the Department of Motor Vehicles.

1. Employees with a negligent operator point count or 2 point conviction in the past 12 months as defined in the C.V.C. Section 12810 shall not be allowed to drive in this program.

(C) All drivers will have participated in the Department of General Services, Insurance Office, defensive driver training program within a period of three years previous to operating vehicles in this program.

(D) No one other than the assigned or back-up drivers shall operate the commute vehicles except in an emergency.

(3) Agencies may institute whatever additional controls they deem necessary that do not conflict with these rules.

(d) The agency shall be responsible for all maintenance, including gasoline.

(1) Emergency repairs and purchases paid for by the driver or passengers may be allowed if substantiated by voucher or receipt.

WITH THE SECRETARY OF STATE
(Pursuant to Government Code Section 11350.1)

(e) The vehicle shall be parked overnight and on weekends at the home of the driver.

(1) Accurate mileage shall be determined for the most direct route that reasonably accommodates all passengers.

(2) The mileage of each commute trip shall be recorded in the vehicle's log.

(3) All definitions and provisions of Article 15 shall apply.

(f) Insurance coverage of the state-owned or leased vehicles used in the commute program will be provided by the State in accordance with Government Code Section 11007.4.

(1) Individual coverage to drivers and passengers will be provided by an extension of worker's compensation which includes payment of medical treatment for employees; no special automobile medical payments insurance will be provided by the State.

(2) Accidents and claims involving pool vehicles will be reported and administered in accordance with established procedures.

(g) An annual accounting will be made to the Board of Contr by each state agency participating in this program on a fiscal year basis.

(1) Complete information including the number of vehicles, number of participating employees, cost of operation, total fees received, accidents, savings in parking charges and any other data requested by the Board or deemed pertinent by the agency shall be submitted.

(2) All reports shall be submitted by September 1 of each year and presented to the Board of Control at the first October meeting.

DO NOT WRITE IN THIS SPACE

5. Repeals Section 842(b)(6).

6. Amends Section 737 to read:

737. RELOCATION ALLOWANCE. (a) When eligibility exists in accordance with Section 732, an officer or employee shall be reimbursed for his actual lodging expense, supported by voucher, plus his meal and incidental expenses in accordance with Section 706(c)(1) while locating a permanent residence at the new location.

(1) The daily allowance shall not exceed the maximum subsistence authorized by Section 706(c)(1).

(2) The allowance shall not be paid for more than 60 days however this period may be exceeded in cases where the Director of General Services has determined in advance that the change of residence will result in an unusual and unavoidable hardship for the officer or employee and has determined the maximum allowances to be received by said officer or employee.

[Note: Material submitted by Mr. Derby entitled "California Ridesharing Program, First Interim Report (July 1974 through March 1977)" and "Sacramento Ridesharing Project, Second Interim Evaluation Report (July 1, 1974, through December 31, 1976)," is in the subcommittee files.]

[Slide show presented.]

Mr. DERBY. The slide show referred to a study we did of the first three vans in our program. If any of you would like to have copies of that study, it is summarized in this green book, here, and it does show the amounts of savings—the $42,000 for the people in the three vans, and so forth.

Mr. BURTON. Does the Governor use that in lieu of a pay increase, or is that just an added bonus?

Mr. DERBY. A lot of people sold their cars.

I am not sure I understood your question.

Mr. BURTON. I wonder if Jerry Brown was using it in lieu of a pay increase.

Mr. DERBY. I would not be surprised at that. [Laughter.]

I wish that I could save $1,000 that way. We feel that the vanpool markets are good for a distance of 20 to 25 miles out. Those of us who live within 15 miles of the office, carpool.

Mr. BURTON. Did you buy these vans for this purpose, or did you have vans?

Mr. DERBY. We leased the vans for this purpose. We kind of favor the leasing approach because it cleans up the concept of a subsidy.

If you buy them, someone is going to contend that you are not collecting enough money to cover the cost of the value of the money that you tie up in the program.

We do not lease any vans until we have them fully subscribed.

Mr. BURTON. Does the lease include maintenance?

Mr. DERBY. No. We do our own maintenance and we charge the drivers for it.

Mr. BURTON. But what if you were dealing with 6,000 vans?

Mr. DERBY. I do not like that 6,000 van bit. I personally think your law should say that the Government is authorized to purchase vans——

Mr. BURTON. It is up to 6,000. That is the President's request.

In other words, you think the GSA out there, or the department of finance—if it were a large investment like that—might lean toward purchase instead of lease?

Mr. DERBY. They might, but I personally would still favor the lease, I think. I think that each base energy conservation officer should have the option of purchase or lease, depending upon what the best deal is that he can get in his location.

I think that this should be very flexible. If he wants to go through a credit union, let him go through a credit union, but if his credit union will not cooperate, let him go out and lease the vans.

Every base that I know of in California has an energy conservation officer. Most of them have ridesharing programs. Most of them have the marketing capability of putting together a vanpool program right now. That is something that really has not been spoken of very much here; that vanpools sell themselves in some places like, perhaps, in

Minnesota where you have snow 6 feet deep in winter—because it is worth $100 a month just to not have to step out in that snow—to get door-to-door service.

However, in California, if you want to put a lot of vans on the road, you have to pay money to market vanpooling. We do that as part of our regular ridesharing services that we have authority to do under AB–918. We spend about $1.5 million in California running nine areawide ridesharing offices where we go out and work with major employers, and we put signs on the freeways telling people where they can telephone to get assistance.

That marketing of vanpooling is a very important thing.

Mr. BURTON. Mr. Stangeland?

Mr. STANGELAND. I would like to strike that 6 feet of snow from the record, if I may, because it undoes thousands and thousands of dollars spent on PR for Minnesota. [Laughter.]

Mr. DERBY. My apologies.

Mr. BURTON. We will permit you, sometimes, to get 6 feet, maybe, on a sunny day.

Mr. STANGELAND. We kind of like our snow up there. It gives us some diversity. [Laughter.]

You have State-owned vans, and you have private-owned vans?

Mr. DERBY. Right now, we have three leased from Harold Ford. We have five leased from General Services. And we are buying three——

Mr. BURTON. Harold Ford?

Mr. DERBY. Yes; that is just a local Ford dealer.

Mr. BURTON. He is just a local Congressman, too, from Tennessee. [Laughter.]

Mr. DERBY. It is a different Ford.

Mr. STANGELAND. In your experience, as far as the staff required to keep the records on this, is there a simple form to go on? Is it individual ownership? Is that any simpler as far as the records to be kept and the responsibility for the vans as opposed to, say, State ownership or State leasing?

Mr. DERBY. It is simpler, but it is a lot harder to get people to do it. We have spent a goodly amount of money on private vanpools. In fact, I wrote a paper 1 year ago advocating the private approach to vanpooling.

We spent probably between $5,000 and $15,000 in Sacramento trying to get private individuals to get into the vanpooling business, and we only put three vanpools in operation, and I think there are only two still operating.

They work swell when you can get people to do it, but when it comes down to signing on the dotted line—even though you give them a little abort provision and say, "If your vanpool fails within the first year, we will pay 90 percent of any loss you take on the van when you turn it in"—Momma always says, "How do you know these guys are really going to be around a year from now? This is a major risk. What if we get transferred next week?"

It is hard to get large numbers of private vanpoolers going. Whereas, if you use the in-house approach and say, "You only have to sign an agreement to operate this van for 30 days, and you can terminate the agreement at any time on 30 days' notice," it is much easier to get operators.

Mr. STANGELAND. Did I understand you to say that the fare recovered all costs, including administrative?

Mr. DERBY. The law in California says you recover all costs for the vanpool.

We pick up the tab for the startup costs of $300 as part of our ride-sharing program, but once a van is operating, we charge for—and I could show you some slides if you want me to—the maintenance, we pick up the cost for billing, and all the administrative costs are included in the fees charged to the riders.

Mr. STANGELAND. Are the rates comparable? Are there identical rates for private ownership and State ownership?

Mr. DERBY. We try to keep them pretty much the same, but the private guys are charging more than the State is.

Mr. STANGELAND. That gives them some incentive. Then, if the administrative costs are less for privately owned and they are charging more, there ought to be a profit there.

Mr. DERBY. When we provide the abort provision to the private owners, we tell them, "Set up on a 4-year depreciation schedule as a nonprofit operation," but I think they are making a few bucks, personally.

Mr. STANGELAND. How long has your program been going?

Mr. DERBY. We have had vans on the road for 2 years, now, come the 1st of July.

Mr. STANGELAND. You do not have any idea, then, as to the life-span of a van?

Mr. DERBY. I think it is at least 4 years.

We have pretty good data on carpools. We started putting people in carpools almost 3 years ago. The first 372 persons we put in carpools have been interviewed three times and, at the end of 2½ years, 76 percent of them were still carpooling.

We invested an average of $45 apiece in each of these people, and they have been pooling for 2½ years. We think it will average out to at least 5 years for carpools.

Probably, with vanpools, it will be an ongoing thing until somebody retires. Then the van will probably be picked up by somebody else.

Mr. STANGELAND. I have no other questions, Mr. Chairman.

Mr. BURTON. Mr. Evans?

Mr. EVANS. I have no questions.

Mr. DERBY. Mr. Chairman, there are two anologies that I used when I worked with the California State Legislature, and I think they are good. I would appreciate adding them to my testimony.

Mr. BURTON. Certainly.

Mr. DERBY. Just to show you the impact of vanpooling as compared to transit and carpooling, in the first 2½ years of the Sacramento ride-sharing project, we put 3,750 people in carpools—they either joined or expanded carpools.

That took about 1,200 cars off the road and it reduced travel on the average of about 11 million vehicle miles per year.

During that same period of time, we put nine vans on the road—eight State vans plus one private one that is signed with us and is a regular. Those nine vans serve about 120 people. They are reducing travel by 900,000 vehicle miles per year.

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Here you have nine vans with 120 people reducing travel by almost 10 percent of the amount that 3,750 people in carpools are reducing travel. Therefore, you can see that, where you have the market for vanpooling, nothing can beat it.

I am a strong advocate of transit; don't think that I am not. It is extremely important, expecially close into your urban areas and for people who do not have cars. It is very important.

However, what I said to the subcommittee back in California was, "Give me $100,000 and I will put 2,500 people into carpools and vanpools, and they will go on for at least 5 years and not cost you another nickel."

Now, if you give regional transit $100,000, they will not even be able to buy a bus with it, but, say they used it for advertising and got 2,000 people to start riding the buses that they have now. You would have to go on paying them $2,000 a day to keep those people on buses because of the ongoing subsidies that we have.

Therefore, as far as cost effectiveness is concerned, vanpooling has it, and we need to break down every institutional barrier that we possibly can to vanpooling, including the Federal statutes. We have received a lot of comments from people in California who would like to do it in the Federal Government but cannot.

I think it is a very important piece of legislation. I certainly thank you for the opportunity to appear before you.

Mr. BURTON. I have two questions. One, what do you do with the vans, the State-owned vans?

Mr. DERBY. During the day?

Mr. BURTON. Yes.

Mr. DERBY. We only have eight now and we use them for short-trippers because, for short-trippers, you have many hot and cold starts and the vans are not much more expensive to run than Gremlins, of which we have many.

So what we do is reduce the size of our automotive pool by the same amount that we add vans, and we use the vans for short trips. We also use them for taking people on tours. We lease them out to other agencies, like the department of water resources, when they want to take a group of conservationists down to see the delta. The only condition is that they have to pay us what the van is worth, and they have to have them back at 4:15, so that the first load can get out, and there will not be any problem of having to put people in State cars to go home instead of vans.

Mr. BURTON. Did you mention something about the insurance coverage or workmen's compensation?

Mr. DERBY. Right. People who are in large organizations like the in-house programs sponsored by their companies because they have been assured by workmen's compensation judges that the probability is 99.99 percent that they would be covered by workmen's compensation in the event of an accident.

Therefore, tying that together with their Blue Shield, Blue Cross, and the medical payments on their own automobiles, they are pretty well covered with insurance. They have some income protection there, so they like that.

Mr. BURTON. Is that in lieu of regular liability coverage?

Mr. DERBY. I do not favor large amounts of liability insurance because all that does is generate lawsuits and put money in the pockets of attorneys.

What we want is a lot of medical payments, income protection, and insurance of that type for vanpoolers so that the people are protected. Let's hold the lawsuits down. I think when you put big umbrellas of $10 million or so on a vanpool to protect the agency from liability, you are not really helping the riders.

All you are doing is inviting a lawsuit. Therefore, we have tended to keep our insurance of a characteristic that will be beneficial to the riders, rather than to protect the agency.

Mr. BURTON. With the vanpooling situation, have you found that there are fewer "gray geese" taken home at night or on weekends by workers?

Mr. DERBY. I have to admit that I really do not know what you mean by the question.

Mr. BURTON. Are the State cars still gray out there?

Mr. DERBY. Oh, yes. No, they are not gray any more—some of them are, but most of them are colored.

I think, with vanpooling, we have much better punctuality, we have a much better attendance record, and we are going to do a study to prove this. I am sure there are fewer State cars taken home on the weekends because of the program.

Mr. BURTON. Thank you very much for your testimony, Mr. Derby. I think that the California experience is one from which we could profit.

We do have a copy of the regulations by the board of control, and I think that will be helpful.

Ms. Catherine T. Smith, of the National Security Agency Home-to-Work Transportation Center on Vanpooling, has asked that her statement be included in the record of this hearing.

Without objection, this will be done.

[Ms. Smith's prepared statement follows:]

PREPARED STATEMENT OF CATHERINE T. SMITH, NATIONAL SECURITY AGENCY HOME-TO-WORK TRANSPORTATION CENTER ON VANPOOLING

The following testimony is respectfully submitted for the record by Catherine T. Smith, coordinator for the National Security Agency's Home-to-Work Transportation Center, to the distinguished members of the House Subcommittee on Governmental Activities and Transportation. This testimony is presented in conjunction with the Committee's consideration of H.R. 6831, Section 701

On February 1st, 1975, in support of the Government's Energy Conservation Program, Lieutenant General Lew Allen, Jr., Director of the National Security Agency, authorized the establishment of the NSA Home-to-Work Transportation Center. Although it is very small in staff, the purpose of this employee service is to function as a focal point within NSA for assisting and encouraging employee participation in all forms of energy-saving commuting modes, specifically car, bus, and vanpooling.

The National Security Agency is located at Ft. Meade, Maryland, midway between Washington and Baltimore and is not serviced by any mass transportation facilities. Because

of our Agency's remote location and the large number of employees required to travel via surface transportation from all over the metropolitan Washington-Baltimore area, NSA is a prime candidate for consolidation of transportation. Accordingly, for more than one year, a good deal of effort has been concentrated on the development of a viable vanpooling program for NSA employees. Working within the parameters of existing Federal law, the Agency selected the VanGo program, sponsored by the Regional Planning Council of Baltimore, Maryland, and supported from Federal Highway funds as the option most applicable to our particular circumstances. Mr. Tobias Kaye of the Regional Planning Council will present testimony detailing the VanGo Program for consideration by this Subcommittee in its current deliberation of H.R. 6831, Section 701.

NSA presently has three vanpools leased independently by the employee groups in operation, transporting a total of 45 employees from the Washington, D.C. area. The first vanpool began operation on July 1st, 1976 in response to a group of employees who were confronted with the problem that chartered commuter bus service could no longer be supported by the declining number of employees residing in their area. Vanpools two and three were initiated on April 1st, 1977 under similar circumstances. Subsequent vanpools will be organized to accommodate the 650 employees

who responded to an Agency-wide vanpooling survey conducted by the Home-to-Work Transportation Center in May of this year; the new program is scheduled to begin on 1 July 1977 as part of the VanGo Program. If NSA's response to vanpooling is representative of most Federal agencies, it would appear a Federally supported program is more than justified.

While NSA is following closely the deliberation of this Subcommittee in terms of Federally-sponsored programs, we believe that a more efficient and cost-effective program can be administered through commercial leasing arrangements rather than direct government purchase of vans. A van-leasing program as specified in H.R. 6831, using the VanGo project as a prototype, would eliminate costly maintenance and a good deal of administrative overhead for the government; it also requires only a relatively small number of employees like myself to implement and administer, who could serve as liaison between employees and the leasing agent. In addition, insurance would be handled through the Government self-insurance program which is cost-effective for the vanpool riders and reduces the risk of personal liability to the driver.

Energy conservation is a commitment we all must make and a challenge that must be met now. Vanpooling is a

significant step in this direction. NSA strongly supports and is pleased to contribute in this most urgent effort.

I thank the distinguished members of this Committee for the opportunity to present this statement.

Mr. BURTON. We will recess the subcommittee, to reconvene at 2 o'clock. We will then finish up with the testimony empaneled by members of NAVPO and others who are concerned in the vanpooling program.

Thank you very much.

[Recess taken.]

AFTERNOON SESSION

Mr. BURTON. The subcommittee will reconvene.

Our first witness this afternoon is William R. Fortune of the National Association of Van Pool Operators with the Continental Oil Co. of Houston. We also have Mr. David Lester, director of special projects for NAVPO from Arco; Mr. Robert Owens who is with NAVPO and with the 3M Co. in Saint Paul, Minn.; Roy Coughlin who is from the Southern New England Telephone Co. and is their vanpool coordinator.

I know that Mr. Stangeland will be joining us shortly because he was quite interested in the—you made an honest man of me, again. I said you would be in shortly, and there you are. [Laughter.]

Mr. STANGELAND. Sorry to be late, Mr. Burton.

Mr. BURTON. Mr. Stangeland will definitely be interested in the 3M Co.'s experience and pioneer efforts in this.

We have those statements which are prepared and would like to accept them for the record and have you, then, make comments based on what you have heard either today or, those of you who were here yesterday, on that, or on other matters that come to your minds.

STATEMENT OF WILLIAM R. FORTUNE, VANPOOL PROGRAM COORDINATOR, CONTINENTAL OIL CO.

Mr. FORTUNE. That is fine, Mr. Chairman. We would like to say that NAVPO—which was started less than a year ago—now consists of 77 members and they represent over 1,000 vans that are being operated here in the United States. Each of us will either comment or give parts of our own testimony here, and I shall lead off.

I am William R. Fortune with Continental Oil Co. I am also a director, member of the executive committee, and chairman of the government relations committee of NAVPO, which we are primarily representing here today.

My understanding of the issues that we have before the subcommittee is that they are: Shall we implement the 6,000-van pool program for Federal employees? If so, when?

Mr. BURTON. Excuse me. That is the limit of our jurisdiction; however, also—given that—we are discussing how we could use that to help the whole concept.

Many of the ideas we have heard have been very helpful to us as to how we could use this limited approach to better encourage the use of the program, generally, in the private sector.

Mr. FORTUNE. Encouragement of it in the private sector would be, in our opinion, the same as in the Federal structure; that is, the great ability of vanpooling to conserve gasoline, reduce pollution to the atmosphere, and relieve traffic congestion in these or related facilities.

In my company, we find that, historically, each van has averaged saving about 8,000 gallons of gasoline a year, reducing pollution by about 2 tons, and taken seven cars off the road. It is because of this that we encourage the Federal Government so much to get into vanpooling.

For instance, these 6,000 vans could save, by our numbers, somewhere in the neighborhood of 49 million gallons of gasoline a year, and we think that that is very worthwhile. At the same time we think that it would assist the Federal Government in establishing a national ethic on energy conservation and let the Federal Government be a leader.

To do this, we have only three points that I would like to make. One is that we feel there is a need to eliminate the division of responsibility as called for in section 701, subsections (c) (1) and (3). We would recommend that you have one specific administrator who is delegated the authority and the responsibility for doing that.

We would hope that he would consult with NAVPO and with the private sector. We would also hope that they would regionalize vanpooling within the Federal structure and delegate these responsibilities to those within the organization who might be able to do it in conjunction with their other duties and not necessarily add to your staff.

We feel that the balance of 701 is basically sound. We would suggest one or two specific things, though. We find that we have talked considerably—both yesterday and today—about administrative expenses.

Historically, in the private sector—where vanpooling did originate and has been proven—those administrative costs have been absorbed. We would encourage you to consider this so that the Federal employees would not be discriminated against by paying a higher fare than those in the private sector.

Other than that, we would like to talk very briefly on the provisions of insurance for the individual drivers. If they were using the van for personal use—as we interpret this—they would be required to furnish their own insurance.

Again, we would ask that it be compatible with that in the private sector and, historically, the insurance has been provided by the firms that have implemented the programs. It is very difficult and expensive for an individual to obtain this type of coverage.

In summary, from our point of view, we do encourage the implementation of this Government program. We would suggest that it have operating procedures and guidelines very similar to those in the private sector, and we would encourage its implementation as soon as possible.

In addition to this, we would recommend that some type of a board of review or a task force composed of members of the administering department—with the help, hopefully, of some in the private sector—could get together and review, expedite, and help along those items for immediate implementation.

With that, Mr. Chairman, I shall conclude.

The group has asked, with your permission, that you hold your questions until the last one has testified.

Mr. BURTON. That was my intention; however, I have two short questions I would ask you now.

When you are talking about administrative costs, are you talking about all administrative costs, or are there not some administrative costs that could be easily definable and spread out for reimbursement, even to try to ascertain—as somebody said yesterday—how much of somebody's work time goes into it?

Do you see any distinction between those types of administrative costs?

You pick up all the administrative costs, right?

Mr. FORTUNE. We pick up all of the administrative costs, but we do have a very simplified program which is what we encourage. For instance, we are talking about those out-of-pocket costs that it is really costing us.

Much of the previous testimony here has said that certain of the people within the Federal structure now could be allocated this type of work and would not add to the staff. These are the things that we are talking about.

We did the same thing in our company and many others in industry have done that. Therefore, we would encourage, though, that the programs be compatible so that the fare structures be compatible for Federal employees.

We think, No. 1, Mr. Chairman, that one of the greatest attributes to vanpooling and why it is so successful is the fact that the employee can save money. That is the main motivator for them to get into vanpooling.

If we can keep the fares structured within limits, then the programs will be extremely successful.

Mr. BURTON. Then there is really not much difference between, say, a company picking up the administrative costs, which then are a cost of business, on their taxes and then the Federal Government picking it up administratively, which is front-end spending of taxes.

Mr. FORTUNE. That would be our opinion, Mr. Chairman.

Mr. BURTON. We will recess for a few minutes for a vote.

[Recess taken.]

Mr. BURTON. The subcommittee will reconvene.

Would the next person please continue?

Mr. FORTUNE. Speaking next for us, Mr. Chairman, is David Lester of Arco.

Mr. BURTON. Mr. Fortune, we will be glad to insert the full text of your prepared remarks in the record of the hearing.

Mr. FORTUNE. Thank you, Mr. Chairman.

[Mr. Fortune's prepared statement follows:]

Prepared Statement of William R. Fortune, Vanpool Program Coordinator, Continental Oil Co.

MR. CHAIRMAN AND MEMBERS OF THE HOUSE SUBCOMMITTEE ON GOVERNMENT ACTIVITIES AND TRAMSPORTATION:

I AM WILLIAM R. FORTUNE, DIRECTOR SPECIAL SERVICES FOR CONTINENTAL OIL COMPANY (CONOCO), HOUSTON, TEXAS. MY RESPONSIBILITIES INCLUDE COORDINATION OF THE COMPANY'S EXPANDING VAN POOL OPERATION WHICH CURRENTLY HAS VAN POOL PROGRAMS IN SEVEN STATES. I AM ALSO A DIRECTOR, MEMBER OF THE EXECUTIVE COMMITTEE, AND CHAIRMAN OF THE GOVERNMENT RELATIONS COMMITTEE IN THE NATIONAL ASSOCIATION OF VAN POOL OPERATORS (NAVPO), AND IT IS PRIMARILY AS A SPOKESMAN FOR NAVPO THAT I APPEAR HERE TODAY.

MY UNDERSTANDING OF THE ISSUES TO BE RESOLVED BY THIS SUBCOMMITTEE ARE (1) SHOULD THE 6,000 VEHICLE VAN POOL PROGRAM FOR FEDERAL EMPLOYEES (AS CALLED FOR IN PRESIDENT CARTER'S PROPOSED LEGISLATION TO ESTABLISH A COMPREHENSIVE NATIONAL ENERGY POLICY) BE IMPLEMENTED, AND IF SO, HOW.

VAN POOLING HAS BEEN PROVEN BY THE PRIVATE SECTOR TO BE A COMMUTING ALTERNATIVE THAT NOT ONLY CONSERVES ENERGY, BUT REDUCES POLLUTION AND THE NEED FOR AUTO RELATED FACILITIES. CONOCO's HISTORY SHOWS THAT EACH VAN AVERAGES SAVING 8,160 GALLONS OF GASOLINE PER YEAR, REDUCES POLLUTION BY ABOUT 2 TONS AND NETS TAKING SEVEN CARS FROM THE WORK COMMUTING TRIP. THE CAPITAL COST OF THE VAN AS WELL AS THE DIRECT OPERATING EXPENSE ARE SHARED BY THE RIDERS WHO IN TURN HAVE A MORE ECONOMICAL, SAFER AND DEPENDABLE ALTERNATE OF GETTING TO AND FROM THE WORK SITE. BECAUSE OF THIS WE, AS INDIVIDUAL COMPANIES AND AS NAVPO, ENCOURAGE OTHERS TO IMPLEMENT SIMILAR PROGRAMS AND WE URGE THE FEDERAL GOVERNMENT, WHICH

IS THE LARGEST EMPLOYER IN THIS COUNTRY, TO DO LIKEWISE. THE PROPOSED 6,000 VANS WILL NOT ONLY REDUCE GASOLINE CONSUMPTION BY ABOUT 49 MILLION GALLONS A YEAR, BUT WILL AID THE FEDERAL GOVERNMENT TO SET AN EXAMPLE IN ENERGY CONSERVATION AND HELP DEVELOP A NATIONAL ENERGY CONSERVATION ETHIC. THE QUESTION IS NOT WHETHER THE FEDERAL GOVERNMENT SHOULD IMPLEMENT VAN POOLING, BUT RATHER WHEN.

WE WOULD URGE THAT IT BE STARTED AS SOON AS POSSIBLE AND TO INSURE THIS, CONSIDERATION SHOULD BE GIVEN TO REVISING A PART OF SECTION 701, HR 6831.

FOR INSTANCE:

SECTION 701, SUBSECTION (C) (1) AND (2)

SUBSECTION (C) (1) STATES THAT THE ADMINISTRATOR OF THE FEDERAL ENERGY ADMINISTRATION (FEA) AFTER CONSULTATION WITH THE ADMINISTRATOR OF THE GENERAL SERVICE ADMINISTRATION (GSA) MAY ESTABLISH A VAN POOL PROGRAM OR PROGRAMS. SUBSECTION (C) (2) AUTHORIZES THE ADMINISTRATOR OF THE GSA, AFTER CONSULTATION WITH THE ADMINISTRATOR OF THE FEA, TO IMPLEMENT SUCH A PROGRAM OR PROGRAMS. THE NEED FOR CHECKS AND BALANCES IS RECOGNIZED BUT SUCH A DIVISION OF AUTHORITY AND RESPONSIBILITY COULD DELAY IMPLEMENTATION OF THE PROGRAM OR RESULT IN AN INORDINATE AMOUNT OF ADMINISTRATIVE AND OPERATIONAL PROCEDURES, WHICH WOULD ADD TO ITS COST AND MAKE IT UNWIELDLY TO OPERATE. WE WOULD RECOMMEND THAT THESE TWO SUBSECTIONS BE RESTRUCTURED TO NAME A SPECIFIC ADMINISTRATOR WHO WOULD BE AUTHORIZED TO ESTABLISH, MAINTAIN, OPERATE AND ADMINISTER SUCH A PROGRAM OR PROGRAMS.

WE ARE NOT PREPARED TO SUGGEST WHICH OF THE FEDERAL DEPARTMENTS WOULD BE MORE APPROPRIATE BUT REGARDLESS OF WHERE SUCH FINAL AUTHORITY IS DELEGATED, I WOULD HOPE THE RESPONSIBLE ADMINISTRATOR WOULD CONSULT

WITH THOSE IN THE PRIVATE SECTOR WHO HAVE SUCCESSFUL PROGRAMS AND SEEK THEIR INPUT AND ASSISTANCE. I WOULD ALSO HOPE THAT CONSIDERATION BE GIVEN TO DECENTRALIZING FEDERAL VAN POOLING ON A REGIONAL BASIS; AND, THAT WHERE PRACTICAL, THE RESPONSIBILITY FOR LOCAL ADMINISTRATION BE ASSIGNED TO EXISTING PERSONNEL WHO WOULD DISCHARGE THIS FUNCTION IN ADDITION TO THEIR OTHER DUTIES.

THE REMAINDER OF SECTION 701 IS BASICALLY SOUND BUT WE BELIEVE THE FOLLOWING SUGGESTED CHANGES WILL BE BENEFICIAL, FURTHER ENHANCE VAN POOLING TO FEDERAL EMPLOYEES AND MAKE IT MORE COMPATIBLE WITH THE PRIVATE SECTOR.

SUBSECTION B

THIS SUBSECTION SPECIFIES THAT ALL COSTS AND EXPENSES, INCLUDING ESTIMATED ADMINISTRATIVE EXPENSES, BE REPAID FROM RIDER CHARGES. WE QUESTION THE INCLUSION OF ADMINISTRATIVE EXPENSES. IN THE PRIVATE SECTOR WHERE VAN POOLING ORIGINATED AND HAS BEEN PROVEN, IT IS A CUSTOMARY AND HISTORICAL PRACTICE FOR THE PROVIDER TO ABSORB ADMINISTRATIVE EXPENSES AS A FURTHER INDUCEMENT FOR EMPLOYEES TO PARTICIPATE. WE FEEL STRONGLY THAT FEDERAL EMPLOYEES SHOULD NOT BE DISCRIMINATED AGAINST BY PAYING A HIGHER COMMUTING COST THAN THOSE IN THE PRIVATE SECTOR. IF ABSORBTION OF ADMININSTRATIVE COSTS IS NOT PRACTICAL IN THE FEDERAL SYSTEM, THEN WE SUGGEST THAT "OUT-OF-POCKET COST" (THOSE DOLLARS ACTUALLY SPENT) AND NOT IMPUTED COSTS, BE RECOVERED.

SUBSECTION (C) (ii)

THIS STIPULATES THAT THE VAN OPERATOR (DRIVER) "SHALL MAINTAIN THE VAN IN GOOD AND SAFE WORKING ORDER". INTERPRETATION OF THIS COULD BE EXTREMELY BROAD. WE WOULD SUGGEST THAT THIS BE REWRITTEN SO THAT THE VAN OPERATOR "SHALL BE RESPONSIBLE FOR MAINTAINING THE

VAN IN GOOD AND SAFE WORKING ORDER, CONSISTENT WITH A PRE-DETERMINED SET OF CRITERIA".

SUBSECTION (C) (iv)

THIS STATES GENERALLY THAT IF SUCH PERSON IS AUTHORIZED TO OPERATE AND OPERATES THE VAN FOR PERSONAL USE, THEY WILL SECURE AND MAINTAIN AT SUCH PERSON'S EXPENSE INSURANCE AS DEEMED NECESSARY BY THE ADMINISTRATOR. WE HAVE TWO POINTS OF CONCERN IN THIS INSTANCE.

1. THROUGHOUT THE PRIVATE SECTOR IT IS AN HISTORICAL AND CUSTOMARY PRACTICE FOR THE PROVIDER TO FURNISH SUCH LIABILITY INSURANCE. IN MOST INSTANCES THIS IS PROVIDED AT NO COST AND IN SOME A TYPE OF "SINKING FUND" IS SET UP AND INCLUDED IN THE BASIC FARE STRUCTURE. OUR CONCERN IS THAT THE FEDERAL PROGRAM BE COMPATIBLE WITH THOSE IN THE PRIVATE SECTOR.
2. VAN POOLING IS RELATIVELY NEW AND THERE ARE NO BONAFIDE STATISTICS FROM WHICH REALISTIC ACTUARIAL TABLES CAN BE DEVELOPED BY THE INSURANCE INDUSTRY AT THIS TIME. THE INSURANCE SERVICE ORGANIZATION IS WORKING ON RESOLVING THIS PROBLEM, BUT IN THE INTERIM, LIABILITY RATES VARY SUBSTANTIALLY FROM COMPANY-TO-COMPANY AND FROM AREA-TO-AREA. THEREFORE LIABILITY INSURANCE FOR AN INDIVIDUAL IS BOTH DIFFICULT AND EXPENSIVE TO OBTAIN. OUR CONCERN AGAIN IS THAT THE FEDERAL AND PRIVATE SECTOR PROGRAMS REMAIN COMPATIBLE AND THAT FARES FOR FEDERAL EMPLOYEES ARE SIMILAR TO THOSE IN THE PRIVATE SECTOR.

IN SUMMARY WE STRONGLY SUPPORT THE CREATION OF A FEDERAL VAN POOL PROGRAM, WE URGE THAT SUCH A PROGRAM BE PUT INTO OPERATION AS SOON AS POSSIBLE AND THAT OPERATING PROCEDURES AND GUIDELINES BE SIMILAR TO THOSE IN THE PRIVATE SECTOR. TO THIS END WE WOULD SUGGEST

THE FORMATION OF A SPECIAL TASK FORCE OR BOARD OF REVIEW COMPOSED OF REPRESENTATIVES FROM THE ADMINISTERING FEDERAL DEPARTMENT AND FROM CERTAIN OF THOSE IN THE PRIVATE SECTOR WHO HAVE SUCCESSFUL VAN POOL PROGRAMS. THEIR RESPONSIBILITIES WOULD BE TO EXPEDIATE, REVIEW AND CRITIQUE ALL DATA AND ACTIONS NECESSARY FOR THE SPEEDY IMPLEMENTATION OF A FEDERAL VAN POOL PROGRAM AND AFTER SUCH IMPLEMENTATION THEY WOULD DISBAND.

I THANK THE SUBCOMMITTEE FOR THE PRIVILEGE OF APPEARING BEFORE IT AND CONCLUDE MY REMARKS BY SAYING I WILL ANSWER ANY QUESTIONS TO THE BEST OF MY ABILITY.

Mr. BURTON. Please proceed, Mr. Lester.

STATEMENT OF DAVID J. LESTER, DIRECTOR OF SPECIAL PROJECTS, ATLANTIC RICHFIELD CO.

Mr. LESTER. Mr. Chairman, we appreciate your invitation to be here today.

I am the former president of the National Association of Van Pool Operators, and Atlantic Richfield is involved primarily in the commuter computer program in Los Angeles. We subsidize that program to the tune of almost half a million dollars per year in conjunction with Caltrans.

Caltrans had provided the initial ridesharing agency, which was essentially a carpooling operation. With Atlantic Richfield's support, it has moved into vanpooling and has, perhaps, set up one of the more unique vanpool programs in the country.

The Los Angeles program is geared to a multiemployer operation which, I think, will have some bearing on the proposed legislation. The difference between this and, let us say, a 3M program is that, in the 3M program, only employees of 3M can participate.

In the Los Angeles program, any employee of any employer can participate. This has made for perhaps the fastest growing vanpool program in the country. We currently have 70 vans in operation, another 25 ready to go, and several hundred on order.

The advantage of this type of program is quite substantial. The best example I can give you is that Arco, for example, and the Bank of America share twin towers in Los Angeles. Under a single-company operation, all Arco employees would have to come in one van and Bank of America employees would come in another van, and employees of different firms in the area would each have to come in their own vanpools.

Under the multiemployer concept, if I live next to a Bank of America employee and I am an Arco employee, we live within a block of each other at home and we are going to a common destination, we can share the same vanpool.

The vans in Los Angeles are true luxury vans. The insides have been gutted and they have 10 first-class airline seats, reading lights, air-conditioning, soundproofing, and so forth. There has been quite a ready acceptance of this type of program.

In regard to the proposed legislation, in my personal opinion there are several factors that need further consideration before the legislation is finally adopted. The first is the insurance aspect.

I think it is highly impractical that a Federal employee is going to be able to obtain private insurance coverage for use on the weekends and we think that the private usage of the van is vitally important.

Second, the number 6,000 was predicated, I think, on the theory that that is the number that would fly, but there are several factors to consider in that. There are a number of Federal employees in nonconcentrated locations.

For example, in Los Angeles the EPA is located in close proximity to one of our vanpools and there are several EPA riders, but there are only 12 people in that office. That office could never support its

own vanpool program, and there are a number of Federal employees in remote locations—even in rural locations—that could not support vanpools.

We think that it is vitally important that this program be drafted at the broadest possible level to insure the maximum number of vans that could be put on the road. Toward that end, I have several suggestions which I would like to offer and perhaps you would consider.

First of all, within the legislation, this could be set up not only for Federal employees, but it could be set up on a subcontracting basis with regional ridesharing operations, such as Commuter Computer in Los Angeles or VanGo in Baltimore, who, in turn, already have the operating mechanisms to market this program as it goes along, and who would serve Federal employees either uniquely—for example, all in a van—or among several employers.

For instance, a Federal employee could ride in a van with a private sector employee. You need this concentration of people to make that van fly.

I was discussing with Mr. Romney, before the session this afternoon, something which will give you an example. If you have a Federal installation with, let us say, 100 employees and even if you could interest 60 people in riding a van, it would not be improbable that those 60 people could break up into 10 clusters of 6 individuals. Ten clusters of six individuals equal no vanpool because you need 9, 10, 11, or 12 people to make up a vanpool.

Therefore, you can have an installation such as this where you have large clusters, but it is not economic to operate the vanpool composed solely of Federal employees.

If there were a subcontracting basis to a regional ridesharing agency, these clusters of six Federal employees could be served and supplemented with five to six additional employees from other firms—whether they be private sector or what—who, in turn, make the actual organization of these vanpools on the road possible.

I think this is a vitally important matter to consider.

Mr. BURTON. Excuse me. I would like to ask you for a clarification on that.

At first, I thought that the Government would subcontract with you and provide you with riders for your vanpools, but you are saying that they should have the flexibility—if they had to pick up four additional riders to make it fly in their vanpool—to be able to contract to do something with you to pick up the additional riders.

Mr. LESTER. Either way. I think it could be drafted either way, Mr. Chairman.

Mr. BURTON. I can see big problems one way, because it would be like paying somebody's transportation. You get into more problems saying, "We will pay your fee to Commuter Computer," than you would contracting the other way.

It could work either way, but——

Mr. LESTER. You have two different operations. Let me give you an example.

Mr. BURTON. I understand that—that it could work either way.

Mr. LESTER. I think it is vital that it be considered one way or the other.

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Mr. BURTON. Yes.

Mr. LESTER. What is going to happen is that you are going to have clusters that make up half these vanpools.

Mr. BURTON. I think that is a good point. Please excuse the interruption.

Mr. LESTER. Certainly, sir.

On the other hand, when you mention subcontracting, it could be subcontracted, whether it be the vehicle purchase or what. I think the administrative costs are vitally important, and I have heard this mentioned a number of times this morning.

I personally think that the administrative costs of running a 6,000-van program are going to be quite substantial—more than, perhaps, many people realize. While you speak of the Federal Government as essentially a single-company employer, you really are talking very much, in a sense, of a multiemployer concept marketing technique.

For example, if you look down the street in Washington, it is very possible that a vanpool may come in with several Treasury Department employees in one building and, let us say, Interior Department employees in the next building down the street.

This requires two separate marketing efforts, one in each building, to coordinate the ridership to give you 10 people in the van. If you are operating as a single-company employer, you may have to market in several different areas within a work location; whether it be in different buildings, different departments within buildings, or different Federal agencies within buildings.

You are not really talking to all Federal employees on the same level in the sense that you are talking to all employees of the 3M Co. They have different jurisdictions, different communications mechanisms, different reporting relationships, different hours—and all of these things are going to have to be considered and pulled together which requires a substantial amount of administrative effort.

The question is: Are we going to build another bureaucracy to administer a Federal vanpool program? I think there is some resistance to that.

One of our associates, Mr. Coughlin, said they did a spot survey on the Federal vanpool program and a substantial number of people were opposed to it because they thought it was creating another Federal bureaucracy. I do not think it has to create another Federal bureaucracy, but I think the administration that goes into it is quite substantial.

I would point out to you that, in Los Angeles, we have 70 vans operating and we will have, let us say, 300 by the end of the year. That still requires a marketing team of 15 to 16 full-time people to go out, recruit these people, convince them that vanpooling is going to save them money, match up the applications, and as people drop on and off the vans, the spots have to be filled.

We currently operate at a 97-percent occupancy but it requires a substantial amount of administrative work and sales help to keep it at that level. That is going to have to be consistent within this program.

If all the charges associated with the program as, you mentioned before—down to portions of people's time—are charged off to this program, there is some question in my mind as to whether it could pay for itself in 8 years. Since that is part of the major legislation, I think it is something that has to be considered.

I would also point out to you that, in discussion of subcontracting with regional agencies—and this, to be very honest with you, had not occurred to me until I discussed it with some of the staff members—an organization such as Commuter Computer or the Golden Gate Bridge Authority in San Francisco is currently administratively set up to make the kind of matches that are required in the vanpool effort.

If it could be done in that manner—contracting where resources are available—I believe it would save the Federal Government substantial amounts of money, rather than trying to duplicate the effort in the same areas.

I think this is a very, very important consideration.

I would also like to suggest to you that, if possible—and I am not certain that it is within the confines of the prerogatives of this committee to do so—it would be well served if the vans were to be leased, rather than purchased. This is because I think it would require a substantially lower capital outlay on behalf of the Federal Government.

We currently lease all our vans, and we are leaning more and more in that direction. The question of what the money would have cost is answered if the vans are leased over a longer period of time so that your only actual out-of-pocket expenditure on behalf of the Federal Government is whatever you decide to be the administrative expense, and it does not have to include the cost of the vans which, I think, is quite substantial.

I also think that, on the insurance issue, it should be considered whether a blanket policy could be purchased for the entire vanpool program, rather than the Government being the self-insurer. That would leave you the alternative of having a number of Federal employees in the van and a number of outside employees in the van necessary to complete the van without the Government having to be the self-insurance mechanism for the non-Federal employees in the van.

Thank you very much, Mr. Chairman.

Mr. BURTON. Mr. Stangeland?

Mr. STANGELAND. In your opinion, is the idea of allowing a driver all fares over eight in a van, or whatever, incentive enough or is it too simplistic to think that he could be the marketing agent?

Mr. LESTER. We personally believe that the driver is the best marketing agent. Interestingly enough, we do not believe that the level—and this is a personal opinion and based on the experience of our program—of compensation to the driver is really the key issue.

In most vanpool programs throughout the country, it has been demonstrated that the amount the driver gets is not the issue. In Los Angeles, for example, he only gets one-half of the ninth fare and he gets a flat $30 a month when the van is full.

In the beginning, we would plan to give them one extra which is $60 a month. We, in turn, found that we could keep the fares down by only giving the driver one-half the fare and we had very little resistance to that.

I have spoken to some other members of NAVPO and they feel that the real issue is that the driver assumes the captaincy of the ship, he develops that philosophy, and that, therefore, the level of incentive

is really not significant. I am not so certain whether or not it is necessary to give the driver all fares over eight at all.

Mr. STANGELAND. My point is that, if you give him adequate compensation, you reduce the possibility of the increased bureaucracy that you speak of.

Mr. LESTER. Yes; but you have to remember this, sir. It is extremely difficult for drivers to market it without a central marketing plan. Let us say that we have a van coming to building A in Washington and you found a cluster of five or six people that live in that area.

For the driver to actually find a person who works in an adjoining building, on an adjoining block, who may live a mile away at home, is very difficult. Those two would hardly cross paths.

The number of vans you are suggesting is a massive vanpool effort that is larger than anything that has been conceived of in working in the private sector for the last couple of years.

While in a company a man can put up a note on a bulletin board and say, "I have a van coming from point A to point B," I cannot envision several thousand drivers rushing to bulletin boards, putting up signs, saying that they are going to have vans going from A to B. I think that is the problem you would run into without some central marketing force and matching force.

Mr. BURTON. Would your next witness proceed, please?

Mr. FORTUNE. Mr. Roy Coughlin will speak next because we would like to reserve Bob Owens until Congressman Stangeland returns.

STATEMENT OF ROY M. COUGHLIN, ENVIRONMENTAL AFFAIRS SUPERVISOR, SOUTHERN NEW ENGLAND TELEPHONE CO.

Mr. COUGHLIN. Mr. Chairman and members of the committee, I am the environmental affairs supervisor of the Southern New England Telephone Co. I am also vice president of NAVPO.

First of all, I would like to compliment the chairman on his sense of humor. I have heard more laughter in the room today, at this hearing while the business was being conducted legitimately, than I have heard in several other hearings—and I enjoy that. Life is too short.

Mr. BURTON. It sure is. [Laughter.]

Mr. COUGHLIN. Apropos of that, I would like to comment on a Johnny Carson solution to traffic congestion in New York City. His suggestion was to make all the streets one-way north and then it would become Albany's problem. [Laughter.]

I think there is a lot to be said for that.

I would like to react to a couple of the things I have heard today here. The personal use of the van as an incentive—Toby Kaye indicated that they did not consider that very important. In our State—Connecticut—it is essential.

The extra fares, which perhaps are essential in Minnesota, are not essential in Connecticut. What I am driving at is that the incentives that a driver should get, I think, are very dependent upon the location in which you are trying to operate the van.

When we looked for drivers, 57 percent of the people who wanted to be in vanpools wanted to be drivers just to get the free ride and the personal use of the van. They looked for no other incentives.

Where parking is very difficult, where traffic is very heavy you will have an easier time getting drivers. Where there is almost no incentive for vanpooling because parking is liberal and traffic is not heavy, you will have a more difficult time. Where costs are low, you will have a more difficult time, and you will have to offer more incentives.

I would think the incentives ought to be optional by regions based on the demographics there, so I would like to have you consider leaving that open as a flexible option within the program.

Mr. Stangeland asked about the life of the vans and I do not believe he got a direct response to that question. In our company, we have 1,100 installation vans. Of course, the Bell System has thousands of installation vans. Under good maintenance—which is what most of the vanpooling programs do feature, good maintenance—a van should get 100,000 miles or about a 5-year life; just to respond to that one question.

The survey that Dave Lester mentioned, I think, was indicative of the concern about a bureaucracy being built up to implement this program.

The Hartford Chamber of Commerce's Energy and Environment Committee, of which I am a member, intended to respond to President Carter's energy plan. We sent out a survey to 1,600 members and 150 designated energy coordinaters in business in the State of Connecticut.

We had a 100 percent response from the 150 coordinators and a 21 percent response from the membership, which was a very good response, by the way. Overwhelmingly, they are in favor of the energy program with some outstanding exceptions—the gas-guzzler tax and a few others—and, surprisingly enough to me, 25 percent rejected the idea of the Federal vanpooling program.

Therefore, I had a coordinator at the chamber call back and I got the results this morning; that most of the people who rejected the program either did not understand it because we were not able to explain it in detail, or the original draft did not explain it in detail, and the others were worried about building a bureaucracy to implement it.

They liked the idea of ridesharing and vanpooling. They were not opposed to it. They were opposed to the bureaucracy.

Apropos of that I would like to say that I hope we do not lose sight of what this Federal vanpooling program is intended to do. I have heard so many irrelevancies today that I am concerned that we might.

In my view, this is not a typical corporate program. When a corporation starts a vanpooling program, their intention is to help their employees commute, period, and all the benefits thereof. However, they do not intend to go out and promote it among other industries.

The members of NAVPO have done that. We have seen fit to go out and promote it because we think it is great. 3M, Continental Oil, Arco, University of Tennessee, and myself—we have been very active in promoting it.

Let's look at that as a dual function; running it as a function within your business and promoting it externally because it is a good thing to do. That is a dual function that the Federal vanpooling program is looking at.

If you are going to promote vanpooling, then you have to look at it in an altogether different way than the person who is just going to operate a vanpooling program and not do any promotion.

You cannot set up a supersafe program—which means that you have no barriers, that you take care of all the problems internally before you operate it—because then it is no longer a model of the real world.

If it is to be a model program, it has to bear some resemblance to what will follow and what you are trying to promote. Therefore, for that purpose, I endorse Frank Davis' approach which he mentioned this morning. That is to have the Federal Government develop vans in at least every State.

I have no feel for how many installations, but certainly in those States which have barriers now should have programs. New Jersey, for example, has 17 corporations vanpooling. Perhaps most of the barriers have been resolved; perhaps not.

However, there are many States where vanpooling would be very difficult for a private corporation or an individual owner to go into now, or any form of vanpooling.

I would like to see this be a series of model programs, depending on the regional variations, the regional barriers. I think the Federal Government will have to, in some way, build a bureaucracy a little bit larger than it would be if they were just operating a functional program with no responsibility for promoting.

However, they do have vast resources to draw upon to minimize that bureaucracy—and NAVPO represents the major resource. It represents 77 members operating more than 1,000 vans with great expertise—actually the highest level of current expertise in vanpooling in the country.

You can draw upon us liberally because we have offered that invitation. We want to be drawn upon.

In addition, the companies who are operating who are not members of NAVPO, or personnel within those companies, are willing to help and they can be very, very helpful to the Government.

It is not necessary to build up a large technical staff, but it is necessary, if you are going to promote this as a concept, to do it well and to promote it through the Federal Government.

There is an educational process involved. If you have to build a small bureaucracy to do this, the justification for it is the additional function that a corporation does not have to tolerate—that is the promotional aspect. You are doing more.

While Dave referred to the 6,000 vans as a massive program, we must look at it as a segmented type of thing. Spread around the country, you are talking about a lot of small programs.

With respect to the purchasing versus leasing: I have heard a lot of comments about leasing today and I have no argument with leasing at all. I recommend it to a lot of corporations, but I do not want you to go away with the impression that it is the way to go for the Federal vanpooling program.

I think it is only one of several ways to go. I think, again, that it is one of the options. I do not want you to be under the delusion that leasing is going to eliminate a large bureaucracy because I do not believe it will for the very reason that I have already mentioned—

leasing parties will not do your promotion for you and, if they do, they will do it on a leasing basis; and they should, as a self-serving interest.

The Federal Government is promoting the concept of vanpooling, not the concept of leasing. I think it is very important that you look at all of the various types of operations that exist, and apply them where they would be applied the best. This is a marketing technique. You have to look at the areas that are candidate areas; look at their demographics, look at the attitudes, the problems, the barriers, and then design a local program that fits that best.

That is what we do as a corporation. That is why my plan does not exactly resemble 3M's, from whom we stole it, and why Bill Fortune's does not resemble mine—because we tailored them. In fact, pools are different even in the same locations.

Therefore, it is very important that the Government be very flexible on this, because if you build a Federal vanpooling program that has only a single set of characteristics, you are automatically locking out an awful lot of potential in the future for people who cannot follow those characteristics.

That is my statement.

Mr. BURTON. Thank you very much.

As far as the marketing or hustling of customers, I think in some ways each driver is not going to go look at a bulletin board, but they all look at the bulletin boards in the Federal buildings in which my offices are and those people who are interested in participating could certainly dial a number.

I think there is a more captive situation than you might find with Commuter Computer or even in some of the companies.

Mr. COUGHLIN. Mr. Chairman, I would like to comment on that.

With the exception of Commuter Computer which is a unique program, they have to go out and do most of the marketing through employers, not employees. They have to convince the employers that it would be good for their employees.

However, in most of the other corporate programs—and, I daresay, probably all of them if we were to survey them—you do not have to market vanpooling to the employees. You just have to let them know it is available, let them know what the information really is, alert them to their current commuter costs, let them know the program is starting and what the parameters are of it, and then you get out of the way because you will have 400 people immediately looking for it.

I have four vans going online with 300 people waiting to get on them. I could probably put on 10. I do not know how many Bob Owens has now on a waiting list, but I know he has many.

It is a self-selling idea to the employee once you implement it properly so the marketing is not to the employee. The marketing is to the employer and, in your case where the major marketing effort is dual, you must—as a marketing technique—make sure you are fitting the right type of program into the area you are looking at. In addition, you must constantly utilize the commercial value of the successes you are building.

Mr. BURTON. Arco puts in $500,000 a year, and how much does Caltrans put in?

Mr. LESTER. Caltrans, I think, puts in $700,000 a year, but that amount was designated essentially for carpooling, not vanpooling. A separate company was set up, under Commuter Computer called VanPool, which is essentially Arco funded and other private sector funded. There is at least $500,000 going through that program now, a year.

I guess we have a difference of opinion, Mr. Chairman. I do think that the variables in the numbers you are talking about are quite substantial. I think you have variables of work hours here, variables of work location, variables of home location, and there has to be some central matching of these on a centralized basis in each location where you are going to have vanpools.

Each time you have a variable work hour situation and a variable home location, it defeats the number of vanpools that you can put out. It is much easier if you have a work location where 90 percent of the people come to work at 9 o'clock and they leave at 4 o'clock, but in the District, for example—where you have people coming to work at 8, 8:30, and 9—believe me there is some resistance among people to waiting that extra half hour or 45 minutes, either end, to go back and forth.

Therefore, you have a number of variables to which it has to be programed and matched, and the difference is quite substantial. I seriously doubt whether this could be done effectively on a driver-by-driver basis.

Mr. BURTON. No; I do not think it could be done on a driver-by-driver basis. I think it would probably have to be done by a computer, as a matter of fact. I do not see drivers having to do that.

I would think that, in San Francisco's Federal buildings, they would have whatever type of publicity they do on the bulletin board. If you are interested, you call the number, you give them the information, and they try to put it into some computer to come up with a match.

I do not see drivers going around to do this. I think one of the best promotions, once it gets going, is somebody sitting around saying, "Why are you not tired?" to the person who is not, and they say, "Well, I did not have to drive. I was in my GSA vanpool."

Mr. LESTER. I think you are right, sir. However, it becomes a tragedy if you have seven people that can come in in that GSA vanpool. That is insufficient to support a vanpool.

Mr. BURTON. I think that point was very well made. One of the problems that we have is that this thing is a little bit more complex than the people thought it was who put it together, and we are under some time deadlines.

I think your point is very valid about providing the ability to pick up four more people somewhere—maybe at the State building in San Francisco, which happens to be right across from the Federal building.

Mr. LESTER. Exactly; but that requires, Mr. Chairman, a marketing effort.

I have no question that we can communicate with the Federal employees, but then when you go to an outside source—whether it is an agency, an employer, or across the street to the State building, there has to be some marketing because those people will not be marketed to in the normal Federal sense as an employer.

We found one of the most effective mechanisms, interestingly enough, of filling spaces in vans is that we have the name of the route painted on the spare tire which is on the outside of each van. When people are pulling on the freeway in the morning and they see this van getting ahead of them, they say, "Wow, this goes from * * *"—let us say it says Marin to the Federal Building in San Francisco.

In this way, people become aware that there is a van running from their neighborhood in Marin to the Federal Building in San Francisco and they call that number. It is a very effective marketing system.

Mr. BURTON. We will now hear from Mr. Robert Owens who is the vanpool program coordinator of the 3M Co.

I must leave for a while to speak with another of Minnesota's favorite sons, the Vice President.

Mr. Stangeland, would you take over? We saved 3M for you.

Mr. STANGELAND [presiding]. Certainly.

STATEMENT OF ROBERT D. OWENS, VANPOOL PROGRAM COORDINATOR, 3M CO.

Mr. OWENS. Mr. Chairman and members of the committee, my name is Robert Owens. I am a senior transportation engineer at the 3M Co. in St. Paul, and the originator of the 3M commuter van employee transportation program.

Thank you very much for the opportunity to appear here today.

As President Carter indicated in his April 20 energy message, vanpooling is an idea whose time has come. At 3M, we believe this is a significant move in the right direction. It is a strong move toward reducing traffic and air pollution problems, and increasing energy savings in terms of fuel conservation and land used for parking space, not to mention the example the Federal program would set for the Nation.

With more than 100 firms, as you have heard, already operating vanpools, the private sector has demonstrated that it can create and maintain a viable shared-ride transportation program; and that business and industry can, with relatively little assistance, make significant contributions toward solving our energy problems.

Let me cite a few statistics from our 3M commute-a-van program. We currently operate 92 vans. Their average occupancy is just over 11 people per van. This year those 92 vans will save 2½ million vehicle miles, more than 202,000 gallons of gasoline, and will remove nearly 400 tons of pollutants from the atmosphere.

If 92 vans, which average about 50 miles round trip each per day, can achieve savings of that magnitude, you can imagine the even more significant savings that can be achieved by a 6,000-van program.

By the end of 1977, we will have achieved—in 5 years at 3M—a total savings of 8.3 million vehicles miles, nearly 680,000 gallons of gasoline, and we will have removed more than 1,300 tons of pollutants from the atmosphere.

If 3M's 92-van program can result in that kind of accumulated savings, would the long-term results of a Federal 6,000-van program not be truly remarkable?

We, at 3M, think so and we stand ready to assist you and the appropriate Federal agencies in implementing a vanpool program.

With this in mind, and on the basis of our van program experience, I would like to offer these comments regarding section 701 of the proposed National Energy Act.

Under this section, responsibility for Federal vanpooling is spread among more than one agency. This could cause delays in implementation. If program authority cannot be placed within one agency, then perhaps an interagency task force could be formed to launch a van program.

This procedure offers the advantage of picking people with special knowledge from different agencies and, thus, quickly building a good team of experts.

Whether the program coordinator is a single agency or a task force, the coordinator may need broader authorization than is provided in section 701. Broad authorization is needed to cut through redtape and get things moving.

If the goal is for the Federal Government to set a vanpooling program example and encourage others to follow, then the Federal effort must move swiftly from concept to reality. It cannot bog down in detail, paperwork, and delay. Nothing could kill a good idea faster.

To be an inspiration, Federal vanpooling must be efficient and effective which requires coordinated administration and broad authority to move.

I would also suggest that, since the administrative cost of a vanpooling program is minimal, the sponsor pay this cost. The result would be lower and more attractive passenger fares, and probably more passengers.

In addition, our experience shows that van drivers are safe and responsible drivers. Thus, 3M does not require its van operators to provide their own insurance for private use of the van. They are covered at all times by a blanket company insurance policy.

I think the Federal program should do likewise: at least until experience indicates this is not practical.

As for the private sector, I think one of the most important contributions that could be made at the national level would be the establishment of a public information program to encourage and convince prospective van operators that it is, indeed, time for action.

There is a good story to tell and there are sound reasons to adopt the program. For example, one van would save approximately 5,000 gallons of gasoline each year, or $3,000. For every 1,000 new vanpools, 5 million gallons of precious fuel would be conserved at a monetary savings of about $3 million.

There are many side benefits of vanpooling. We have found that a new spirit of cooperation between employees has developed, the community has thought more about carpooling, and the vanpooling has made everyone more conscious of the reality of conserving energy.

To sum up, vanpooling achieves significant savings by reducing the number of vehicle miles traveled and gallons of gasoline burned. There is less air pollution and we can cut road-building and parking costs, and put much of that space to productive use.

Again, vanpooling is a program where everybody wins—you have heard that before today—and an idea whose time has come.

Thank you for inviting me here.

Mr. STANGELAND. Mr. Owens, would you brief us on how you administer your vanpooling idea; who coordinates it and what is its administrative cost?

Mr. OWENS. It would be my pleasure, Mr. Chairman.

Until recently, we had 1½ people administering our 92-van program. We have been able to cut that back to one person because we have computerized the administration to a fairly high degree.

Therefore, I currently have one person in charge of the administration. This person, however, also takes care of our parking ramps, and also takes care of the lobby receptionists in our building, so she has other duties. However, I would say that she probably spends 50 to 60 percent of her time on the vanpooling program.

Mr. STANGELAND. Are your vans company-owned, individually-owned, or leased?

Mr. OWENS. Our vans are owned.

I think I would like to echo what Roy said. I do not think it makes one bit of difference, in each location, whether you buy, you lease, or how you operate. I think we have all said up here that flexibility is the key.

If the legislation can have the flexibility and a way to cut through the redtape so the Government can move fast, I think it will be an excellent example for the rest of the country.

Mr. STANGELAND. Do you see a difference in the ability of a private company to own those vans, as far as redtape is concerned, as far as the Federal Government owning vans and operating that kind of a program?

Mr. OWENS. Considerably. There is much more approval required and redtape, if I may use that term, in a governmental agency. I worked in a governmental agency for many years before I joined 3M.

In the private sector, there is much less redtape and much more flexibility.

If you will notice, I mentioned the possibility of an interagency task force that would be given the specific job of getting this show on the road. You could draw upon the expertise among the various agencies to get the initial startup done, and then, of course, designate an agency to take it over once it is going.

In this way, you could draw on the expertise that is in the Government—the people who know about vehicle procurement, for instance, and people who know about trip destinations and what have you—as well as help from the private sector, and you would not get bogged down in the interagency problems that seem to occur in large governments.

What we are looking for and what I am suggesting is a streamlined approach. This is precisely the way things are done in the business sector.

Mr. STANGELAND. To what extent does 3M subsidize the cost of the program, or is the program self-sustaining?

Mr. OWENS. It is self-sustaining, sir, except for the administration which is 60 percent of one girl and, of course, my time. I have many other duties. I spend too much time at this vanpooling, I think, that is not charged to it—however, except for administration, it is a self-amortizing program.

Mr. STANGELAND. How do you approach the changing hours or days of your employees when they are part of a vanpool? Do you have one shift, two shifts, three shifts; what?

Mr. OWENS. We have staggered starting times at 3M. That worried me until we hit on the idea of allowing an employee to change their start and quit time to be in a carpool or a vanpool, or to ride on our transit bus, with their individual supervisors' permission.

In only a couple of cases that I recall has it been impossible for this to occur so the people that are sharing rides, or carpooling, vanpooling, or riding buses, do have a little more flexibility, generally, if their start times conflict.

We have allowed that flexibility with individual supervisors' permission.

Mr. STANGELAND. Would you care to comment, Dr. Davis?

Dr. DAVIS. We found that one of the biggest problems in maintaining our vanpools—we did have some that terminated—was one employer—incidentally a contractor to the Government, a major Government employer—that has a system set up where they work around the clock. They had three shifts and they stagger the three shifts so that they alternate the days off because they work 7 days a week.

We would have a vanpool of 12 or 15 people that was going extremely well, and the company, one day, would say, "We want three of you on shift A, four of you on shift C, and two on shift F." That completely destroys the vanpool.

One of the major concerns I have is that, in setting up a vanpool program, if the private sector is not involved, there will be a tendency for the promoter of the vanpool program to show his zeal in promoting the GSA vans. He will be instrumental in shifting work schedules so that he can force people out of private pools and into the ones for which he is directly responsible.

To give you another example of how this works, two men in Knoxville decided to purchase a bus to haul people to this major Government plant. The plant manager said:

> But you do not understand; GSA will not allow us to put notices on the bulletin board to promote private businesses. But you do not understand; we cannot promote a commercial venture in our house organ. But you do not understand; we cannot allow the parking of a private, commercial bus on our parking lot. That is for employees only. It does not matter that all the people riding are employees. You are a commercial venture.

So the men sold their bus business and, very shortly, the company was publicly lamenting the lack of public transportation, and wanting the Government to come in and start something.

It is this idea of coordination, management, and use of all of the resources that is important.

One thing we overlook is that vanpooling does not cost; it pays. At TVA, for example, they were going to have to spend $6 million, minimum, to build a new parking garage. They decided to go into the pooling program. They now have 14 transit buses operating in the vanpool or express bus mode.

It operates identical to a vanpool except the buses are owned by the transit system.

They also have 10 buses that two private companies own, they have 20 vans owned by the credit unions, they have a number of private vans—including one driver who is handicapped and has special controls, but they have a number of people riding with him—and then a number of carpools.

They went from 66 percent driving alone to 18 percent of their total work force driving alone—a 50-percent reduction in vehicle miles traveled. They estimated the cost of operating the total program between $30 and $33 per year, per employee. That included a one-third subsidy for riding of the express buses, and some parking subsidies in several other cases.

Compare that to their cost of approximately $50 to $60 a year for maintenance of a parking space even if they had been given free land and a free parking garage. Furthermore, they feel that if they had not had so much pioneering work to be done, cost could have been reduced to about $15 per employee.

They saved the construction of a $7 million highway by going to the 14-bus, 150-van operation at the construction of a nuclear powerplant. This is saving money, not costing you money.

I think the thing that reinforces this is that now all employers in our entire downtown Knoxville area—and we have our kickoff on the 20th of this month—have decided that they will subsidize every employee to the tune of 30 cents per employee, per day, if they will ride in four-passenger—or more—vehicles.

You say, "Why would they be willing to do it?" Because they were getting tremendous pressure to subsidize a $40 per month parking space per employee to be able to continue to attract employees.

Therefore, the pooling program offers: "How would you like to put up $7 a month instead of $40?" They thought it was great.

The liability issue concerns me because even in Bob Owens' situation he has been reluctant to encourage private vanpool operators because 3M did not want to incur any liability for the private employee-owned vans. Therefore, they promote only employer-owned vans. That is one of those insurance issues that needs to be resolved.

I think the key thing to remember is that the reason the vanpools work is that they are extremely flexible. The captain is master of his ship, and he caters to the individual needs of the commuter. He will deviate routes, schedules, stops, seating locations—he tailors the service to the individual.

You will soon be hearing from Colonial Transit. They have developed an outstanding bus program built around the vanpooling concept of letting the individual riders dictate how this equipment is going to be used.

We should not lock this proposed program into any one particular mode. We need this coordination so that the private sector does not get squeezed out, and so that individual owner operators or carpool operators do not get squeezed out, but that all resources are coordinated.

Our objective is to conserve parking, save energy, and reduce congestion, not to get Government into the commuter transport business or to promote one specific type of program.

Mr. STANGELAND. Very good.

Gentlemen, unless you have anything to add at this point, we want to thank you very much for your testimony. We hope that you will stand ready to assist us and the staff in developing some kind of a program that we can bring out and be proud of with this current legislation. Thank you very much.

[Chorus of thank you's.]

Mr. STANGELAND. We will now call on Mr. Gary Penn. Mr. Penn is president of Colonial Transit Co. of Fredericksburg, Va.

STATEMENT OF GARY L. PENN, PRESIDENT, COLONIAL TRANSIT CO.; ACCOMPANIED BY MICHAEL WHITE, VICE PRESIDENT; WILLIAM M. FITZHUGH, DIRECTOR OF CHARTER AND MARKETING; AND ROBERT C. GIBBONS, DIRECTOR OF SPECIAL PROJECTS

Mr. PENN. Mr. Chairman, I would like to introduce the members of my staff who are with me. They are Mr. Michael White, to my right, the vice president of our corporation; Mr. William M. Fitzhugh, at the end of the table, our director of charter and marketing; and Mr. Robert C. Gibbons, our director of special projects.

Mr. Chairman and members of the committee, my name is Gary Penn. I am testifying here as the president of Colonial Transit Co., Inc., of Fredericksburg, Va., a private-owned motor carrier of passengers engaged primarily in commuter and suburban operations between points in Virginia and Maryland, and between such points and Washington, D.C.

We operate pursuant to authority granted by the Interstate Commerce Commission, the Commonwealth of Virginia State Corporation Commission, and the Washington Metropolitan Area Transit Commission.

Colonial currently operates 135 buses in 5 major corridors, which—excluding the Dahlgren corridor—serve major density areas in the District of Columbia and major Federal employment centers in northern Virginia, including Crystal City, the Pentagon, Rosslyn, the Navy Annex, Arlington Hall Station, and Bailey's Crossroads.

Our Dahlgren corridor serves the Naval Surface Weapons Facility in Virginia. A detailed breakdown of the areas serviced is included in my written testimony. In the interests of time, I will not go over this section unless you or any members of the subcommittee wish to hear it.

As you will note, Colonial operates 258 daily runs transporting approximately 10,480 passengers. In addition, Colonial—in cooperation with the Stafford County Senior Citizen Advisory Council—is operating a rural transportation system for the elderly and needy for that rural county.

This system is operated in a quadrant fashion, servicing each quadrant at least twice a month. It was designed to service the elderly by scheduling all medical, social services, and county services on a systematic basis to insure the well-being of those served.

It is most unique in that it was designed and implemented by the elderly themselves. All Colonial provides is the vehicle and moral backing to these fine people. This has been a heart-warming experience and one that will prove to be a worthwhile project.

Section 701 of H.R. 6831 would authorize a vanpooling demonstration program for officers and employees of the Federal Government involving the use of 6,000 vans. If the 6,000 vans were assigned to particular areas on the basis of the number of Government employees working there, about 700 vans would be used in the Washington metropolitan area.

Colonial Transit is concerned about the possibility of traffic diversion because 85 percent of our passengers are employees of the Federal Government.

In his national energy plan of April 29, 1977, President Carter stated: "The Federal Government will also initiate a major vanpooling demonstration program in areas not served by mass transit.

"About 6,000 vans will be purchased by the Federal Government and made available to Federal employees. All costs of the program will be repaid to the Federal Government by the riders."

I would emphazise the phrase "in areas not served by mass transit" because it is clear the President did not intend the vanpooling demonstration program to be competitive with mass transit systems presently in operation. Unfortunately, section 701 of the bill does not limit the vanpooling demonstration program to areas which do not have adequate mass transit service available.

To correct the apparent oversight, Colonial Transit strongly urges an amendment to section 701 of the bill which will make it clear that the vanpooling demonstration program must be noncompetitive with existing mass transit operations. We suggest that the following language be added to subsection (c)(1) at the end of line 24 on page 124 of the bill:

> No program shall be offered to officers and employees of any Federal department or agency who have reasonably adequate transportation service available from publicly or privately owned transit systems.

As previously indicated, 85 percent of Colonial Transit's traffic consists of employees of the Federal Government. Obviously, we cannot compete with a subsidized vanpooling arrangement which operates over our routes in the Washington metropolitan area.

In addition, we believe vanpooling arrangements sponsored by the Federal Government should be coordinated—to the maximum extent possible—with the services offered by existing publicly owned and privately owned mass transportation systems.

Accordingly, we suggest that subsection (c)(1) of section 701 be further amended by adding thereto the following language:

> To the maximum extent possible the van pooling arrangements authorized under this subsection shall be coordinated with the services of existing mass transportation systems.

It would be foolish, in our opinion, to establish vanpooling demonstration projects which are competitive with existing mass transportation systems because the existing bus systems are much more fuel efficient. For example, the average load on our buses is 41 passengers. We obtain approximately 6 miles per gallon of fuel.

This means we obtain 246 passenger miles per gallon of fuel, which is far in excess of what would be obtained in vanpooling operations.

It is not entirely clear, under the language of the bill, whether persons who are not full-time Government employees could be transported along with such employees. To make certain that the transportation is limited to regular, full-time Government personnel, we suggest that paragraph (c)(3)(C) be amended by inserting, after the word "insure"—line 5, page 127—the words "that each rider and."

The basic concept of vanpooling arrangements is that the operator of the van, although he may be exempted from rider charges and although he may be able to operate the van for personal use on weekends, is not a carrier. We do not believe vanpooling arrangements should have any of the characteristics of for-hire transportation.

Therefore, we urge deletion of the provision in subsection (c)(2)—line 23, page 125—which would permit the driver of a van to retain a portion of the rider charges.

We also believe it should be made clear that operators of vans should be prohibited from operating them in for-hire transportation at times when they are not used in transporting Government employees. Accordingly, we suggest that subsection (c)(2)(D)(i)—line 15, page 125—be amended so that the parenthetical phrase will read as follows:

(other than for use in for-hire transportation or on vacation trips and trips over extended distances, as defined by the Administrator of the General Services Administration).

Finally, we do not believe it is in the public interest to exempt the vanpooling operations authorized by the bill from the safety laws regulations of the several States. Subsection (c)(3)(C)(ii)—line 10, page 127—provides that each person operating a van pursuant to a vanpooling arrangement "shall maintain the van in good and safe working order."

We would add to that requirement the words, "in accordance with the laws of the State of his residence."

In conclusion, Colonial operates in the "free enterprise" system with enthusiasm, desire, and feeling. It is a service that fills a void in this country between the intercity carrier and the urban mass transit carrier.

There is a viable future for operators in this area and we look for continued cooperation between the Federal Government and private industry to satisfy the ever-increasing public demand for passenger transportation.

Thank you. At this time, I welcome the opportunity to answer any questions you or the panel may have.

Mr. STANGELAND. I want to thank you for your testimony. I can understand your concern with what the legislation proposes to do, and I think you make some pretty valid points.

How many Federal employees does your company transport to and from the District of Columbia per day, would you say?

Mr. PENN. Approximately 8,500.

Mr. STANGELAND. 8,500.

What percentage of your business relies solely on Federal Government commuters?

Mr. PENN. Eighty-five percent.

Mr. STANGELAND. Eighty-five percent of it?

Mr. PENN. Yes, sir.

Mr. STANGELAND. What is your current operating cost per commuter and what do you charge?

Mr. PENN. I would like to have Mr. White, the vice president of our company, answer that question, Mr. Chairman.

Mr. WHITE. The charge for passengers out of the Dale City area is $11 weekly. We need a 30-passenger load to pay for the cost of the bus. Over 30 passengers is profit for reinvestment in updating equipment and so forth.

Mr. PENN. There is one thing I might add to that, Mr. Chairman. We have heard a lot of talk today about administrative costs. I have heard really conflicting testimony yesterday and today.

I heard testimony from one individual stating that he had one administrative person for every driver, and he had 10 drivers. He was full time with 10 additional staff people to run his program.

We have 190 drivers. Our administrative costs are considerable, but we do make a profit and we run an efficient operation. I believe that the administrative costs alone—before we get into the areas of insurance and other aspects of the vanpooling program—of such a major undertaking are going to raise the rider fare to a prohibitive level so that, in effect, we would be back to forcing the subsidization of that program because then the rider could not afford to ride the Government van and he would have no alternative but to go back to his automobile.

Mr. STANGELAND. Do you think that the Government vans could operate from, say, Dale City to Washington for less than what you charge?

Mr. PENN. No, sir.

Mr. STANGELAND. Has your company conducted any marketing surveys regarding Federal employees' commuting?

Mr. PENN. Yes, sir. I brought along Mr. Fitzhugh, the director of our charter marketing department, to give you some background information on the work that we have done. Yesterday I was surprised that the representatives from FEA, GSA, and GAO readily admitted that they had not conducted a cost analysis survey as to what this is really going to cost the rider, or as to what the program was going to cost.

They threw out the figures yesterday, Mr. Chairman, of $12 million for 6,000 vans, but we are in the business and we know that these vans are going to cost $6,000 to $7,000. If I do my mathematics right, that comes out closer to $42 million.

We have been in the business 26 years. We have done market surveys and cost analyses. We have to, to stay in business.

I would like to let Mr. Fitzhugh fill you in.

Mr. FITZHUGH. Thank you.

We have four different ways of making a market survey. We do not necessarily have to resort to any special type of study. We have a quality control type of system where we have the conductors on our commuter runs make a 6-month evaluation of the type of service that we have.

They take into consideration the drivers, the schedules, the ontime service, and so forth. Also, these conductors who collect the fares on the buses have a control sheet that is turned in weekly. On this control sheet, there is a column for remarks.

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We also handle a great deal of this by telephone and by reports from our drivers. This creates a rather unique type of survey because we are being told by our commuters, our drivers daily, the different ways that we can improve service. We are being told by them what they would like for us to begin doing.

We started in Dale City 7 years ago with one bus. I think, from Mr. Penn's testimony, you can see how it has grown. We grow according to the way that the consumer demand asks us to.

Dale City is being built. At this time, it has a population of 25,000 people. By its completion, there should be a total of 100,000 people. We are serving that complete area. We also have service from the Lake Ridge area, from the Woodbridge area, from the Lake of the Woods area into Washington.

This is done primarily on a daily basis of putting all the facts that we can come up with together and we are operating the way in which the consumer wants us to—what time he has to be at work, in what different areas of Metropolitan Washington they work.

We do not have to take time to get a survey together to find out what is needed. We know daily. We are ready to adjust our schedules, adjust our equipment to the demand at hand at the present time.

Mr. STANGELAND. Is there a possibility that vanpooling could be a supplement to what you are providing without causing you financial injury? I am thinking of rural areas that you may not be servicing now because you just do not want to run a bus to an area of sparce population.

Mr. PENN. I would like to make it clear that we are not here in opposition to vanpooling. We are here to simply state that we feel there needs to be more work done. If the Federal Government is going to get involved in vanpooling, we would like to participate.

We have never been contacted by FEA, GSA, or GAO to ask us, "What do you think?" We like to think we are professionals. I believe we are. We have been in it 26 years. We move an awful lot of people every day. And we do make a profit.

Therefore, we must be doing something right.

What we would like to see, Mr. Stangeland, is a situation where we can have a cooperative effort. We realize that there is a need. Vanpooling is a viable concept, particularly in these rural areas where we know we cannot run a 41-passenger bus to Orange, Va., where we know we will have only 7 or 8 people.

In that particular area, a van is needed. Tie it in with a mass transportation system, be it a public transit authority or a private operator who is in the business to move people. We think vanpooling is a good concept.

Mr. Gibbons has some information. He has worked directly with this. He is the director of special projects for our company and has worked directly with these elderly people. We now have a very unique program in effect.

I would like him to discuss this with you. It is a van concept.

Mr. GIBBONS. Mr. Chairman, a lot of questions come up as to how you get into it and what your goals are, and how you attack the problem of transporting people. In our marketing area, we call ourselves a people-mover.

As Mr. Fitzhugh said, we play it by ear a lot so we can hear the difference. We have picked up the old Indian saying, "Have your ear to the ground until the train comes along."

Getting into senior citizen transportation, we had a lot of problems with our elderly out in the rural areas of the counties where we could not seem to communicate with them, we could not understand what their needs are. The Government came in with two or three programs and they could not get it started so we went back to the old folks and said, "If you form this advisory committee and you tell us what to do, then you run it."

Everybody laughed, but for 3 months now we have run it 2 days a week out in this rural area. We are loaded with people, now. Needless to say the grocery store had to reduce its prices 10 to 15 percent on its groceries because they are taking the business to whoever gives them the best price.

In our chartering market, we had to reduce the rates to the senior citizens during the week because they would not go unless we reduced the rates. We were not moving buses so we had to reduce the rates.

We have been very, very successful in this area, and we serve areas, Mr. Chairman, where there are only five, six, or seven people. We have also done the same thing with our commuter system. We operate with a 75-mile range. We operate 75 miles down country in little communities that have only 200 or 300 people.

We combine our routes and have a feeder system where we can supplement the line haul and get the people to work.

In our area, as was stated in our testimony, we feel that we fill the void between the 25-mile range of the mass transit carrier all the way up to the 75- or 80-mile range. We feel that we are very, very good in that area.

Another thing that we are planning to do in the future, Mr. Chairman—something that we neglected and have learned by our own mistake—in some of the communities, almost 50 percent of the girls work. You know as well as I do—my wife works—that she has to get up in the morning and throw me out of the house, give me my breakfast, but she wants that check to come in on Friday to pay for the rent.

She then takes the children over to the babysitter, and by the time she gets on the bus she has done a half a day's work before she ever gets to work. A lot of times, the babysitter calls and Sally is sick or Johnnie has broken his leg and has to go to the hospital.

Therefore, what we are going to institute, within the next 2 weeks, is service during the day that can get these commuters home three and four times during the day, rather than vanpooling concept or the bus thing where you run it in in the morning and nobody has a chance to get home during the day.

We are going to implement this within 2 or 3 weeks. We feel, by this, that we can serve the public better.

We have another couple of things we have instituted in the company—what we call the last chance so everybody in Washington gets a last chance to get home. We have another run we call the desperation run. Using that, he is really desperate to get home that night.

We feel that, by getting all this together, we can serve the public in a better and more understanding way.

As Mr. Penn said, we feel that vanpooling is very, very viable to this area. As you pointed out, Mr. Chairman, you have to get down country and get some of these people. We feel that, by taking these vans in the country area, bringing the people in, and then using that for senior citizen rural transportation during the day, that we get the dual purpose out of the vehicle.

We feel this is a viable area, and it is a long-lasting thing in the future.

Mr. STANGELAND. Thank you.

Has your company pursued or investigated any possibility of providing some alternate commuter service to some of these outlying areas?

Mr. PENN. Yes, sir. We are involved in commuter service from outlying areas now. As Mr. Gibbons pointed our, we run commuter service from areas with as low a population density as 200 people. We do go into those areas.

We get them into our line-haul centers and then load them on our line-haul runs to get them into the major employment centers.

Mr. STANGELAND. You do this with a van or a bus less than your regular passenger bus?

Mr. PENN. Right now, we are using buses.

Mr. STANGELAND. Are you at all interested in the possibility of contracting with the Federal Government to implement a vanpooling program?

Mr. PENN. Yes, sir; because we know, through our own efforts in going to the rural elderly people in our own area where our offices are located, that there is a need for that type of equipment in those areas to get those people in.

We found people out there in the country, Mr. Stangeland, who did not have a radio, they did not have newspaper service, and they did not have a telephone; yet they needed to get into the city of Fredericksburg to see their doctor, to get their groceries.

They had no means of communicating with the outside world, and no means of getting into town. This elderly program that we have put in effect—those people have gotten in touch with each other and that is how that thing has grown.

They have gone over to Sally next door and said, "Hey, we can get into town once every two weeks now." They set up their doctors' appointments and their visits with everyone they have to see, and the doctors have agreed to it. They have set their schedules so they know they are going to have this group in town on every fourth Tuesday or every second Wednesday, and so on.

Mr. STANGELAND. Very good. We have no more questions.

We thank you very much for your testimony, and we look forward to your input in working with the committee and staff, as well.

Mr. PENN. Thank you.

Mr. STANGELAND. We will call Mr. John Jamieson, the director of transit development of the Metropolitan Transit Commission of Minneapolis-St. Paul.

Mr. Jamieson, I recognized that name when I saw it on the agenda. We are pleased to have you here.

STATEMENT OF JOHN R. JAMIESON, CHAIRMAN, PLANNING COMMITTEE, AMERICAN PUBLIC TRANSIT ASSOCIATION

Mr. JAMIESON. Thank you, Mr. Chairman. It is a pleasure to be here.

I am also, currently, the chairman of the planning committee for the American Public Transit Association and I am here to speak on their behalf.

Mr. Chairman and members of the committee, we wish to express our support of paratransit, and specifically the Federal Government's vanpooling program for employees.

In 1976, the board of directors of APTA adopted six policy statements on paratransit to include the following:

First, paratransit is an important part of the family of transit services. Its various forms, when properly designed and implemented, can assist in meeting our total mobility needs.

Second, paratransit services must be planned in the context of the total transportation system. They must not be mistakenly identified as substitutes for other established and developing transit modes, but rather considered as services complementary and supplementary thereto.

Third, planning for paratransit, like all transportation planning, must consciously strive for effectiveness and efficiency. To make the implementation of paratransit services an appropriate response to special mobility problems caused by urban sprawl while avoiding an increase of sprawl—costs and energy consumption—paratransit plans must help promote efficient land use, clustering of activities, and reduced dependence on the automobile.

Fourth, various forms of paratransit appear appropriate for group transportation in outlying but contiguous portions of urbanized areas, in freestanding communities at the urban fringe, in certain rural areas, and in urban areas to serve certain travel demands. Within these more densely populated urban areas, paratransit should be implemented only in ways which complement the basic transit system, such as feeders to the line-haul corridors, specialized service for the handicapped, and night owl supplements.

I have as an exhibit the complete APTA statement which I would like to enter into the record, along with several others.

Mr. STANGELAND. Without objection, it will be done.

[The material follows:]

EXHIBIT A

Policy Statements on Paratransit
Adopted by the Board of Directors of the
American Public Transit Association, 1976

- Paratransit is an important part of the family of transit services. Its various forms, when properly designed and implemented, can assist in meeting our total mobility needs.

- Paratransit services must be planned in the context of the total transportation system. They must not be mistakenly identified as substitutes for other established and developing transit modes, but rather, considered as services complementary and supplementary thereto.

- Planning for paratransit, like all transportation planning, must consciously strive for effectiveness and efficiency. To make the implementation of paratransit services an appropriate response to special mobility problems caused by urban sprawl, while avoiding an increase of sprawl, costs and energy consumption, paratransit plans must help promote efficient land use, clustering of activities and reduced dependence on the automobile.

- Various forms of paratransit (i.e., car pools, commuter vans, dial-a-ride, shared taxis, subscription bus) appear appropriate for group transportation in outlying but contiguous portions of urbanized areas, in free-standing communities at the urban fringe, in certain rural areas and in urban areas to serve certain travel demands. Within these more densely populated urban areas, paratransit should be implemented only in ways which complement the basic transit system, such as feeders to line-haul corridors, specialized service for the handicapped and night owl supplements.

- Since the integration of all transit services, including paratransit, is absolutely essential, a single agency should be responsible for planning, coordinating and establishing marketing strategies. In urban areas, the logical choice is the transit agency. Depending on local conditions and the type of paratransit being implemented, the operation of the service may be performed either by the transit agency or by other providers in a contractual or franchise relationship with the agency.

- Paratransit performance to date provides no clear picture of the extent to which these concepts will serve various mobility needs, nor of their impact on urban development. Additional research and further demonstrations are needed, more sophisticated data bases and marketing strategies must be developed and relaxation of regulatory constraints must be carefully considered. The Urban Mass Transportation Administration, together with APTA and its operator member should share in a definitive program of such activities.

EXHIBIT B

Excerpt from Minnesota Statutes, 1976

16.756 COMMUTER VANS; STATE EMPLOYEES. Subdivision 1. In order to conserve energy and to alleviate traffic congestion in and about the location of state offices, the commissioner of administration shall, in cooperation with the director of the Minnesota energy agency, the commissioner of transportation and interested nonprofit agencies, establish and operate an employee transportation program utilizing commuter vans with a capacity of not less than seven nor more than 16 passengers. The commissioner shall acquire or lease commuter vans, or otherwise contract for the provision of commuter vans, and shall make the vans available for the use of state employees in a manner consistent with standards and procedures adopted by the commissioner. Standards and procedures adopted pursuant to this subdivision shall not be subject to chapter 15. Commuter vans may be used by state employees to travel between their homes and their work locations, and for personal purposes after working hours, not including partisan political activity. The commissioner shall provide in his standards and procedures for the recovery by the state of vehicle acquisition, lease, operation and insurance costs through efficient and convenient assignment of vans, and for the billing of costs and collection of fees. A state employee using a van for personal use shall pay, pursuant to the standards and procedures adopted by the commissioner, for operating and routine maintenance costs incurred as a result of the personal use. The commissioner shall promote the maximum practicable participation of state employees in the use of the vans. Fees collected pursuant to this subdivision shall be deposited in the accounts from which the costs of operating, maintaining and leasing or amortizing acquisition costs for the specific vehicle are paid.

Subd. 2. Use of the vans shall be limited to areas not having adequate public transportation between the residences of state employees and their places of employment. During the first year, the van program shall be implemented both in the seven-county metropolitan area and in one other region of the state.

Subd. 3. The program shall be evaluated after its first year of operation, and the commissioner of administration shall at that time recommend to the legislature whether the program should be expanded or discontinued. The commissioner shall at least semi-annually inform the metropolitan council and the capitol area architectural and planning board on the operation of the program.

Subd. 4. Notwithstanding section 15.31 or any other law to the contrary, the commissioner of administration may purchase, pursuant to this chapter, collision insurance coverage for the commuter vans. Notwithstanding sections 16.75, subdivision 7, and 168.012, the vans shall not be marked. The vans shall not be equipped with tax-exempt motor vehicle number plates.

[*1976 c 166 s 7; 1976 c 233 s 1-4*]

NOTE: This section expires June 30, 1979. See Laws 1976, Chapter 233, Section 14.

EXHIBIT C

Excerpts from House File No. 1610 as Passed by the Minnesota Legislature, May 21, 1977

Sec. 12. Minnesota Statutes 1976, Section 16.72, is amended by adding a subdivision to read:

Subd. 8. The commissioner of administration shall impose a surcharge of 25 percent for vehicles occupied by only one person parking in a state parking facility in the capitol area, as described by section 15.50, subdivision 2. The revenue from this additional charge shall be placed by the commissioner in a special account. For the benefit of employees employed in the capitol area, the money in the account shall be used by the commissioner to acquire or lease commuter vans pursuant to section 16.756 and, within such limits and upon such conditions as the commissioner determines to be necessary, to reimburse state departments or agencies for costs resulting from agreements with the metropolitan transit commission or other operators pursuant to section 37. The commissioner may adopt rules necessary to administer the provisions of sections 11, 12 and 37.

Sec. 37. Minnesota Statutes 1976, Chapter 473, is amended by adding a section to read:

[473.409] [AGREEMENTS WITH COMMISSION; ENCOURAGEMENT OF TRANSIT USE.] A state department or agency, including the legislative branch, any local governmental unit, the metropolitan council, or other metropolitan commission may enter into an agreement with the transit commission and other operators for the purpose of encouraging the use of transit by its employees residing in the metropolitan area. The agreement may provide for, among other things: (a) the advance purchase of tokens, tickets or other devices from the commission or other operator for use in lieu of fares on vehicles operated by the commission or other operator; and

EXHIBIT C (CONTINUED)

(b) special transit service for employees to and from their place of employment, at fares to be agreed upon by the contracting parties. The tokens, tickets, or other devices or services may be made available to employees at reduced rates. Any such agreement and arrangement by a state department or agency shall be submitted to the commissioner of administration for approval before execution. Any operating deficits or subsidy resulting from such agreements shall be assumed by the contracting department, agency, governmental unit, council, or other commission, unless otherwise provided in the agreement.

Mr. JAMIESON. As can be seen, APTA considers commuter van programs, along with other forms of paratransit services, as proper elements in the total transportation system.

We endorse, too, the general concept of paratransit as contained in the Proposed Policy on Paratransit Services published by the Urban Mass Transportation Administration. This policy—which can be found in the Federal Register, vol. 41, No. 204, October 20, 1976—also emphasizes the need to coordinate paratransit with conventional transit as part of the total transportation system.

As mentioned, I come from the Twin Cities area which has the reputation of being a leader in the development of employer van programs, both in terms of initiation of the concept and the number of employers who have developed their own programs—currently more than a dozen.

As you have heard from Bob Owens, by far the largest of the programs is that of the 3M Co., which is now operating 92 vans with over 1,000 riders to its headquarters complex in Maplewood, a suburb of St. Paul.

Started in April 1973, the first such program in the country, this program has enjoyed great success in helping to meet the specialized needs of many of the employees commuting to 3M from widespread residential locations within and outside of the Twin Cities metropolitan area.

It is significant to note that, in this program, the average daily round trip mileage per van is 49 miles. We feel that vanpools serving this type of trip do indeed supplement, rather than replace, conventional transit service.

It is in this type of setting that van programs are most successful. However, there are relatively few large employers of this type in locations where they cannot be served by public transit, and there are indications in our area that large employers are having second thoughts about moving to locations outside the area in which conventional transit service is available.

Recently, both Honeywell and Pillsbury have decided to remain in the central area, rather than move to outlying locations. Interestingly enough, data obtained last fall indicated that only 1 of 136 vanpools in our area was oriented to one of the two major central business districts.

The relationship of potential vanpools to employment location and transit service should be carefully examined by the Federal Government in the development of its program. Governments can do much to set an example of the type of coordination desirable between vanpool programs and public transit services.

The Minnesota Legislature, in establishing a commuter van program for State employees, specified that:

> Use of the vans shall be limited to areas not having adequate public transportation between the residences of State employees and their places of employment.

This legislation, passed in 1976, is included in our submission to the committee as exhibit B.

In the legislative session just ended, the Minnesota Legislature lent additional support to the State's van program, as well as to the use of public transit by State employees, through the passage of the

following amendment to the law concerned with State parking facilities:

The commissioner of administration shall impose a surcharge of 25 percent for vehicles occupied by only one person parking in a State parking facility in the capitol area, as described by section 15.50, subdivision 2. The revenue from this additional charge shall be placed by the commissioner in a special account.

For the benefit of employees in the capitol area, the money in the account shall be used by the commissioner to acquire or lease commuter vans pursuant to section 16.756 and, within such limits and upon such conditions as the commissioner determines to be necessary, to reimburse State departments or agencies for costs resulting from agreements with the metropolitan transit commission or other operators pursuant to section 27.

It can be seen that this provision of the law does not just provide financial support for vanpools, but rather introduces a concept of transportation funding to support both public transit and paratransit operations. Other new legislation permits agreements between State departments, as well as other units of government, and the Metropolitan Transit Commission, to provide for advance purchase of tokens and tickets and the provision of special transit service for employees at reduced rates. These amendments are our exhibit C.

In summary, APTA supports vanpooling as one of the paratransit elements in the family of transit services which should be incorporated in a well-rounded transportation program. However, legislation which authorizes the acquisition of vans should require proper coordination of van programs with public transit services.

Finally, financial or other incentives to affected agencies may be desirable to encourage proper use of the van program as it relates to other transportation services.

I thank you for this opportunity to testify before this committee on this important subject.

Mr. STANGELAND. Thank you, Mr. Jamieson.

Regarding the Minnesota computer van program for State employees, is that functional now?

Mr. JAMIESON. Yes, Mr. Chairman, it has gone into effect. I believe they have six or seven vans operating.

Mr. STANGELAND. Who owns those vans, then; the State?

Mr. JAMIESON. They are State-owned and they are operated by the commissioner of administration through the vanpool coordinator in his office.

Mr. STANGELAND. And an employee is the driver? Can you describe how it works?

Mr. JAMIESON. Mr. Chairman, I am not too familiar with how they are functioning. I really cannot get into the details.

Mr. STANGELAND. I see.

Have you done any surveys on ride sharing? How is this new surcharge on the parking facility working? This was passed in the last legislature, so that has not really had time to work yet.

Mr. JAMIESON. No; it has not. It is very new and there has been no opportunity to give it any consideration at this time.

Mr. STANGELAND. Perhaps it would be best for us to submit some questions to you for response as to how that Minnesota legislative program works for commuter services to State employees. Could you determine that for us?

Mr. JAMIESON. Mr. Chairman, we would be happy to give you additional information from the State of Minnesota.

[The information follows:]

Metropolitan Transit Commission
801 American Center Building St. Paul, Minnesota 55101 612/221-0939

June 15, 1977

The Honorable John L. Burton
Chairman, Government Activities and
Transportation Subcommittee
Government Operations Committee
U.S. House of Representatives
Washington, D.C.

Dear Mr. Burton:

RE: Testimony on Section 701, National Energy Act (Government Van Pooling Program)

Thank you for the opportunity to testify Thursday, June 9, 1977, on behalf of the American Public Transit Association. After presenting testimony, the acting chairman, the Honorable Arlan Stangeland, requested further information regarding van pools operated by the State of Minnesota for state employees.

I hope you find the attached material informative and helpful in your efforts to establish van pooling programs in the federal government.

Sincerely,

John R. Jamieson
Director of Transit Development and
Chairman, APTA Planning Committee

lad

Enclosures

cc: The Honorable Arlan Stangeland
1518 LHOB
U.S. House of Representatives

Susan Perry, Director of Government Services, APTA

Jeremiah L. Brunnette, Minnesota Department of Administration

ADMIN 1000

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT Administration

TO : John Jamieson
Director of Transit Development
Metropolitan Transit Commission
801 American Center Building

DATE: 6/10/77

610 N. Robert St
St. Paul, MN.
55101

FROM : Jeremiah L. Brunnette J.L.B.
Travel Coordinator
Central Motor Pool

PHONE: 6-6781

SUBJECT: Minnesota State Employee Vanpooling Program

Enclosed you will find copies of both the commuter van program procedures and the cooperative agreement that is signed by both the Pool Coordinator and back-up Pool Coordinator for each van. I have also included a copy of the presentation I made, concerning the program, at the Paratransit Conference in Minneapolis.

I enjoyed talking with you about our program and hope the success and cooperation we have had together will encourage development of similar cooperative programs across the country.

Please feel free to call me if you have any questions.

JLB:baf

Enc.

Commuter Van Program Procedures

Purpose:

The purpose of the Commuter Van program for the State of Minnesota is to conserve energy in transporting state employees to their work and to alleviate traffic congestion near state offices.

General:

As many vans as possible will be purchased within the limits of the funds provided by the legislature. Areas for assignment of commuter vans will be selected by the Commuter Van Committee on the basis of inadequate public transportation and the interest shown of people living reasonably close together. This is important because pickup time for passengers must be substantially less than driving time to work if a Commuter Van program is to be successful. State employees riding to work will pay their proportionate share of the cost for such transportation.

Who May Participate:

Any state employee may be included who is living in an area selected for van assignment, who is willing to abide by the operating rules, and who will pay the proportionate share of the costs. Pool Coordinators will be responsible for driving the vans. There will be a Backup Driver to drive when the Pool Coordinator is on vacation, ill, or away for other reasons.

Contracts:

The Pool Coordinator and Backup Driver(s) will sign contracts with the State which can be cancelled by either party by giving 30 days written notice.

Riders:

The Pool Coordinator will keep a current list of riders on file with the Transportation Division. The Pool Coordinator will be assisted in finding potential riders for filling the van.

Payment:

Payment for use of the Commuter Van will be made in advance by the Pool Coordinator to the Transportation Division the first of each month. This will include the established fee for commuter miles plus any personal miles driven at the established rate. A Commuter Van report is to be filed at the Transportation Division office each month when payment is made.

During any month a passenger who has paid for a seat in the van may sell the right to ride to another state employee living in the same pickup area. In this way, an employee going on vacation or being absent from the ride may recover the cost paid. No refunds will be made by the Transportation Division.

The Pool Coordinator will be responsible for collecting from all passengers.

Accidents:

When an accident occurs the Pool Coordinator is responsible for handling the situation as listed in the Accident Report Kit kept in the glove compartment of the van.

Special Rules:

Any rules beyond the items specified in the cooperative agreement with the Pool Coordinator and listed in a Commuter Van Program Procedures, will be determined by a vote of the group riding in each commuter van.

COOPERATIVE AGREEMENT FOR THE STATE EMPLOYEE COMMUTER VAN POOL PROGRAM

The State Employee Commuter Van Pool Program shall be in effect beginning on the date this Agreement is signed by the Department of Administration, hereinafter called the Department, and the Pool Coordinator, and continuing thereafter until terminated by either party giving the other party a written termination notice. Said termination shall be effective thirty (30) days after mailing to the other party of the termination notice. The Pool Coordinator shall be the primary driver of the van pool during the term of this Agreement.

The Pool Coordinator's responsibilities for operation of his van shall be to:

1. Maintain required state driver's license for driving a van.

2. Drive the van to and from a state employment location and pick up and discharge the passengers.

3. Arrange for service and maintenance of the van at the Central Motor Pool garage if the vehicle is used in the Twin City area or at another service agency approved by the Transportation Division, as well as clean the van when needed.

4. Keep the pool at or above the minimum of 9 paying passengers.

5. Train sufficient backup drivers to insure daily operations of the van pool.

6. Supply a place for overnight parking of the vehicle in a garage or with a place to plug in an engine heater.

7. Keep a record of the van's pool operations, on forms supplied by the Transportation Division.

The Department agrees to supply the Pool Coordinator with a 12-passenger van and assist in forming and maintaining a minimum of 9 passengers in the van pool.

The Department also agrees that the Pool Coordinator may use the vehicle during off hours at a rate of .08 ¢ per mile. The Department also agrees that the Pool Coordinator may make the vehicle available for use by the backup drivers, as an incentive, at the above rate. The responsibilities of the Coordinator set forth above shall apply also to the backup drivers.

The following regulations shall apply to the operation of the vehicle.

1. Operation of the unit is permitted by the Coordinator and his backup drivers. Operation may be granted to the spouse of these people if properly licensed (Class "B" license in Minnesota). Only under emergency conditions would any other person be authorized to operate the vehicle.

2. The vehicle is to carry no passengers to and from state installations other than state employees.

3. For the purposes of the Tort Claims Act, Laws 1976, Chapter 331, the services performed by a driver of a commuter van shall be deemed to be those of an employee of the state acting within the scope of his employment, if and only if the driver is providing prearranged commuter transportation of employees of the state to or from their places of employment.

4. In the case of personal use, the carrying of passengers other than state employees and immediate members of the employees driver's household is permissible as long as it is not on a regular basis. For example, use of the van to carry a church group every week is not allowed.

5. The vehicle cannot be used for partisan political activities.

6. The vehicle is not to be used for a trip beyond a one-hundred (100) mile radius of the employee driver's home without specific advance approval from the Travel Coordinator.

7. The vehicle is not to be used to carry passengers or freight for hire, for ride sharing or any other purpose involving pay for transportation, other than the specific purpose of the State Employee's Commuter Van Pool.

8. Use of the vehicle to pull trailers is not allowed. No trailer hitches, temporary or permanent, are to be attached to the unit.

9. The vehicle is not to be used for any purpose requiring the removal of any seats.

10. The vehicle is to be driven only on public streets and highways and other normal access roads and driveways, but is not to be driven off normal roads, on frozen lakes and rivers, or in any other manner that would expose the vehicle to unsafe conditions.

11. The vehicle is not to be driven over bridges posted for a 3 ton maximum weight or less.

12. The Pool Coordinator shall be responsible for promptly reporting any accident involving a bodily injury or property damage. Such reporting shall be in accordance with the procedures outlined in the Auto Accident Information Kit which shall be kept in the glove compartment of the unit at all times.

    a. Such reporting shall also include injury to a passenger of the unit even though no other third party was involved. For example, cases where a person falling inside the unit or being injured while entering or alighting from the unit, shall be reported.

    b. The Pool Coordinator shall be responsible for the completion of the accident report (#DPS 32001) and its submission to the Travel Coordinator at 610 North Robert Street, St. Paul, Minnesota 55101.

13. Any traffic violations while driving the commuter van are the responsibility of the driver and may result in removal as Pool Coordinator or backup driver. The Pool Coordinator and the backup driver shall report any traffic violations to the Travel Coordinator. Traffic citations issued to the Pool Coordinator or backup driver while driving vehicles other than the commuter van will be reviewed by the Travel Coordinator and may result in removal from the position of Pool Coordinator or backup driver.

POOL COORDINATOR/BACKUP DRIVER	MINNESOTA DEPARTMENT OF ADMINISTRATION
_____	BY_____
DATE_____	DATE_____

Presentation to the Paratransit
Conference on the Minnesota State
Employee Vanpooling Program

May 19, 1977
By

Jeremiah L. Brunnette, Travel Coordinator
Central Motor Pool Division
Department of Administration
State of Minnesota

610 N. Robert St.
St. Paul, MN. 55101
(612) 296-6781

I. Introduction and Background

Ladies' and Gentlemen: I am happy to be here representing the Central Motor Pool Division and the Department of Administration for the State of Minnesota at the Paratransit Conference. Before going into the specifics of the current state employee vanpooling program and future plans, I would like to discuss the Legislation and planning on which the program is based.

In 1976, the Minnesota Legislature passed a statute authorizing the creation of a van pooling program for state employees. This legislation was passed to conserve energy and to alleviate traffic congestion in and about the location of state offices. The parking situation is particularly critical in the capitol complex area.

To implement the program a committee was formed including representatives from the Department of Administration, the Department of Transportation, and the Minnesota Energy Agency. The committee's responsibilities included preparing contracts and procedures for the program, selecting and ordering of vans, and the scheduling of meetings for those community areas that had expressed interest in the program. The names

of interested individuals were obtained from a survey taken earlier. By January 1977 six vans were in operation. The seventh van ordered was designated for an outstate location, and we are now in the process of finding a community with sufficient interest and numbers of people to start a van. This successful placement of a van pool outstate has been a real challenge.

II. Current Program

There are currently six (6) vans with over sixty (60) state employees participating serving the following areas: North Branch, Wyoming, Forest Lake, White Bear Lake, Cottage Grove, Hastings, and Anoka - Coon Rapids - Blaine. The fares range from $25.20 to $42.70 per month. The average daily commute mileage ranges from 40 to 90 miles per day round trip.

Based on estimates of other similar programs, the projected annual savings for the six (6) vans are approximately 30,000 gallons of gasoline saved, roughly equivalent to four loaded tank trucks. Your neighborhood service station will pump about this gallonage in one month. Approximately 3 - 400,000 vehicle miles will be saved in one year from a program like this. This means less wear and tear on our roads. In addition approximately 30 tons of pollutants will be eliminated. Each van takes between 6 - 7 cars off the road daily, removing the need from between 30 - 35 parking spaces, with the six vans in operation.

There are close to 15 departments and agencies involved in the program which makes it multi-employer in a sense. This is a unique feature of the program. The vans stop at almost every building in the capitol complex area.

There are only a few basic requirements to start a van in a particular area. Ten state employees are needed to obtain a van. From these ten, two drivers are needed (one driver and one back up driver). The area served must not have adequate public transportation. And the driver and back up driver need a Class B drivers license.

The benefits to the participants are many. Financially the van riders can save hundreds of dollars per year plus reduction of wear and tear on their own car. The main driver pays no fare and may use the van after hours for a nominal fee. The back-up driver may also use the van for the same fee. Employee attendance and enhanced morale are other benefits. Its also a great opportunity to meet new people and make friends. The vans are air conditioned, offer spacious seating, head and leg room, and also have extra heaters and plugs for winter driving. The vans are not state maroon in color and in fact come in several attractive colors.

III. Future Plans

Plans now include expanding the current fleet of six vans to thirteen by mid-summer. A new survey will be conducted meanwhile to determine new areas of interest including an area located outside the Twin City Metropolitan Area.

Mr. STANGELAND. Do you have any comment on section 701 of the bill that we are looking at, other than what you have here? Do you see a possibility that this ought to be a contracted program? Should the Federal Government run the program itself?

Do you have any comment or any thoughts along those lines?

I recognize that your experience is quite vast, having been commissioner of highways in Minnesota. I think you could give us some insight as to how you see the Government really functioning in this area.

Mr. JAMIESON. Mr. Chairman, I think you had some excellent testimony earlier in the day which at least in the parts I heard indicated—that there are a great many ways in which you can organize these programs. Certainly, I would encourage flexibility as to how they would be set up in the field.

APTA does feel that they are a very important supplement. We would like to offer you any help that we can as an industry with respect to the vanpool program. There are many outlying areas where vanpooling is simply the only kind of service you are going to be able to develop.

Mr. STANGELAND. Thank you very much for appearing here.

Mr. JAMIESON. Thank you, Mr. Chairman.

Mr. STANGELAND. We now have Mr. Philip Forest, president of the Columbia Commuter Bus Corp.

STATEMENT OF PHILIP E. FOREST, PRESIDENT, COLUMBIA COMMUTER BUS CORP.

Mr. FOREST. Mr. Chairman, you have my prepared statement. I intend to summarize it very briefly for you and then respond to any questions that you might have.

Mr. Chairman and members of the committee, our corporation is a private, nonprofit corporation organized by the residents of Columbia to provide themselves with transportation between their homes and their places of employment. We currently operate 15 buses each working day, between Columbia and the District of Columbia.

These buses are chartered from a commercial contract carrier. We carry about 3,000 passengers each week. We collect about $500,000 in gross fares annually.

The corporation has no paid employees. It is directed by a board of directors elected by and from the riders. It is managed by five executive officers who are elected by the board of directors, also from among the riders.

Anyone using the system is automatically a member of the corporation and none of the directors or executive officers are paid for their services. The system operates wholly on a volunteer basis.

While there may be some other systems of our type, we believe that we are unique. The Reston system is similar in organization and the manner in which it operates; however, they are not subject to regulation by the Interstate Commerce Commission, as we are since we are located outside the metropolitan area while they are inside. That creates some special problems, we think, for us.

You have heard a lot of testimony today which makes vanpools seem like the finest thing that ever happened, and we support the legislation that you are considering today. However, we have some reservations and we believe that there are some problems which the legislation must anticipate if the program is going to be successful.

We agree, too, that the legislation, ideally, would be expanded to include employers other than the Federal Government in the program, but we recognize some of the political realities that may make that impractical at this time. However, the things that would be important in legislation involving the private sector we think should be considered by your committee in developing this legislation because the precedents which you establish in this legislation are going to have a great impact on any later legislation involving private vanpool operations.

We think the vanpool has a very definite place in the mass transit system between carpools and buses. Our system, for example, is much more efficient than a vanpool when the employment and residential areas being served have large concentrations of workers traveling from one place to another place where there is a large concentration of work.

The vanpool is more efficient where there are smaller concentrations of residences and smaller concentrations of places of employment.

We do not think vanpools, for example, would be at all efficient in operating between Columbia and the Federal Traingle or downtown Washington, D.C. We do think they would be effective and efficient operating from a place like the National Institutes of Health to Columbia. NIH is well off of any reasonable route for mass transit connecting Columbia with downtown Washington.

We think that vanpools that are established under this legislation, or any other vanpool legislation, should not be permitted to be established where they would compete with established transit systems; such as ours, Metrobus, or Metrorail. We do not think that they should be designed to compete with what amounts to more efficient transportation based on the concept that the largest vehicle that serves the number of people wanting to ride it is the more efficient means of transit.

The Colonial Transit gentleman stated that he thought the vanpool could not transport people from Dale City to Washington more cheaply than he could. That is true if there are 40 people. His bus is more efficient than four vanpools would be.

However, if there were only 10 people, the situation would be reversed.

We think the Interstate Commerce Commission should be required to give some kind of special consideration to organizations such as ours which organize, rather than directly provide, the service. We think some treatment needs to be given to the compensation—compensation in kind, if you will—that the driver of a van receives in terms of its treatment by the Internal Revenue Service. Is that tantamount to taxable income? Even the possibilities that it might be taxed can serve to discourage drivers from wanting to participate.

We think that there are several efficiency problems with vanpools. We think you have already considered them. We think they ought to be emphasized, though, since they need to be addressed—either in the legislation or in implementing regulations.

I do not think it is quite as nice as people have testified to earlier. The composition of pools has to be developed pretty carefully. All the members of that vanpool subordinate their schedules and preferences to the wills of the other members. There is no flexibility such as that which is provided by a number of vehicles operating over the same routes at different times. Everyone in that vanpool has to leave the job at the same time and has to get to the job at the same time. While they may be able to adjust, there will still be friction among the members when someone wants to change the schedule.

We think it has to be recognized that, if the pool is going to be financially self-supporting, the rider has to pay whether or not he rides. Alternatively, the provider of the vehicle can recognize that it is going to be subsidizing the remaining riders when one or more of the riders is absent.

There are some other areas on which I have not touched, either here or in my prepared remarks, but which you need to think about—the questions of maintenance, driver qualifications, finding and providing substitute drivers, accounting for their indirect compensation, if it is going to be taxable, storage of unused or reserved vehicles, and the like.

We think the establishment of an effective system—especially on as large a scale as that which is contemplated by this legislation—is going to create many more problems than have been recognized in the testimony you have heard earlier today.

We do not consider that those problems are insurmountable, and we do support the concept of the legislation.

Mr. STANGELAND. Thank you, Mr. Forest.

Without objection, we shall place your prepared statement in the record of this hearing.

[Mr. Forest's prepared statement follows:]

PREPARED STATEMENT OF PHILIP E. FOREST, PRESIDENT, COLUMBIA COMMUTER BUS CORP.

I am Philip E. Forest, President of the Columbia Commuter Bus Corporation of Columbia, Maryland. Our Corporation asked to be permitted to testify in these hearings because we believe we can offer the benefit of a unique experience in the development and operation of a public transportation system which may help you in evaluating possible alternatives for application in specific transportation-need situations. We also believe the legislation which you are considering might be broadened in scope to a limited degree to provide some assistance to transportation systems such as our own.

The Columbia Commuter Bus Corporation is a private, non-profit, Maryland Corporation, organized to provide transportation between their homes and places of employment to the residents of Columbia, Maryland. We now operate 15 buses, ranging in capacity from 39 to 49 passengers, in each direction between Columbia and the District of Columbia each working day. The Corporation has no employees, although we contract with an outside bookkeeper to maintain some of our records on a limited basis. Any individual who pays a fare to ride one of our buses becomes a member of the Corporation for the next 30 days and has a voice in the Corporation's management. The Corporate Board of Directors comprises 30 riders, one elected from each bus operated by the system. The Board of Directors, in turn, selects five Executive Officers, also riders, who are responsible for the day-to-day operations of the system. A rider on each bus collects fares and sells tickets, and two other riders make weekly collections for delivery to the bookkeeper. Except for the bookkeeper, none of these individuals are paid for their services, although some of them are permitted to ride free on the Corporation's buses under certain circumstances. The system carries about 3,000 passengers a week and collects gross fares approximating $500,000 a year.

Our system was conceived seven years ago by a group of Columbia residents who worked in the District of Columbia and found the use of car pools both inconvenient and expensive. Public transportation was woefully inadequate, and remains so today. Our organizers explored the alternatives and determined that they could more effectively and economically charter buses to provide their transportation to and from work, and the Washington-Columbia Commuter Bus Association was conceived. The first two buses in each direction quickly became overcrowded, and the system has expanded to its present size at a fairly steady rate.

Initially, some support was provided by the Columbia Parks and Recreation Association (CA), the umbrella property owners' association of which all residents of Columbia are automatically members. CA guaranteed payment to the carrier, and the accounting and banking

facilities of the Association were made available to the commuters. In the early days, CA was occasionally called upon to honor its guarantee to the carrier when receipts were delayed, but there has never been any need for any permanent expenditure on the part of CA to support the system. It has been self-supporting from the beginning.

In 1974, CA announced its intention of withdrawing its support from the Association, for several reasons. Basically, the bus system had grown to the point at which the accounting demands were greater than CA wished to meet, and serious questions of liability on the part of CA had been posed. As a result, the Washington-Columbia Commuter Bus Association was dissolved, to be replaced by our present organization. While the Association had been managed by a five-member Board of Directors, elected by the entire ridership at an annual meeting, we believe the present representative Board of Directors to be much more responsive to the wishes of the riders.

Buses are still chartered from the original carrier. The Operations Officer, one of the five executive officers elected by the Board of Directors, serves as chairman of an Operations Committee, comprised primarily of members of the Board but also including other interested riders. This Committee is fully responsible for the development of our schedules, one of which has been made available to each member of the Committee and will be attached to the text of my testimony. Final approval of schedules developed by the Operations Committee, however, rests with the full Board of Directors, although the Operations Officer has limited authority to make minor scheduling changes without prior approval of the Board. Scheduling involves coordination with the carrier and with the individual Board members representing affected buses, so that the schedule generally reflects, to the extent possible, the wishes of the riders.

A Finance Officer, also one of the five Executive Officers, manages the financial affairs of the Corporation, with the part-time assistance of the outside bookkeeper, and acts as the chairman of a Finance Committee, responsible for recommending financial policy to the Board. At the present time, it is the policy of the Board of Directors to operate in such a manner as to "break even" when the entire system operates at 88 percent of capacity. The addition of new service is possible only when the system has operated above that figure for sufficient time to permit the accumulation of reserves in an amount adequate to support the addition of more equipment to our contract, recognizing that the addition of capacity serves to reduce the percentage of seats filled.

Our contract with the carrier requires that we pay for each seat made available to us, while fares, of course, are collected only from occupied seats. A major function of the Finance Officer is to advise the Board on the financial feasibility of expanding service, based on projections of revenues and obligations. As a rule of thumb, we believe a reserve of about $10,000 is required to offset the reduction in load factor experienced with the addition of a new bus to the schedule.

The Corporate Secretary, in addition to performing the functions normally associated with such a position, coordinates the activities of the volunteers who serve as "Bus Captains." These are the riders who represent the Corporation on each bus, collecting fares and selling tickets, providing riders with copies of schedules, and generally providing information about the operation of the system. He also supervises the "runners" who make collections from the Bus Captains for delivery to the bookkeeper and provide the Bus Captains with new supplies of schedules and the like. Finally, he supervises the bookkeeper.

The fourth Executive Officer is the Public Affairs Officer, who is responsible for the publication of a regular newsletter to the riders, layout and printing of schedules, sales of advertising in schedules and on tickets, and general public relations activities.

Finally, as President, my responsibilities include general supervision over the day-to-day operations of the Corporation and over the activities of the other Executive Officers. I also act as Chairman of the Board of Directors, although none of the Executive Officers are members of the Board, and I have a vote in proceedings of the Board only in the event of a tie.

The present Board of Directors is the second since incorporation, but all of the Executive Officers except the Operations Officer are serving their second terms in office.

We are one of a very few transportation systems of our kind in the country, and the relatively unique nature of our organization gives rise to some problems which might be addressed by this legislation as problems which may well appear in the van-pool organization. There are other contract services of a similar nature which operate entirely within a single state, and there is at least one other system, serving Reston, Virginia, and the District of Columbia, which operates interstate.

Our contractor is subject to regulation by the Interstate Commerce Commission. He operates under a "permit", rather than a "certificate of necessity", however, and is not considered in the same category as are common carriers. It is not clear just which ICC Regulations apply and which do not apply. This lack of clarity is especially significant in establishing the position of our Corporation. We have made preliminary inquiries as to the process which we would be required to follow should we decide it would be to our advantage to change carriers, or even to expand our service by adding service provided by a second carrier. We find considerable confusion, both among carriers and at the ICC over the position of the present carrier in such a situation. It appears, however, that the carrier occupies an extremely favorable position, in that we would find it extremely difficult to arrange for any service whatsoever with a different carrier without the present carrier's agreement.

It might be helpful if legislation were enacted to recognize the value of non-profit organizers of transportation services and grant them some sort of "favored person" status in dealings with the ICC. Since many van pools organized under the proposed legislation will undoubtedly operate over state lines, recognition of their special status vis-a-vis the ICC would probably be desirable. The legislation should be made clear that, when the transportation is arranged for by an entity which does not actually own and operate the vehicles, whether that entity be an employer which owns vehicles made available to its employees or a separate corporation, such as ours, which leases or charters vehicles and hires operators from some other source, the entity which controls the scheduling of the transportation should be considered as the carrier for purposes of priorities in consideration by the ICC.

There are potential problems peculiar to van-pooling which might arise in this area. In the absence of a clear-cut statement of Congressional intent, it is at least possible that a driver or group of drivers to whom vehicles are assigned might assert that they represent the carrier in dealings with the ICC or, more likely, that the ICC would insist on dealing with drivers as being in control of the schedules and routes followed by their vehicles.

An even more important problem, we believe, is related to taxation. In our operations, the drivers are paid a salary by the contractor. In the proposed van-pooling arrangement, drivers would not be paid, but they would receive the advantage of free transportation identical to that paid for in cash by other members of the pool. It is highly likely that the Internal Revenue Service, in the absence of a legislated exemption, would

consider the value of that transportation as taxable income to the individual. It is even remotely possible that it might attach some value to the use of the vehicle for personal purposes when it is not being used in the pool and considering that value as taxable income. Our Corporation applied to the IRS for tax-exempt status over one year ago. We understand the Reston Commuter Bus organization made a similar application over three years ago. To the best of our knowledge, Reston's application has not yet been acted on. We know that there has been no final action on ours. We have been advised, informally, that it is highly likely our application will be rejected, simply because the Internal Revenue Code contains no clear-cut description of an organization such as ours in its list of examples of organizations which can qualify for tax-exempt status. If our application is denied, we have no doubt that we will be able to avoid the payment of taxes on corporate profits simply because we are, in fact, a non-profit organization. Any income which is retained, rather than spent immediately, is retained in anticipation of increased expenses as service is improved in the future. Establishing this fact as a part of the filing of a Federal Income Tax return is, however, an expensive task which would add unnecessarily to our expenses. While the legislation being considered here deals only with Federal Government agencies which are, by their very nature, tax-exempt, it also deals with individual drivers and members of pools. We believe the legislation should include a specific provision exempting from consideration as income any benefit, other than money, derived by an individual as the result of his having contributed to providing group transportation as a part of a formally-organized transportation system. Such a provision would exempt the value of the van-pool driver's transportation and could also be used to provide free transportation to workers in volunteer corporations such as ours.

Without a specific exemption for the value of transportation provided to pool drivers, it may well be very difficult to recruit drivers. If drivers can be recruited, it is highly likely that they will fail to report the value of their transportation as income and will, consequently, run the risk of being charged with violations of the Internal Revenue code.

All other things being equal, we believe the most efficient transportation is provided by using the largest vehicles available, consistent with demand. If ten people are to commute from one general location to one destination, one van-pool is more efficient than two passenger-car pools. Similarly, if 40 people wish to commute from one general location to another, one bus is more efficient than four van-pools.

On the other hand, the most convenient transportation is provided by using the largest number of vehicles consistent with the number of riders. If the same 40 riders have 40 different points of origin and destination, they can probably be served more conveniently by four van-pools than with one bus. The same is true if they have differing working hours. When our transportation system first began operating, it would probably have been more convenient, and only slightly more expensive, to organize five or six van-pools than it was to charter two buses. Unfortunately, van-pools were almost unknown at that time.

If the employer is willing to subsidize capital costs to the extent of using its purchasing power to secure favorable prices for vehicles and of amortizing the reduced purchase price, interest-free, over a three-to-five-year period, costs to the riders are reduced even more, and the van-pool becomes more efficient. Finally, the largest single expense to our Corporation is driver salaries. If our drivers were not paid, fares could be reduced to about $12 per week, rather than the $17.50 which we must now charge. Since the van-pool driver is unpaid, the pool has the advantage of this added reduction in cost.

There are efficiency problems with van-pooling, however, and it is difficult to evaluate their effect on efficiency and convenience in situations in which all things are <u>not</u> equal in terms of cost.

The major recurring problem with car pools is the requirement that all members of the pool subordinate their own scheduling wishes to the will of the other members. As the size of the pool increases, the number of potential conflicts also increases, and the probability of dissatisfaction grows. Since there is no flexibility - an individual is a member of a specific pool and can move temporarily only with significant difficulty - even temporary dissatisfaction can result in the loss of a member or members. Personality conflicts are also a problem which can result in dissatisfactions, and the permanent nature of the pool tends to emphasize them.

Finally, van-pools can be plagued with financial problems which tend to reduce or eliminate the advantages provided by lower-cost operation. Capital costs can be amortized and operating expenses met only if it is possible to collect a regular, minimum amount from the members of the pool. Since the nature of the pool does require membership - that is, casual riders are not generally accepted - the charge to each member must be assessed whether that member rides or not. Whether the charge is established on a weekly or monthly basis, or even for some longer period, it must be collected in advance for the entire period. The longer the

period, of course, the simpler is the accounting, and the less likely it is that a seat in the pool will remain unsold. Typically, riders in pools of this nature pay by the month. This significantly reduces the attractiveness to potential members whose work schedules are even slightly erratic, since it requires that they pay double for transportation on days on which they work, but on a schedule which precludes use of the pool, and they also pay for days on which they do not work at all. This creates scheduling problems, as well, since replacements must be found for members who choose to drop out of the pool temporarily, as many might do during vacation periods.

We support the legislation which you are considering today, but we believe it should include specific measures designed to address the very real management problems on which I have touched. We also believe that alternative means of mass transportation, such as that which the residents of Columbia and Reston have provided for themselves, should be recognized with legislation which provides such systems with at least some of the advantages which this proposed legislation provides to van pools. Even though this legislation is directed primarily at pools organized specifically for employees of government agencies, we believe it could properly serve as a vehicle for extending some of the same advantages to private, non-profit corporations such as our own.

Finally, we believe the legislation should include specific controls to prevent the use of van-pools in circumstances which would generate competition with more efficient means of mass transportation, even though the van-pools might be able to operate at a lower cost to the rider because of the absence of salary costs for the driver and lower capital costs resulting from the advantages available to the Federal Government. We believe van-pools are appropriate to connect the National Institutes of Health and Columbia, for example, because NIH is not on a practical mass-transit route serving Columbia. We do not believe they should connect employment centers in the Federal Triangle or downtown Washington with Columbia, or with areas served by either Metro Bus or Metro Rail, however, since the mass transportation systems serving, or potentially serving, those areas are more efficient.

We welcome your questions.

COLUMBIA COMMUTER BUS CORP.

COLUMBIA COMMUTER BUS CORP.
POST OFFICE BOX 129,
COLUMBIA, MARYLAND 21045
596-4792
(Local from Both D.C.
and Columbia)

FARE: $17.50 per 10 trip ticket or $2.50 one-way. Children under 6 free, if they do not occupy a seat to the exclusion of a paying passenger. Please pay Bus Captain not driver. In case of dispute, pay the fare requested in the form required, and take a receipt. Adjustments will made by the treasurer of CCBC-Call 596-4792.

OPERATIONS: The bus service is run and managed by a board of directors elected by the riders. Bus captains are volunteers who sell and punch tickets and are consulted by the board on operating problems. Since bus captains are also commuters, they should not be made to bear the brunt of riders' irritation.

DAYS OF OPERATION: This service normally operates Monday through Friday. There will be no service on Memorial Day and July 4th. If service is delayed or cancelled, every effort will be made to announce it on radio stations WBAL and WTOP.

IF YOU MISS THE LAST BUS FROM WASHINGTON: If you miss the last bus from Washington, a bus leaves the Statler Hilton (18th and K NW) for Friendship (BWI) Airport about every half hour. Greyhound provides some evening service on US-1 and Rt. 175 from its terminal at 12th and New York Avenue, NW.

SMOKING: Smoking is discouraged on the bus. If you must smoke, please sit in the first three rows behind the driver, UNLESS OTHERWISE NOTED ON YOUR BUS. Nonsmokers should sit toward the back of the bus, and keep the smoking section free for smokers.

Lost and Found: 774-2272

COLUMBIA EAST SCHEDULE

Effective Date -- May 16, 1977

3	4	5	6	7	8	11	12	13	AM COLUMBIA STOPS PM	2	3	4	5	7	8	9	11	13	14
									VILLAGE OF OAKLAND MILLS										
	6:34	6:46		6:55	FROM	7:04		7:16	MELLONBROOK & LOGCHAIN	5:54	TO	TO	6:04	TO	6:14	TO	TO	6:37	7:29
	6:35	6:47		6:54	EAST	7:05		7:17	MELLONBROOK & LIGHTENING VIEW	5:53	WEST	WEST	6:03	WEST	6:15	WEST	WEST	6:36	7:28
	6:36	6:48		6:53		7:06		7:18	THUNDERHILL & LIGHTENING VIEW	5:52			6:02		6:14			6:35	7:27
	6:37	6:49			6:55	7:07		7:19	THUNDERHILL & OAKLAND MILLS		5:52	5:40	6:01	6:10		6:09	6:22	6:34	7:26
	6:38	6:50			6:56	7:08		7:21	THUNDERHILL & TIMESWEEP		5:51	5:39	6:00	6:11		6:08	6:23	6:33	7:25
	6:39	6:51			6:57	7:09		7:22	ICE RINK	5:49	5:49	5:37	5:58	6:10	6:12		6:23	6:31	7:23
	6:42	6:53			6:59	7:11		7:24	STEVEN'S FOREST & CAMELBACK (NC)		5:48	5:36		6:09		6:06	6:22	6:30	7:22
									KILIMANJARO & MACOMBER	5:47			5:56		6:11					
6:41			6:48	7:06			7:19		OAKLAND MILLS & FAREWELL									6:42	7:04
									VILLAGE OF LONG REACH										
6:34			6:41	6:59			7:12		PHELPS LUCK & GREYWING (NC)	5:40			5:49		6:04			6:36	6:58
6:36			6:43	7:01			7:14		PHELPS LUCK & THURSO	5:42			5:51		6:06			6:38	7:00
6:37			6:44	7:02			7:15		PHELPS LUCK & TAMAR	5:43			5:52		6:07			6:39	7:01
6:40			6:47	7:05			7:18		TAMAR & OLD MONTGOMERY	5:45			5:54		6:09			6:41	7:03
									VILLAGE OF OWEN BROWN										
6:43			6:50	7:08			7:21		OAKLAND MILLS & HOMESPUN		5:43			6:04				6:45	7:07
	6:42	6:54	6:54		7:00	7:12	7:25		STEVEN'S FOREST & BROKEN LAND		5:47	5:35		6:08		6:04	6:21	6:49	7:11
	6:43		6:53		7:01	7:13	7:24	7:25	BROKEN LAND & CRADLEROCK (NORTH)		5:46	5:34		6:07		6:03	6:20	6:48	7:10
	6:44		6:52		7:02	7:14	7:23		CRADLEROCK & YOUNGHEART (NC)		5:45	5:33		6:06		6:02	6:19	6:47	7:09
	6:45		6:51		7:03	7:15	7:22		CRADLEROCK & HOMESPUN		5:44	5:32		6:05		6:01	6:18	6:46	7:08
	6:46				7:04	7:16			CRADLEROCK & BROKEN LAND (SOUTH)			5:31				6:00	6:17		
	6:48				7:06	7:18			SNOWDEN RIVER & BERGER			5:30				5:59	6:16		
	6:49				7:07	7:19			SNOWDEN RIVER & RUSTLING LEAF			5:29				5:58			
6:44	6:50			7:09	7:08	7:20			OAKLAND MILLS & DEERPASTURE/SNOWDEN R.		5:42	5:28		6:03		5:57			
3	4	5	6	7	8	11	12	13	AM WASHINGTON STOPS PM	2	3	4	5	7	8	9	11	13	14
									MALL AREA										
7:30	7:34			7:55	7:53	8:08			1ST & MARYLAND, NE										
							8:41	8:41	1ST & CONSTITUTION, NE										
							8:40	8:40	3RD & CONSTITUTION, NW										
7:32	7:34			7:56	7:54	8:09			1ST & INDEPENDENCE, SE	4:26		4:44	5:02		5:14	5:14		5:49	5:56
7:34	7:38			7:58	7:56	8:11			4TH & INDEPENDENCE, SW	4:28		4:42	5:00		5:13	5:13		5:46	5:58
7:37	7:41			8:00	7:58	8:13			7TH & INDEPENDENCE, SW	4:30		4:40	4:58		5:11	5:11		5:45	6:00
7:40	7:44			8:03	8:01		8:39	8:39	7TH & PENNSYLVANIA, NW	4:33	4:35	4:37	4:55		5:09	5:09		5:43	6:03
7:41	7:45	8:02	8:02	8:04	8:02		8:38	8:38	15TH & PENNSYLVANIA, NW	4:34	4:38	4:34	4:52		5:07	5:07		5:41	6:05
		8:00	8:00			8:14			L'ENFANT & INDEPENDENCE, SW					4:55			5:07		
		7:58	7:58			8:15			14TH & INDEPENDENCE, SW					4:57			5:09		
7:44	7:48	7:55	7:55	8:07	8:05	8:18	8:35	8:35	14TH & E, NW	4:38	4:40	4:33	4:51	5:00	5:04	5:04	5:12	5:38	6:08
7:45	7:49	7:52	7:52	8:08	8:06	8:20	8:32	8:32	17TH & E/17TH & STATE, NW	4:40	4:42	4:31	4:49	5:02	5:02	5:02	5:14	5:34	6:04
	7:50					8:21			15TH & E, NW				4:48		5:00	5:00		5:34	
	7:51					8:22			21ST & E(AM)/23RD & E(PM)				4:46		4:58	4:58		5:32	
									CONNECTICUT AVENUE										
		7:28	7:28				8:08	8:08	WALTER REED	5:00	5:02			5:22			5:35		6:20
		7:43	7:43				8:23	8:23	17TH/CONNECTICUT & R, NW	4:45	4:47			5:07			5:19		6:04
		7:45	7:45				8:25	8:25	17TH/CONNECTICUT & M, NW	4:43	4:45	4:28		5:05			5:17	5:22	6:12
7:49		7:47	7:47		8:10		8:27	8:27	17TH/CONNECTICUT & K, NW	4:42	4:44	4:29		5:04			5:16	5:25	6:11
7:47		7:50	7:50		8:08		8:30	8:30	17TH & PENNSYLVANIA, NW	4:41	4:43	4:30		5:03			5:15	5:28	6:10
3	4	5	6	7	8	11	12	13		2	3	4	5	7	8	9	11	13	14

COLUMBIA WEST SCHEDULE

COLUMBIA COMMUTER BUS CORP.

LOCATIONS OF PM STOPS IN WASHINGTON

19th & Independence SE - SE Corner by DC Jail

First & Constitution NE - NW Corner on Constitution

Third & Constitution NW - NE Corner-Labor Dept.

First & Independence SE - on First, Just north of intersection across from Library of Congress or Cannon House Office Building

Fourth & Independence SW - HEW or opposite HEW

7th & Independence SW - NASA

7th & Pennsylvania NW - NW Corner Triangular Pk.

8th & Pennsylvania NW - SW Corner Fed. Trade Comm.

10th & Pennsylvania NW - JE Hoover Bldg or Justice Dept.

14th & E NW - Commerce Dept. or opposite Commerce Dept.

17th & E NW - South side of E, Just East of 17th

19th & E NW - Main Entrance Interior Dept.

22nd & D NW - State Dept. Bus Ramp

17th & State NW - NE Corner

17th & Pennsylvania NW - NE Corner by Renwick Gallery or NW Corner by Bank

Connecticut & K NW - NE Corner by Saltz Clothiers

Connecticut & M NW - SE Corner

Connecticut & R NW - Regina Valet

17th & R NW - Safeway Store

17th & M NW - SW Corner

17th & K NW - Drug Fair

18th & Lamont NW - DC Recreation Dept.

18th & Fr. Stevens NW - SE Corner

Walter Reed - 16th Street Gate

District Line - Alaska Animal Hospital

AM	1	2	8	9	10	14	15
LOCATIONS OF PM STOPS IN WASHINGTON							
19th & Independence SE	6:27	6:40		6:58		7:25	
First & Constitution NE	6:28						
Third & Constitution NW	6:29						
First & Independence SE		6:42	6:53	7:00	7:15	7:27	
Fourth & Independence SW	6:31	6:44	6:51	7:02	7:13	7:29	
7th & Independence SW	6:32	6:45	6:50	7:03	7:12	7:30	
7th & Pennsylvania NW	6:33	6:46	6:49	7:04	7:11	7:31	
8th & Pennsylvania NW			TO EAST SIDE				
10th & Pennsylvania NW	6:34	6:47		7:05	7:10	7:32	
14th & E NW	6:35	6:38		6:56	7:04		7:29
17th & E NW					7:07		7:30
19th & E NW	6:35	6:48		7:06	7:08		7:31
22nd & D NW	6:36	6:49		7:07	7:09		7:32 *
17th & State NW	6:37	6:50		7:08		7:35	7:35
17th & Pennsylvania NW	6:38	6:51		7:09		7:36	7:36
17th & E NW							
19th & E NW							
22nd & D NW	6:40	6:53		7:11		7:38	7:38
17th & State NW	6:42	6:55		7:13		7:40	7:40
17th & Pennsylvania NW	6:43	6:56		7:14		7:41	7:41
Connecticut & K NW	6:44	6:57		7:15		7:42	7:42
Connecticut & M NW	6:45	6:58		7:16		7:43	7:43
Connecticut & R NW							
17th & R NW							
17th & M NW							
17th & K NW							
18th & Lamont NW							
18th & Fr. Stevens NW							
Walter Reed		7:44		7:52		8:20	
District Line		7:50		8:07		8:35	
		7:52		8:09		8:38	
		7:54		8:11		8:40	
	7:51	7:56		8:13		8:42	

PM	1	3	4	6	7	9	10	11	12	15
VILLAGE OF WILDE LAKE										
TEN MILLS & RT 108		FROM EAST SIDE	FROM EAST SIDE		FROM EAST SIDE	FROM EAST SIDE		FROM EAST SIDE		
W RUNNING BROOK & TEN MILLS	6:05			6:22			6:23		6:57	7:17
W RUNNING BROOK & HOMECOMING	6:04			6:21			6:22			
W RUNNING BROOK & LITTLE PATUXENT	6:03			6:20			6:21			
LITTLE PATUXENT & TEN MILLS		5:55	5:43		6:15	6:13		6:33	6:55	7:15
GOV WARFIELD & WINDSTREAM	6:01	5:57	5:45	6:18	6:17	6:15	6:19	6:35	6:53	7:13
TWIN RIVERS & GREEN MOUNTAIN (VC)	6:00	5:58	5:46	6:17	6:18	6:16	6:18	6:36	6:52	7:12
TWIN RIVERS & FAULKNER RIDGE	5:59	5:59	5:47	6:16	6:19	6:17	6:17	6:37	6:51	7:11
VILLAGE OF HARPER'S CHOICE										
TWIN RIVERS & HARPER'S FARM	5:58	6:00	5:48	6:15	6:20	6:18	6:16	6:38	6:50	7:10
ELIOT'S OAK & RT 108		6:03	5:51		6:23	6:21		6:41	7:00	7:20
ELIOT'S OAK & HESPERUS (NC)		6:02	5:50		6:22	6:20		6:40		
ELIOT'S OAK & HARPER'S FARM	5:57	6:01	5:49	6:14	6:21	6:19	6:15	6:39	6:49	7:09
CEDAR LANE & HARPER'S FARM	5:56			6:13			6:14		6:48	7:08
CEDAR LANE & ROCK COAST	5:55			6:12			6:13		6:47	7:07
CEDAR LANE & LITTLE PATUXENT	5:54			6:11			6:12		6:46	7:06
VILLAGE OF HICKORY RIDGE										
SUNNY SPRING & GOLDEN HOOK	5:52			6:09			6:10		6:44	7:04
MARTIN & AUDUBON	5:49			6:06			6:07		6:41	7:01
MARTIN & QUARTERSTAFF	5:48			6:05			6:06		6:40	7:00
FREETOWN & QUARTERSTAFF	5:47			6:04			6:05		6:39	6:59
FREETOWN & HAWKEYE RUN	5:46			6:03			6:04		6:38	6:58

AM	1	2	8	9	10	14	15
SCHEDULED WASHINGTON STOPS							
MALL AREA							
1ST & MARYLAND, NE	7:34		7:51		8:11		8:33
1ST & CONSTITUTION, NE							
3RD & CONSTITUTION, NW							
1ST & INDEPENDENCE, SE	7:36		7:53		8:13		8:35
4TH & INDEPENDENCE, SW	7:38		7:55		8:15		8:37
7TH & INDEPENDENCE, SW	7:41	8:08	7:57	8:25	8:18	8:55	8:40
7TH & PENNSYLVANNIA, NW	7:44		8:00		8:21		8:43
10TH & PENNSYLVANNIA, NW	7:45		8:01		8:22		8:44
L'ENFANT & INDEPENDENCE, SW		8:06		8:23		8:53	
14TH & INDEPENDENCE, SW		8:04		8:21		8:51	
19TH & E, NW	7:48	8:01	8:04	8:18	8:25	8:48	8:47
17 & E/17TH & STATE, NW	7:49	7:58	8:07	8:15	8:28	8:45	8:48
19TH & E, NW			8:08		8:29		8:50
21ST & E(AM)/23RD & E(PM)			8:09		8:30		8:51
CONNECTICUT AVENUE							
WALTER REED		7:44		7:52		8:20	
17TH/CONNECTICUT & R, NW		7:50		8:07		8:35	
17TH/CONNECTICUT & M, NW		7:52		8:09		8:38	
17TH/CONNECTICUT & K, NW		7:54		8:11		8:40	
17TH & PENNSYLVANIA, NW	7:51	7:56		8:13		8:42	

PM	1	3	4	6	7	9	10	11	12	15
MALL AREA										
1ST & MARYLAND, NE										
1ST & CONSTITUTION, NE										
3RD & CONSTITUTION, NW										
1ST & INDEPENDENCE, SE	4:28		4:44			5:15	5:15		5:49	5:54
4TH & INDEPENDENCE, SW	4:30		4:46			5:13	5:13		5:47	5:52
7TH & INDEPENDENCE, SW	4:32		4:40			5:11	5:11		5:45	5:50
7TH & PENNSYLVANNIA, NW	4:35	4:35	4:37	4:52		5:09	5:09		5:43	5:03
10TH & PENNSYLVANNIA, NW	4:38	4:38	4:34	4:55		5:07	5:07		5:41	5:05
L'ENFANT & INDEPENDENCE, SW					4:55					
14TH & INDEPENDENCE, SW					4:57					
19TH & E, NW	4:40	4:40	4:33	4:57	5:00	5:04	5:04		5:38	5:08
17 & E/17TH & STATE, NW	4:42	4:42	4:31	4:59	5:02	5:01	5:01		5:35	5:09
19TH & E, NW						4:59	4:59		5:33	
21ST & E(AM)/23RD & E(PM)						4:58	4:58		5:32	
CONNECTICUT AVENUE										
WALTER REED	5:02	5:02		5:19	5:22			5:35		6:24
17TH/CONNECTICUT & R, NW	4:47	4:47		5:04	5:07			5:29	5:22	6:14
17TH/CONNECTICUT & M, NW	4:45	4:45		5:02	5:05			5:17	5:04	6:12
17TH/CONNECTICUT & K, NW	4:44	4:44	4:29	5:01	5:04			5:16	5:24	6:11
17TH & PENNSYLVANIA, NW	4:43	4:43	4:30	5:00	5:03			5:15	5:08	6:10

* TRANSFER POINT FOR AMIH & AMLS

Mr. STANGELAND. I have a feeling that I have asked about all my questions for today.

We appreciate your comments. We will review your testimony in depth and would appreciate it if you would stand ready to assist us.

Do you have any questions, Mr. Romney?

Mr. ROMNEY. Yes, Mr. Chairman.

Mr. Forest, you have supplied a schedule of the operations for the Columbia Commuter Bus Corp. as part of your testimony. The schedule—reading from left to right at the top, routes 3 through 13, apparently departing from the departure point of Mellonbrook and Logchain—shows buses beginning at 6:34 in the morning running through 7:16.

That is, perhaps, a narrow range of departure times. You commented on the inflexibility of a vanpool where they are tied to a fixed departure time.

My question is: To some, even the increased flexibility of the Columbia Commuter Bus Corp. is really not a major increase in flexibility. Could you comment on that in relation to your analysis of the flexibility problem that vanpools may encounter?

Mr. FOREST. Even though the flexibility in our schedule is limited to a period of about 1 hour in the morning and about 1½ hours in the evening in terms of departure times from Columbia in the morning and departure times from Washington in the evening, it still provides 15 choices within that 1½ hours.

Periodically, we survey our riders and have, on one occasion, attempted a general survey of the residents of Columbia which did not get too much response. The only objection that the riders have indicated in their surveys to the schedule, in terms of flexibility, is that there are some people, but not enough to support a bus—probably enough to support a van—who would like to be at work as much as a half hour earlier than our earliest bus now gets them there.

As we expand our service, we have gradually expanded the times—the departure times—on both ends. We usually put a new bus in the middle of the schedule and then make the later buses a little bit later and the earlier buses a little bit earlier. This is to address the problem that you are raising.

There is some dissatisfaction with that one point. Where we cannot economically provide the service because there are not enough riders to support a bus, there certainly may well be enough riders to support a van.

Mr. ROMNEY. Thank you.

Mr. STANGELAND. Thank you, Mr. Forest. The subcommittee will keep the record open until June 15 for additional statements.

You mention, in your remarks, that this is not, perhaps, the panacea that it appears to be and that there are problems that have not been brought out or which are not, at this point at least, apparent with the program.

If you have any ideas of what those problems might be through your experience, you might well want to submit some of those. I would anticipate that a lot of those problems will never be discovered until some kind of a program is implemented and you get right into the workings of it.

95-310 O - 79 - 16

You can submit additional remarks if you see some problem areas of which we should be aware.

Mr. FOREST. Thank you, Mr. Chairman.

Mr. STANGELAND. You are welcome. Thank you for appearing. The subcommittee is adjourned.

[Whereupon, at 4:10 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIXES

Appendix 1.—Statements and Material for Record

AMALGAMATED
TRANSIT UNION

5025 WISCONSIN AVE., N.W.
WASHINGTON, D.C. 20016

KEllogg 7-1645

June 15, 1977

Office Of the
International President

The Hon. John L. Burton, Chairman,
Subcommittee Government Activities in Transportation
2247 Rayburn Building
Washington, D. C.

Re: §701 of H.R. 6831
(National Energy Bill)

Dear Chairman Burton:

The Amalgamated Transit Union, which I have the honor of serving as International President, appreciates this opportunity to have its views concerning proposals for federal employee vanpool projects be considered by the Committee and made a part of the hearing record. This statement is also presented on behalf of our Washington, D. C., Local 689, its president, George Davis, and our members employed by the Washington Metropolitan Area Transit Authority who will be most directly affected by this legislation in its present form.

The ATU is the dominant union in the urban mass transit bus industry. The views we express here are based on our experience gained in the urban transit field since our founding in 1892. This international Union represents over 135,000 members employed in the transit systems in the United States, as operating, maintenance, clerical and administrative personnel.

Our organization has long been actively involved in the promotion of new forms of transportation as a useful part of the total transportation network. In fact, we have sought to promote any new form of public transportation which offers the promise of improving the quality and reach of our existing transit systems and services. These conventional systems providing a vital network of line haul services on a regularly scheduled basis over fixed routes, we want to state emphatically at the outset, constitute the heart and main arteries of any effective regional system of urban mass transportation, and must not be destroyed or impaired by any legislative effort in support of vanpooling. In our view, the concept of federal funding of vanpooling to transport federal or other workers from their homes to their places of work and return, can only be supported and justified in the public interest if it does not compete with existing mass transportation services and if it is otherwise integrated and coordinated into the existing fixed route system so that it feeds and supplements that system and does not divert from its ridership.

In light of the foregoing, we feel that the legislation pending before this subcommittee does not adequately recognize the proper role of a vanpooling scheme in the overall transportation structure. It must be so integrated and coordinated with the existing bus and rail systems so that the vanpooling mode will not detract from the performance of the total system. The Amalgamated Transit Union and its Local Unions representing our members employed in the urban mass transportation industry throughout the United Statesare vigorously opposed to any concept of federal funding of vanpooling to transport workers to and from work, which proposes to serve the same markets and, therefore, compete with our existing fixed route systems. We believe that strict guidelines and controls must be inserted in any such legislation to prevent such a result.

We feel that this legislation has a grave potential for diversion of existing transit ridership, and thus threatens, rather than furthers, the public interest in energy conservation, reduction of traffic congestion, air pollution, and higher density urban land use.

Although vanpooling is still in its infant stages, there is much to suggest that vanpool riders are motivated towards group riding and either do not have access to, or prefer not to use, their private automobile. As a group, it is reasonable to assume that they are either former transit system riders or potential riders of mass transit, if a reasonable transit alternative to the private automobile has been made available. Such vanpool riders, drawn away from the fixed route transit system, can only be considered counterproductive to the goal of reducing reliance upon the private automobile and to serve as many work trips as possible with public transportation. Any vanpooling program which has the effect of skimming ridership from the existing transportation system has the same and inevitable effect of a transit fare increase, namely, to initiate the proverbial downward spiral of reduced service and increased costs. Such skimming by any vanpooling program will invariably lead to erosion of transit service, to the detriment of those citizens who cannot, for whatever reason, avail themselves of the federally financed van, and who, at the same time, may be faced with cutbacks of existing transit services upon which they have relied.

It is doubtful that vanpools, as envisioned in the current proposal, can be anything more than a wasteful experiment. It is hard to see why the federal government should wish to spend

billions of dollars in aid to urban mass transportation systems and then spend additional millions of dollars promoting a competitive vanpooling system which would detract from the ridership of the fixed route system. We submit that if vanpooling has any worth at all at this time, it must be in the areas of our cities not now served by public transportation. Enforcible restrictions should be legislatively imposed which would prevent the vanpooling vehicle from soliciting and carrying riders of existing transit systems where both the rider's residence and work locations are served by existing transit routes and services for that particular trip.

Moreover, it is our view that vanpooling, to be cost-efficient, requires that the van be usable not just for one round trip or for one load of passengers each day, but operated as a feeder extender to the existing transit system at all times throughout the day in the less densely populated areas of the suburban and exurban districts of the metropolitan regions.

We would urge the subcommittee, in any event, to include in this legislation appropriate labor protection amendments similar to those included in §13(c) of the Urban Mass Transportation Act of 1964, as amended, so that the rights and interests of our members will be properly protected before any of these vanpooling services are operated.

We could not conclude this statement without including some mention of our position that the federal dollars proposed for this vanpool program would be better spent financing experiments in no-fare transit. We urge and recommend to the committee that careful note be made of the work of the Office of Technology Assessment, U. S. Congress, in that field. A thoughtful analysis has been provided to the Congress by OTA in a report entitled "Energy, The Economy and Mass Transit". In a chapter entitled "National Policy Issues and Possible Initiatives", the OTA report states, in part: "No-fare transit would produce the largest increase in transit ridership of any action that has been considered."

Greater increases in off-peak ridership and, therefore, better utilization of manpower and equipment, would be particularly available from an off-peak no-fare program.

Compared to most of the other actions considered, it could be implemented relatively easily on the national basis through congressional action.

Benefits would generally be greatest among those most in need of increased mobility - the young, the elderly, the poor, and many of the handicapped.

It would necessarily result in improvement of service, in part because it would do away with the inconvenience to users of having to have exact change, and in part because it would permit faster transit operations.

The increase in ridership resulting from no-fare in peak periods would require a thirty to fifty percent increase in transit operations, thereby causing substantial increases in frequency and coverage of transit service.

No other action could produce such large scaled results so quickly. Capital investment in rapid transit systems in the same order of magnitude ($5 billion a year) could probably produce similar ridership increases,but probably not within ten to fifteen years.

Respectfully submitted,

D V Maroney Jr

Dan V. Maroney, Jr.
International President

DVM:hl

Statement of Marvin L. Glassman, President
International Taxicab Association

Submitted To

The Subcommittee on Government Activities and Transportation
Committee On Government Operations
House of Representatives

June, 1977

My name is Marvin L. Glassman. I am President of the International Taxicab Association of Rockville, Maryland. The International Taxicab Association is an organization representing over 900 fleet operators and local associations in the United States and Canada operating over 3000 corporations. It is a not-for-profit organization established in 1917 for the purpose of providing the dissemination of economic and statistical information to the taxicab industry through conventions, meetings and publications.

I am a second generation taxicab operator in Columbus, Ohio. My entire business career has been in transportation.

The International Taxicab Association is concerned about the federal van pooling program proposed in Section 701 of H. R. Bill 6831. Neither as a self-contained program nor as an example of long-range transportation efficiency do the merits of Section 701 justify a federal investment of these proportions.

As a self-contained program for Federal employees the proposal has a number of drawbacks. First, it will burden the General Services Administration with a major new fleet of vehicles, the maintenance and inventory associated with such a fleet, and an increased government overhead associated with training programs and promotion of the van pooling concept. Such a

trend toward more government vehicles and more government bureaucracy is in direct contrast with the goals of this Democratic Administration.

Maintaining high levels of vehicle occupancy will also be a serious problem with this program. Federal employees, particularly in Washington, DC, tend to have highly disparate daily arrival times and vacation leave times. This is not true with shift workers in a plant, the 3M Company example a case in point. Moreover, Federal employees are more likely to have business related meetings and travel engagements which militate against maximizing daily van pool occupancy.

Matters of driver and passenger insurance also remain unresolved at this time. Although some federally sponsored van pools may obtain certain exemptions from local regulatory and insurance requirements, this is not true in all cases. In fact, insurance coverage for van pooling and other so-called paratransit operations is presently under investigation by the Department of Transportation because of the potential long-range problems associated with insuring vehicle operations of this nature.

Finally, it is well known that existing efforts to achieve high vehicle occupancy for federal employee work trips need improving. For example, at many federal employment centers, nominal or non-existent parking charges provide little disincentive to the use of private automobiles. Where car pooling is supposed to be required for access to parking spaces, system abuse is alarmingly high. Thus, enforcement of existing federal programs would be a far more cost effective, energy-saving measure at this time.

The ITA also questions the soundness of this program from the viewpoint of the nation's overall transportation system. Van pooling does provide a unique and desirable service within a diversified transportation market. However, it is not clear that federal purchase or provision of vehicles for van pooling is necessary or desirable at this time. For example, without adding any vehicles to the nation's existing automotive fleet, increased car pooling provides an attractive and effective energy saving measure; moreover, greater use of existing computer matching programs would increase the success of car pooling. Similarly, there is tremendous ride-sharing potential among existing fleets of publicly and privately operated service providers. Conventional transit, taxicabs and various subscription services are presently in operation. Adding a large fleet of federal vans may serve to compete with and unnecessarily duplicate existing services; certainly it will postpone maximizing existing vehicle capacity.

Recently, U.S. Department of Transportation officials have focused increasingly on a large number of "Transportation System Management" techniques to reduce energy consumption during peak travel hours. These techniques include exclusive lanes for buses and car pools, regulation of peak hour travel flow, parking restrictions and promotion of shared-ride ordinances. Few of these techniques provide glamorous or large-scale energy savings by themselves, but in the cumulative provide an effective, long-range network of energy saving measures. However, most of these TSM measures also require local initiative involving politically difficult choices; a federal van pool program might serve to substitute for, rather than supplement, these more important local initiatives.

Current transportation and land use programs are predicated upon the goal of reducing both the number and length of vehicle trips. Yet, the most attractive market for van pooling programs appears to be in the 15 mile and greater one-way trip range. The proposed program, therefore, may serve to encourage this type of travel pattern without reinforcing higher density land-use or supporting existing transportation facilities.

Since February 1973 the State of California has undertaken a very successful purchase-of-service program for state employees. Instead of using state owned and maintained motor pool vehicles, state employees in Sacramento and Fresno use state agency credit cards to charge business related trips with the cities' taxicab companies. Participating cab companies are provided master lists of more than 50,000 state credit card codes to facilitate billing the appropriate state agency for any given trip. Passengers are free to choose among participating companies, precluding charges of favoritism of any one cab company.

Presently, the state purchases more than $15,000 worth of trips monthly from these Sacramento cab companies, including airport trips as well as in-town travel. The State of California, Department of General Services has been able to eliminate over 100 vehicles from its fleet because of this program's success; the department also reports enormous savings of employee time that was formerly tied up in the logistics of procuring, parking, and returning state-owned vehicles. The possibility of applying this purchase-of-service concept to the journey to work trip should also be examined more carefully before vehicles are added to existing government fleets.

The International Taxicab Association supports the concept of van pooling. It does not, however, support this proposed federal van pooling program. Neither the particulars of this program, nor its example to the nation as a cost effective energy saving measure justifies the type of Federal support proposed in Section 701 H.R. Bill 6831.

Marvin L. Glassman, President
International Taxicab Association

TRANSPORTATION ASSOCIATION OF AMERICA
SUITE 1107 • 1100 17TH STREET, N.W. • WASHINGTON, D.C. 20036 • (202) 296-2470

PAUL J. TIERNEY
PRESIDENT

June 16, 1977

Honorable John L. Burton
Chairman
Subcommittee on Government Activities and Transportation
Committee on Government Operations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I understand that your Subcommittee will begin marking up Section 701 of H.R. 6831, which would create a Federal van-pooling program for Government employees, on Monday, June 20.

On behalf of the Transportation Association of America and its members, I would like to express our opposition to this proposal, and urge that your Subcommittee not report it favorably.

The Transportation Association of America (TAA) is a national non-profit organization whose members include carriers of all modes of transportation (air, motor, pipeline, rail, water and freight forwarders), as well as commercial users of the services of these carriers and investors in the transportation industry. The role of TAA is to serve as a forum wherein the viewpoints of these diverse interests may be reconciled on issues of broad transportation importance for the good of the industry as a whole. Members of TAA include major corporations from all sectors of the U.S. business community; as information, I am enclosing a roster of the Association's Board of Directors.

At the June 9, 1977, meeting of the TAA Board, the following policy statement was adopted by the Association relative to the van-pooling proposal now before your Subcommittee:

"TAA opposes legislation to initiate a Federal van pooling program whereby 6,000 vans will be purchased by the Government and be made available (at cost) for use by Federal employees."

It is TAA's belief that such a program is not necessary to achieve the energy-related benefits contemplated, and would serve to undermine the common-carrier network which is the nucleus of our national transportation system.

The underlying objective of this program – to conserve energy by reducing the number of vehicles used by Government employees in commuting to and from work – is commendable. We share the view of the Administration and of the Congress that energy conservation is a critically important part of our national effort to reduce our dependence on insecure and costly foreign petroleum sources. To the transportation industry – which is technologically dependent on oil as an energy resource, and which accounts for more than 50% of our national consumption of petroleum fuels – this is a question of paramount importance.

But we do not believe this objective can be realized by the approach proposed in this legislation. It is our view that the best method of bringing about a reduction in transportation energy consumption is to encourage increased reliance on public modes of transportation, which are inherently far more efficient in their use of fuel than are private automobiles, when average load factors are taken into consideration. Certainly it does not seem to us either appropriate or useful to establish a separate program which would directly compete with public transportation facilities, thus dissipating rather than focusing our national energy-conservation efforts.

It appears obvious that virtually every individual who might participate in the proposed van-pooling operation is also a potential candidate for commutation by public modes of transportation – bus or rail services which are now in existence. In addition, it appears probable that in many instances such a van-pooling operation might draw individuals who now already patronize public transportation facilities. Thus, the effect of this program would be to impair the market, both actual and potential, served by public transit operators, eroding the very traffic base that these operators require in order to maximize their efficiency, in terms of both economics and energy utilization.

In sum, rather than helping to concentrate transportation facilities in such a way as to maximize energy efficiency, this program would serve to establish an artificially competitive environment that would tend to increase the number of vehicles employed to transport a given number of passengers and would thus tend to aggravate, rather than alleviate, energy-consumption problems associated with commuting to and from work. We believe this is a wholly inapposite result, inconsistent with our national objective of conserving energy.

For these reasons, we believe the proposal embodied in Section 701 of H.R. 6831 should be disapproved; and we urge your Subcommittee to do so.

Thank you very much for your attention. We would like to request that this letter be made part of the permanent record of hearings on this legislation.

Sincerely,

Paul J. Tierney

PJT/cb
Encl.

OFFICE OF THE PRESIDENT

June 8, 1977

The Honorable John L. Burton
Chairman, Government Activities and
Transportation Subcommittee
Committee on Government Operations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Highway Users Federation is a national, nonprofit organization supported by more than 500 businesses and associations interested in promoting safer, more efficient highway transportation. The Federation has an affiliate highway user conference in each state and 40 metropolitan user conferences with a total membership of more than 6,000.

The Federation helped pioneer the concept of employer-sponsored car and vanpooling four years ago as an alternative to added capital investment to handle peak hour traffic. Since then we have seen a rapid growth in the use of vanpool programs as an inexpensive, easy method to improve transportation productivity, save energy, reduce traffic congestion and cut commuting costs.

The provisions of the Administration's National Energy Act, (HR 6831) dealing with establishment of a federal vanpooling program seem, to us, to be wise and prudent.

The Federation and other professionals and private sector experts firmly believe that vanpooling has proven its success when properly operated. We also believe that the 6,000 van federal program will in time be viewed as a demonstration project because it only scratches the surface of vanpooling's potential among the nation's 2.5 million civilian federal employees.

A well-run federal vanpool program offers a tremendous opportunity to promote vanpooling through positive example. Conversely, a federal vanpool program which is poorly operated or heavily subsidized could ruin the time, effort and money the Federation and the nation's private sector program sponsors have spent to promote the concept during the last four years.

In this vein, the Federation would like to make several suggestions which, if adopted by this Subcommittee, could help insure success for the federal vanpool program.

1776 Massachusetts Avenue, N.W., Washington, D.C. 20036 (202) 857-1200

First, the Federal Energy Administrator should be given a clear mandate which compels establishment of the federal vanpool program. The present bill allows the Administrator the option of not establishing a program.

The Subcommittee should require that realistic goals be set to measure the success of the program and should build in a reporting mechanism to keep Congress informed of the program's progress.

We believe it important that the program be established at a few selected federal sites which are most conducive to vanpool activity. In this way the program will have visible impact on the commuting habits of a measurable sector of the federal work force, and will have the greatest chance of success.

It should be noted that experience has shown vanpools do not compete with local, short haul transit. Similarly, situations which involve greater distances and higher concentrations of riders may also be served by other, private forms of transportation.

The Subcommittee should urge the General Services Administrator to seek the advice of vanpooling professionals in setting goals and guidelines, and selecting suitable sites.

Finally, the Federation would like to point out that a government vanpool program is inextricably linked to the federal parking policy. The federal government's present subsidized parking policy needs to be reevaluated in terms of the unfair and artificial competition it will create between the single occupant automobile and vanpool commuting modes. We urge you to call for parking incentives for vanpools and parking disincentives for single occupant automobiles.

Thank you for allowing us this opportunity to present our views.

Sincerely,

Peter G. Koltnow

Peter G. Koltnow

INSURANCE FOR VANPOOLS
AN ANALYSIS OF CURRENT ISSUES AND PROGRESS

by

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May 1977

TC 77-005

Transportation Center

PREFACE

On October 25, 1975, the Urban Mass Transportation Administration funded a vanpool program to be operated by the City of Knoxville using the brokerage concept. Under this concept, the city obtained 51 vans to be used as seed vehicles to develop a privately owned and operated shared-expense commuter vanpool program to augment existing transit and carpool travel. Although the vanpool program was very well received the city could not convert the vans to private ownership because of the lack of adequate, affordable insurance.

The Federal Energy Administration (FEA) which is responsible for promoting vanpooling nationally also found its efforts frustrated by the lack of a market for vanpool insurance in that insurance companies were unwilling to accept the risk except at extremely high rates that were basically equal to taxi or bus common carrier rates. Therefore, FEA provided the funds necessary to finance this study.

The University of Tennessee Transportation Center, which is under contract to the City of Knoxville to develop the brokerage concept, is financing the publication and distribution of this report to facilitate the acquisition of insurance by other vanpool promoters throughout the country.

The work is strictly the responsibility of the authors and does not necessarily reflect the views of the Urban Mass Transportation Administration, Federal Energy Administration, City of Knoxville, or The University of Tennessee Transportation Center.

95-310 O - 79 - 17

The Insurance Services Office Interim Solution

The ISO has issued a general revision of its commercial automobile classification manual. This revision will be complete and filed with the state insurance commissioners in each of the states plus Washington, DC, and Puerto Rico by March 4, 1977. In four states: Massachusetts, North Carolina, Texas, and Hawaii, the filing will be for information purposes only since these states still have local rate bureaus which have the filing responsibility. In addition, the ISO private automobile committee has agreed to continue to ignore the additional passenger exposure which exists when a privately-owned automobile is used as a pool vehicle. This policy will continue to extend to all privately-owned vehicles including sedans, stationwagons, pickup trucks and vans.

As a result of the new commercial filing and the retention of the private passenger classification, there are now four categories of van-pooling for insurance purposes:

1. Shared driving pools - a group of individuals alternate driving the pool and the insured vehicle is not driven more than twice a week nor two weeks per month for commuting purposes.

2. Privately-owned, shared expense pools - the pool members ride in the same vehicle every day and contribute to the expense incurred by the driver.

3. Employer provided pools - the pool riders are employees of the same firm where ridership in the pool is a condition of employment, an inducement to employment, or incidental to employment of the riders.

4. All other pools - all other pooling arrangements whether third party operators, multiple employment center pools or employer pools where workmen's compensation probably will not apply.

Under this approach, the shared driving pools and the privately-owned shared expense pools would continue to be included in the private passenger manual, and the fact that they are used as pool vehicles would

not be a factor in their rating. If the vehicle is owned by an individual and not used for "business purposes," then it will be rated from the private automobile manual. The employer-provided pools and all other pools will be listed in the commercial manual as "vanpools." Commuting and commuter pooling are not considered a business purpose, but if the vehicle is to be used to haul tools between work sites, used for messenger or delivery service, and/or used in other activities in the normal course of employment, then this use would place the vehicle in the commercial manual. If the vehicle is owned by a company, corporation or governmental agency, then it is considered a commercial vehicle.

The employer sponsored pools are based on the premise that in many cases the workers will be covered by workmen's compensation and not by the vehicle liability policy. Since the legislation is not specific on this in most states and case law is not well developed, it is still uncertain as to how injuries will be covered. The insurance industry, however, has been willing to insure employer pools at a lower rate and assume the risk until such time as case law and vanpool statistics establish a more reliable base.

Insurance Services Office Proposed Rates

Thus, ISO's action will set the following policies and rates in the private passenger manual:

1. Shared driving pools - continue the discount classification for standard private passenger cars (including vans) regularly used for commuting to work. The van is then referred to as a "pleasure use only" vehicle and the specific rate will depend upon the mileage driven each year.

2. Privately-owned, shared expense pool - continue writing coverage as for standard private passenger cars (including vans) regularly used for commuting to work. The rate will vary with factors such as aggregate yearly mileage, distance to work, geographical areas and demographics of the principal driver.

The new ISO commercial classifications in the commercial passenger manual are as follows:

CLASSIFICATION	SEATING CAPACITY			
	1-8	9-20	21-60	over 60
Employer Furnished	1.00	1.05	1.40	1.90
All Other	1.10	1.25	1.80	2.30

These factors are based on the lowest commercial rate, i.e., small pickup truck used in business. Thus a vanpool carrying employees to work in an employer furnished pool would pay 1.05 x the lowest commercial rate for the area and coverage desired. It should be noted, however, that these rates do not allow a "holding out to the public" where the pool vehicle is soliciting passengers on a nondiscriminatory basis and does not include use of the van to haul social service clients on a regular basis during the day.

Effect of Insurance Services Office Action on Availability

Once the classification and rates have been filed with the respective states, it is up to the commissioners in each state to approve or reject the filing. It would probably be helpful for various vanpool promoters to contact their state insurance commissioners and inform them of the reasons behind the changes and encourage their prompt acceptance.

Once the classes and rates have been approved by the respective states, it is up to the individual insurance underwriters and their companies to decide if they will voluntarily write insurance at these rates. At the January 27 meeting, the attendees (see Appendix 7 for the list of attendees) publicly committed to take the following steps:

1. Allstate and State Farm indicated that they would continue to underwrite individually owned vans used for commuter pooling provided that the individuals meet their normal eligibility criteria and provided the pool is strictly on a shared-driving or shared-expense basis. They further agreed to help clear up any misunderstandings that might arise in this regard between prospective insureds and the company agents and employees.

2. The ISO would include information for assigned risk programs with their filings.

3. The insurance trade groups would educate their members on the role of vanpooling and the new rate schedules.

4. The state insurance commissioners would expedite consideration of the new rates.

In addition, those attending voiced a strong need for the insurance companies to develop special merchandising packages to inform the local agents about pooling activities and to suggest appropriate insurance packages. The target date for completion of these tasks is June 30, 1977.

Fellow Employee Exclusion

Some concern was voiced over the fellow employee exclusion clause which is present in the standard commercial policy. In general, workmen's compensation covers employees who are injured "in the course of their employment." The commercial policy, then, has a clause that indicates that employees who are injured "in the course of their employment" will not be covered under the commercial auto policy since workmen's compensation (which costs less than third party liability insurance) would have first responsibility.

One problem arises when an employer who does not carry workmen's compensation starts a vanpool. For example, consider if a state did not require a business with fewer than five employees to have workmen's

compensation. If such a company started a vanpool program with four employees and the three owners of the business riding each day, then there may be no workmen's compensation, and the commercial liability policy would not apply. In cases where workmen's compensation may not apply, the vanpool operator should have the clause removed or obtain workmen's compensation insurance.

A second problem revolves around the court's definition of "insured." Howard B. Clark, Special Assistant to the Administrator of the Federal Insurance Administration, identifies two exclusions:

> Under coverage A (B.I. Liability), to bodily injury to or sickness, disease, or death of any employee of the insured arising out of and in the course of (1) domestic employment..., or (2) other employment by the insured.

In probably a majority of the states, where the injured passenger brought suit against the driver (i.e., the omnibus insured under the policy), this exclusion would be held not to apply since the driver, as the omnibus insured, is the "insured" for purposes of this exclusion, and the driver is obviously not the employer of the injured party. On the other hand, a number of state courts have held that the term "insured" used in the exclusion means or includes the named insured so that the exclusion applies if the injured person is the employee of any person insured under the policy. As can be seen from the mere recitation of the problem, it is a very complex legal problem which should be avoided by amendatory language.

The other exclusion simply excludes coverage:

> Under coverage A, to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits, or under any similar law.

Here again, obviously, if the suit is simply brought against the driver as the omnibus clause "insured," the driver may not be held liable under any workmen's compensation law, and the exclusion will not be applicable in those jurisdictions that hold that the exclusion must be read in the context of the particular "insured" who is being sued. On the other hand, in the other jurisdictions, the exclusion will be held applicable even though the suit is brought against the driver only.*

The insurance companies would probably argue that in practice the courts will invariably find for the injured and not allow this argument. The attorney will argue that it is a valid defense. It may be wise at least to address the issue and leave no room for doubt.

Higher Limits of Coverage

Many operators were concerned about higher limits of liability in order to offer greater protection to the riders. These rates generally are available. Table 6 is a higher limit matrix for private automobile policies in the state of Tennessee. According to this table, 100/300 coverage would cost 189 percent of the base 10/20 coverage. Such tables are available in virtually every state. There may be limitation, however, on assigned risk coverages. Currently, ISO is considering adding bodily injury limits of 50/250, 100/500 and 250/1,000, as well as $5,000 and $10,000 medical limits.

There was a caution about the use of well publicized high limit policies since this becomes an invitation to sue for the maximum. There is some indication that the recent medical malpractice dilemma may have

*Letter from Howard B. Clark to Frank W. Davis, Jr. dated March 30, 1977.

INSURANCE SERVICES OFFICE
Memorandum - Supplementary Rating Procedures, Rule 1. Increased Limits

The following Table is new.

TABLE 6

SUPPLEMENTARY INCREASED LIMITS
AUTOMOBILE BODILY INJURY LIABILITY

TABLE—10/20 *

LIMIT PER PERSON

Limit Per Accident	10	15	20	25	30	40	50	100	150	200	250	300
	%	%	%									
20	100	112	120	%								
25	108	116	124	130	%							
30	111	118	126	133	136							
35	113	121	129	136	138	%						
40	114	122	130	137	141	145						
45	117	124	132	138	142	146	%					
50	118	126	133	139	145	149	154					
70	129	136	141	145	147	153	158	%				
100	141	147	153	157	158	160	163	170	%			
150	146	153	158	162	164	167	172	178	184	%		
200	151	158	163	167	168	174	178	182	187	189	%	
250	155	162	167	171	174	178	183	187	189	193	195	%
300	160	166	171	175	178	183	187	189	193	196	197	199

Limit Per Accident	50	100	150	200	250	300	400	500	600	700	800	900	1000	1250	1500	1750	2000
	%	%	%	%	%	%											
350	188	192	195	197	199	200	%										
400	189	193	196	199	200	201	205	%									
500	193	196	199	201	204	205	208	212	%								
600	195	197	200	204	207	208	210	213	216	%							
700	196	199	201	205	208	209	213	216	218	221	%						
800	197	200	204	208	209	210	214	217	220	222	225	%					
900	199	201	205	209	210	212	216	218	221	224	228	232	%				
1000	200	204	208	210	212	213	217	220	222	225	229	233	235	%			
1250	204	208	210	213	216	217	220	222	225	229	233	235	239	245	%		
1500	207	209	212	216	217	218	221	224	228	232	234	238	241	246	251	%	
1750	208	210	213	217	218	220	222	225	229	233	235	239	242	247	253	256	%
2000	209	212	216	218	220	221	224	228	232	234	238	241	243	249	254	259	264

Limit Per Accident	100	150	200	250	300	400	500	600	700	800	900	1000	1250	1500	1750	2000	2500	3000	4000	5000	7500	10000
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%					
2500	216	218	221	222	224	228	232	234	238	241	243	246	253	258	263	267	274	%				
3000	218	221	224	225	228	232	234	238	241	243	246	250	256	262	266	270	276	281	%			
4000	224	228	230	232	234	238	241	243	246	250	253	256	263	267	272	276	283	288	297	%		
5000	229	233	235	238	239	242	245	247	251	254	256	262	267	272	276	281	288	293	301	308	%	
7500	234	238	241	242	243	246	250	253	255	259	263	266	272	276	281	287	292	299	306	312	[illegible]	
10000	238	241	243	245	246	250	253	253	259	263	266	268	275	279	284	289	296	301	309	316	331	346

Transportation Center

been greatly aggravated by insurance companies encouraging higher limits on malpractice insurance. Once several large judgments establish a precedent, there was a snowballing effect of physicians wanting higher limits and attorneys pressing for higher judgments until insurance cost became prohibitive. It would be self defeating for this to happen to vanpooling.

Alternative Vanpooling Insurance Approaches

There are now four approaches to insuring vanpools which deserve careful consideration.

1. Obtain higher per accident limits as given in Table 1. Under this approach the bodily injury liability coverage would be expected to cover not only anyone in another vehicle injured by the pool vehicle but also all of the riders in the pool vehicle. This coverage would not, however, provide rider protection where another vehicle was at fault. This protection would have to be provided by an underinsured motorist policy or in some other manner.

2. Obtain traditional bodily injury liability insurance to protect the other vehicle and provide protection to the riders through a high limit first party insurance such as medical coverage. This coverage typically costs 1/3 to 1/2 as much as BI Liability coverage. If $50,000 excess medical coverage were available, this would provide as much rider protection as a $100,000/1,350,000 bodily injury policy since court and legal costs generally would not be deducted from first party insurance payments, and the medical limits are on a per occupant basis. Although the official position of the insurance companies is that medical coverage will not cover non-medical items such as loss of wages, in general practice it is less expensive for the company to do so when it can settle a claim and avoid costly litigation. This approach would cover the rider no matter who is at fault. It also has the advantage of removing the invitation to sue which is inherent in the high liability coverage approach.

3. In states where underinsured motorist protection is available, rider protection may be obtained by having each rider obtain high limit underinsured motorist protection. In case of accident, this underinsured motorist protection would provide coverage above the van insurance limits to the limits of the underinsured motorist coverage. Although the insurance company would have the right of subrogation against the party that was at fault,

in general practice the insurance company would only exercise the right to the extent of the defendant's insurance coverage.*

4. In the case of company owned vehicles, the workmen's compensation coverage approach will probably be followed first.

Conclusion

In general the marketability of vanpool insurance appears to be resolved at least after June 30, 1977. Until then, vanpool promoters will have to take the initiative in disseminating information about the ISO proposals until all levels of the insurance industry are familiarized with vanpooling. Over the next two to three years, data will be collected on various classes of vanpools, and then new rates can be made based primarily on experience rather than relying solely on judgment. It is important, however, that every effort be made to separate the various classes of vans. The first class of vans, when owned by the young male driver with water bed, portholes, mag wheels, wide tires and painted scenes on the sides, may have very high accident rates. The second class of van, operated by the mature driver with an unblemished driving, employment and punctuality record, who has completed a defensive driving class, has a chauffeur's license, drives a familiar route and is very conscious of the responsibility he has, is an entirely different class of risk.

It is therefore imperative that government, employers and the insurance industry collectively develop a program to train and screen

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*The underinsured motorist option should be thoroughly researched in each state before it is used. In some states the underinsurance option would only apply if the van had lower liability limits than the individual's underinsured coverage. If the van had 100/300 coverage and the individual had 100/300 coverage, uninsured coverage would not be effective. In other states, the uninsured coverage would come into play if the rider's prorated share of the liability coverage was less than their individual underinsured coverage. Thus in a van where ten individuals are injured, the underinsurance coverage would take effect above $30,000 ($300,000/10 passengers). If the state does not allow the second option, efforts should be made to so modify the legislation as has been done in Tennessee.

capable vanpool drivers who can operate in the urban areas to provide efficient, low cost commuter transportation. The public sector can do the screening and training, the insurance industry can offer special vanpool packages with lower rates to the well-qualified driver, and the employers can offer their best employees as drivers.

There will be a place for all types of ridesharing. Some areas will prefer to have employers own the vehicles. Others will prefer to promote employee-owned pools or third party pools where the credit union, an auto dealer or some other group owns the vehicle and promotes the pools. Still, the selection and training of drivers, the maintenance of vehicles and the protection of riders by insurance are vital parts to the program, and a joint effort and new ridesharing insurance packages need to be developed.

Unfortunately, the industry still views vanpools as a new idea and one with which they are not familiar. Each company wants to be helpful, but companies do not want to actively solicit vanpooling for fear of capturing the entire market only to find out later that the actual passenger exposure was greater than expected. Therefore, each company wants to accept only as many as the other companies accept so that the risk can be spread between companies. This is one of the reasons for the massive education program necessary to sell all insurance companies.

Unresolved Questions

The ISO proposed rates are a major step forward; but there are still many questions that need to be answered. These questions arise because vanpooling is a new concept in both transportation and insurance.

From the transportation standpoint, vanpooling is neither "for-hire" nor "private" carriage. Its emphasis is not on who provides the service, but on the judicious match of service to the specific needs of individual commuters. One organization may have many different types of programs under many different operating and financing schemes. Emphasis is on determining a wide variety of demand patterns and on providing the specific service needed as opposed to the tradition of placing vehicles on the street and hoping someone will use it.

The insurance companies are used to automobile casualties, accidents, health, life, and workmen's compensation insurance. Vanpooling creates a situation where the van rider may be protected by:

- Automobile liability insurance coverage
- General liability insurance coverage
- Hospitalization insurance coverage
- Disability insurance coverage
- Workmen's compensation coverage
- First party insurance such as group travel insurance
- No-fault insurance using a "follow the family" or "follow the vehicle" approach to coverage
- Underinsured motorist protection
- Automobile medical coverage

A major question that needs to be answered then is, "What is the most cost-effective program for company-operated programs?" If one or more employer or governmental agency sponsor a program comprised of carpools, company-owned vanpools, employee-owned vanpools, third-party vanpools, contract bus carriage and transit, what type of insurance

package should each have? How are these packages changed in a no-fault state? Do the packages change in the states that have a "follow the family" or "follow the vehicle" approach to no-fault?

Although there are many unanswered questions, this should be viewed with interest rather than discouragement. The overall risk has not increased, the same number of people are still going to work, but there will be fewer vehicles with more carefully selected drivers and increased emphasis on driver safety, so there should be a decrease in overall risk. The issue is that institutional responsibilities are changing in response to the change in society. Liability is shifting from the for-hire carrier and the owner/operator of the single occupant automobile to the promoter, sponsor, employer, and participants in cooperatively used pools. Traditional approaches are inappropriate.

In the long run, it is expected that insurance companies will offer a new pooling package which covers a wide range of options just as the typical homeowner's package does.

Transportation Center
Research/Service

The University of Tennessee
Knoxville, Tennessee 37916
Phone (615) 974-5255

June 27, 1977

Mr. Miles Romney
House Government Operations
Committee
Rayburn House Office Building
Washington, D.C. 20515

Dear Miles:

I am enclosing a letter which I received through the Federal "grapevine" that expresses the insurance problems for social service vehicles and other high occupancy volunteer vehicles. I believe that you can see why I was so adamant in feeling that the government should help to eliminate some of the institutional problems in insurance as part of the 6,000 van program. The insurance industry is anxious to come forth and make suggestions but if they do they will appear to be a vested interest group who is seeking "self-serving" legislation, therefore, the insurance industry cannot take the lead. The lead must come from the government.

I would appreciate your comments and suggestions on how we might proceed to correct some of these barriers even to the point of initiating a study or directing attention to the problem.

Sincerely,

Frank W. Davis Jr.
ACE

Frank W. Davis, Jr., Ph.D.
Associate Director

FWD/ace

Enclosure

May 16, 1977

Dear President Carter,

I am writing to you on behalf of all the concerned citizens I know who would like to share their vehicles with others in order to save fuel, but are afraid to become human sacrifices to the legal system's proliferation of unjust, unrealistic, lawsuits.

As physicians are becoming afraid to volunteer to help others, due to the constant threat of unrealistic, unjust, lawsuits, so the volunteer driver who shares his own vehicle, his time, his gasoline, is afraid.

Besides the need to share one's vehicle for the purpose of conservation of precious fuel, there is also the tremendous need for volunteer drivers who will share their vehicles with the sick, the blind, the aged, and others. The need for this service is constant.

However, you cannot in good faith ask others to take the catastrophic risks of which many of them are unaware when they share their vehicle with others. At the present time, that well-intentioned driver risks the loss of home, livelihood, everything he or she possesses, if a passenger being transported should bring suit against him for injury. "The road to hell is paved with good intentions," truly fits. There is no limitation on the liability of that driver. He's open game. He may very likely become that human sacrifice to the greed and ambition of unscrupulous attorneys in the legal profession.

Where once upon a time in America people looked to the legal profession with faith, they now look with fear and suspicion.

Therefore, as an organizer of volunteers, as a volunteer driver for the blind, and as a concerned citizen interested in sharing my gallon of gas with others, I am asking you for protection from the legalized tyranny capable of being inflicted by those of no scruples in the legal profession.

1. I am asking that the Guest Passenger Statute be applied to all unpaid drivers who share their vehicle with others.

2. I am asking that volunteer, unpaid drivers be protected from the catastrophic risk factor by a limitation of liability, which would amount to the extent of their liability insurance coverage, that amount to be within reason.

3. I am also asking that a SHARE THE RISK COVENANT, which I shall ask my guest passengers to sign, and which I shall in turn sign, be upheld by the courts. If this is refused me, I will have been denied one of my inherent rights as a free citizen of the United States of America, as my guest passengers will have been denied their rights.

4. I ask that attorneys not be allowed to receive a percentage of the damages awarded to the injured client. I ask that attorneys be required to set fees in accordance to actual worktime spent on the

lawsuit, NOT according to the amount of the award. If an attorney wants 25 to 50% of the sum that is awarded to a man who has lost his leg, let that attorney first give to that man at least 10% of his own leg, he will then truly be sharing in the pain and agony for which the sum was awarded.

There is precedent for the help that I am asking:

Recently, when the government felt that for the common good, every one of us should be injected with a foreign solution in order to prevent our contracting a disease associated with a pig, the government protected the drug manufacturers by insuring them against lawsuits.

The drug was a relatively unproven drug, but the Government took all the risks for its manufacture, and the companies were paid for the drug. The drug subsequently was proven to be unproven.

Volunteer drivers are unpaid but proven. Their records warrant help from our government. According to ACTION, some 37 million volunteers work an average nine hours per week---more than 17 billion hours for the year, or an estimated $34 billion worth of time.

Those volunteers who drive their own vehicles in the service of others NEED AND DESERVE protection from catastrophic risk, be it for the Girl Scouts, the Boy Scouts, rehabilitation centers for the blind, the aged, the handicapped, the Red Cross, the Cancer Society, whatever the worthwhile organization or program that depends wholly or in part upon volunteer drivers. At this "point in time," volunteer drivers are being driven out of those organizations by the exorbitant costs of liability insurance which have risen out of sight due to the threats of unjust, unrealistic, lawsuits. Only the lawyers get rich from unjust, unrealistic, lawsuits. The rest of society suffers.

America is filled with people willing and eager to serve others and to make the personal sacrifices necessary for the good of all, but not to be the sacrificial goats to the GREED OF A FEW!

Changes will have to be made in our laws to enable us to meet the needs caused by the drastic changes in our environment, the exhausting of our resources due to our wastefulness, our cupidity, and our ignorance. Changes must be made in our way of life.

Changes must be made in our laws in order to safeguard and encourage the caring, the sharing, the INVOLVEMENT, so vital to a civilized country. Otherwise, we become as beasts.

President Carter, I am looking to you for help.

Sincerely yours,

Dorothy B. Newberg

Dorothy B.Newberg
2000 Dant Blvd.
Reno, Nevada
89509
tel. (702) 825-7010

SHARE THE RISK COVENANT

between volunteer driver and guest passenger

I, _____, will serve as your volunteer driver. I will accept no compensation from you for either the use of my vehicle, the gasoline, or my time as your driver. I am happy to share with you the above which at the moment, due to fate and circumstances, can fulfill your need for transportation.

However, before you ride with me, I must warn you that it is possible that we may have an accident. One or both of us may be injured or killed.

Therefore, I must ask that you share the risk with me. I am not asking you to share the burden of damages to my automobile, to the property of others, or to my person. I am asking you, if you accept me as the well-intentioned but imperfect human being that I am, to limit my liability to you, in case of injury or death, to the extent of my liability insurance coverage.

Only in this way will I have the freedom to drive my car in your service, and in the service of others.

My liability insurance company is: Thank you for sharing,

_____

_____

My maximum insurance coverage is:

_____

_____

I, _____, ACCEPT MY SHARE OF THE RISK, and covenant that I, or any of my relatives, will not institute any action or suit at law or in equity against _____, or in any way aid in the institution, prosecution of any claim, demand, action or cause of action for damages, costs, loss of services, expenses, compensation or otherwise, in excess of the liability insurance coverage of _____, for or on account of any damage, loss, injury, or otherwise, either to person or property, or both, resulting or to result, arising out of the undersigned riding as a guest passenger in the vehicle of which _____ is the volunteer driver.

In the event that the volunteer driver shall utilize said vehicle and services for more than one (1) passenger at any one time, it is further understood and agreed that each said passenger may only recover and driver may only be liable to each such passenger on a pro-rata basis and in no event shall the total of such liability exceed the maximum insurance coverage as set forth above.

DATE: _____ SIGNATURE: _____

95-310 O - 79 - 18

U. S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

SUBJECT	FHWA BULLETIN
Vanpool Legislation	September 10, 1976

The purpose of this bulletin is to update the information contained in the FHWA Bulletin of November 25, 1975, titled "Carpool and Ridesharing Legislation" by providing information on recent State legislation related to vanpooling.

Several States have initiated new legislation to facilitate the orderly development of vanpooling programs. The new legislation alleviates regulatory and administrative constraints, and in some cases specifies minimum legal requirements for the operation of vanpool programs. Six States in addition to California have approved legislative bills related to vanpooling. The highlights of these bills are attached to this bulletin to indicate the potential of legislative actions in removing ridesharing constraints.

Connecticut's Public Law 75-611, ratified by the State General Assembly and approved by the Governor on July 7, 1975, exempts vanpools with a seating capacity of not more than 15 passengers from the common carrier statutes. It waives the livery license or permit requirements for vanpools used for the sole purpose of transporting persons to and from their place of employment.

In the State of Washington, House Bill 1272 was approved by the Governor on March 25, 1976. It modified existing statutes to exempt vanpools with less than 15 persons from the definition of "Auto Transportation Company." The Bill limits vanpools to only one daily round trip for the sole purpose of transporting persons to and from their place of employment. Moreover, it requires that the driver must also be on his way to or from work. Finally, it requires that vanpool operations do not compete with or infringe upon service of an existing transportation company.

Maryland House Bill 1134, signed by the Governor on May 17, 1976, modifies existing common carrier statutes. This legislation defines the terms "private carrier," "transit service," and

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"common carrier" to exclude "company vanpool," thereby exempting "company vanpools" from Public Service Commission regulations. A company vanpool includes any nonprofit service provided or organized by an employee organization, a company, or a group of companies for its employees. Prior to the Bill, a vanpool was considered a "common carrier" which required a special Public Service Commission permit. Under the 1976 Maryland Bill, vanpools became a nonprofit commuter service, organized for transporting employees, including the driver, exclusively between their homes and their employer's place of business. Vans used for vanpooling are assigned to a new vehicle classification, class P, and pay an annual registration fee of $60.

The owner of a van may register it only after he submits an inspection certificate issued not more than 30 days before the date of application for registration. The Motor Vehicle Administration requires this inspection certificate for the initial registration of the van as a class P vehicle and for all annual renewals. The owner must also show proof of insurance coverage (certificate of insurance) in amounts of at least five times the State's minimum requirements. Company vanpools registered as class P vehicles are permitted a seating capacity of up to 15 persons. The Bill also requires that the driver of the van have a class "C" driver's license which is commonly issued to bus drivers. The bill also allows any company or group of companies to implement a company vanpool program; however, no employee can be required to participate as a condition of employment.

In the State of Tennessee, House Bill 2184 approved by the Governor on March 28, 1976, deregulated vanpools. The Bill excludes any motor vehicle engaged primarily in transporting 15 or fewer passengers to and from their regular place of employment from the existing common carrier and contract carrier laws. The Public Service Commission may still inspect these motor vehicles as it deems necessary for safety purposes. It may also establish a minimum level of insurance coverage to be required of these vehicles. The Commission may charge a normal fee for vehicle inspection and supervision services.

Chapter 233, House File No. 1382, passed by the Minnesota legislature was signed by the Governor on April 9, 1976. This act places Minnesota on the forefront of States encouraging commuter vans, by appropriating $100,000 for State employee vanpooling. The Bill also exempts commuter vans from regulations by the Public Service Commission. The Bill defines

commuter vans as a motor vehicle having a seating capacity of 7 to 16 persons which is used principally to provide prearranged transportation of persons to or from work or to or from a transit stop authorized by a local transit authority. The driver of the commuter van must be a person who does not drive the van for his principal occupation.

Commuter vans are treated as private passenger autos under the Minnesota Bill. Insurance for the van is covered by the vanpooler's own private auto insurance policy under Minnesota no-fault laws and by an additional insurance policy on the van. In the event of an accident, the vanpooler can only seek damages from the insurance policy on the van if the claim is more than the Minnesota no-fault insurance amount. Insurance on the van will also provide primary coverage for the driver and any passengers without auto insurance.

Commuter vans remain subject to the motor vehicle regulation, licensing, and taxation of the State such as the regulation requiring a special driver's test for a chauffeur license. The Bill exempts from State income tax driver in-kind benefits such as the free trip-to-work or after-work personal use of the van. However, any monetary compensation received by the driver will be taxed.

In 1975 the Virginia legal code was amended to deregulate motor vehicles which transport up to 12 passengers plus the driver from the motor carrier laws. To avoid regulation, the driver and the passengers must be engaged in a share-the-ride undertaking and sharing not more than the expenses of operation of the vehicle.

Hopefully, these examples of enacted legislation will assist those in other areas who are developing solutions to regulatory issues. Sufficient copies of this bulletin are being distributed to provide copies for each FHWA field office and copies to be distributed by the division office to each State transportation agency, metropolitan planning organization, and carpool agency, if different from the others.

William L. Mertz
Associate Administrator for Planning

6 Attachments

FHWA Bulletin
September 10, 1976
Attachment 1

Connecticut Public Act No. 75-611
(Signed into law July 7, 1975)

AN ACT CONCERNING TRANSPORTATION OF PERSONS TO AND FROM WORK WITHOUT LIVERY LICENSE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-328 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) Any person, while operating a passenger motor vehicle registered in this state between his place of residence and his place of employment, may carry for reasonable compensation not more than five other persons regularly employed in the locality of such person's place of employment without obtaining a livery license or a permit from the commission, (provided the making of more than one round trip in any day under the provisions of this section shall constitute a violation of the provisions of this chapter.)

(b) ANY CORPORATION OR EMPLOYEE OF SUCH CORPORATION MAY OPERATE ONE OR MORE MOTOR VEHICLES EACH HAVING A SEATING CAPACITY OF NOT MORE THAN FIFTEEN PASSENGERS FOR THE PURPOSE OF TRANSPORTING PERSONS TO AND FROM THEIR PLACE OF EMPLOYMENT WITHOUT OBTAINING A LIVERY LICENSE OR PERMIT FROM THE COMMISSION.

Sec. 2. This act shall take effect from its passage.

FHWA Bulletin
September 10, 1976
Attachment 2

Excerpt from State of Washington House Bill No. 1272
(Signed into law March 25, 1976)

The term "auto transportation company" shall not include, nor shall the provisions of this chapter apply to, any operation whereby passengers are transported between their places of abode, or termini near such places, and their places of employment in a motor vehicle with a seating capacity including the driver not exceeding fifteen persons in a single daily round trip where the driver himself is also on the way to or from his place of employment: PROVIDED that said transportation or operation shall not compete with nor infringe upon service of an existing auto transportation company certificated under this chapter.

Excerpts from Maryland House Bill No. 1134
(Signed into law May 17, 1976.)

HOUSE OF DELEGATES

No. 1134

By: Delegates Mory [[and Madonna]] ,Madonna and Brown
Introduced and read first time: January 30, 1976
Assigned to: Judiciary

Re-referred to: Economic Matters, March 2, 1976
Committee Report: Favorable with amendments
House Action: Adopted with floor amendments
Read second time: March 23, 1976

CHAPTER _____

AN ACT concerning

Company Van Pools

FOR the purpose of defining the term Company Van Pool; providing that the terms "private carrier," "transit service," and "common carrier" do not include any company van pool; providing that company van pools are not required to obtain common carrier permits from the Public Service Commission; classifying company van pool vehicles as Class P vehicles; setting a certain yearly registration fee for Class P vehicles; requiring drivers of Class P vehicles to have a certain type of license; [[and]] requiring Class P vehicles to be inspected yearly for safety defects; and requiring insurance to be obtained.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Underlining indicates amendments to the bill.
[[Double brackets]] enclose matter stricken out of bill.
Numerals at right identify computer lines of text.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Sections 2(f) and (i) of Article 64B - Metropolitan Transit District, of the Annotated Code of Maryland (1972 Replacement Volume and 1975 Supplement) be and they are hereby repealed and reenacted, with amendments, to read as follows:

Article 64B - Metropolitan Transit District

2.

As used in this article, the following words and terms shall have the following meanings, unless the context clearly requires a different meaning:

(f) "Private carrier" means any corporation, person, firm or association rendering transit service within the District pursuant to an operating permit or license issued by an agency of the State of Maryland exercising regulatory jurisdiction over transportation of passengers within the State and persons engaged in that business[;]. IT DOES NOT INCLUDE ANY COMPANY VAN POOL.

(i) "Transit service" means the transportation of persons and their packages and baggage in regular route, special or charter service by means of transit facilities between points within the District, or in any county contiguous to the District as permitted in this article, and includes the transportation of newspapers, express and mail between such points but does not include taxicab service. IT DOES NOT INCLUDE ANY COMPANY VAN POOL.

SECTION 2. AND BE IT FURTHER ENACTED, That new Section 2(j) be and it is hereby added to Article 64B - Metropolitan Transit District, of the Annotated Code of Maryland (1972 Replacement Volume and 1975 Supplement) to read as follows:

Article 64B - Metropolitan Transit District

2.

(J) (1) "COMPANY VAN POOL" MEANS ANY NONPROFIT COMMUTER SERVICE PROVIDED BY OR ORGANIZED BY AN EMPLOYER ORGANIZATION OR BY A COMPANY [[ON A NONPROFIT BASIS]] OR A GROUP OF COMPANIES FOR ITS EMPLOYEES AND WHICH:

(I) TRANSPORTS EMPLOYEES, INCLUDING THE DRIVER, [[PRIMARILY]] EXCLUSIVELY BETWEEN THEIR HOMES AND THEIR EMPLOYER'S PLACE OF BUSINESS;

(II) IS AVAILABLE ON A NONDISCRIMINATORY BASIS TO ALL OF THE [[COMPANY'S]] EMPLOYEES OF THE COMPANY OR GROUP OF COMPANIES;

(III) DOES NOT REQUIRE PARTICIPATION OF ANY EMPLOYEE AS A CONDITION OF EMPLOYMENT; AND

(IV) USES MOTOR VEHICLES HAVING A SEATING CAPACITY OF NO MORE THAN 15 PERSONS EACH AS THE SOLE MEANS OF TRANSPORTATION ACROSS LAND.

(2) IT DOES NOT INCLUDE ANY COMPANY WHICH PROVIDES COMMUTER SERVICE FOR ANOTHER COMPANY'S EMPLOYEES UNDER A CONTRACT OR AGREEMENT WITH THAT COMPANY.

SECTION 3. AND BE IT FURTHER ENACTED, That new Sections 1-113.1 and 3-812 be and they are hereby added to Article 66 1/2 - Vehicle Laws, of the Annotated Code of Maryland (1970 Replacement Volume and 1975 Supplement) to read as follows:

Article 66 1/2 - Vehicle Laws

3-812.

AN ANNUAL FEE OF $60 SHALL BE PAID FOR EACH MOTOR VEHICLE BEING USED AS COMPANY VAN POOL VEHICLES. THESE SHALL BE CLASSIFIED AS CLASS P VEHICLES.

SECTION 4. AND BE IT FURTHER ENACTED, That Sections 3-811(b), 6-102.2(d) and (e), 13-101(2), and 13-106 of Article 66 1/2 - Vehicle Laws, of the Annotated Code of Maryland (1970 Replacement Volume and 1975 Supplement) be and they are hereby repealed and reenacted, with amendments, to read as follows:

Article 66 1/2 - Vehicle Laws

3-811.

(b) [Motor] CLASS P VEHICLES AND MOTOR vehicles paying the annual fee required by § 188(a) of Article 56 or § 273(a) of Article 81 [shall] ARE not [be] subject to the fees required by this section.

6-102.2.

(d) A Class C license authorizes the licensee to drive any bus, ANY CLASS P VEHICLE and any vehicle which the holder of a Class D license may drive.

13-106.

(D) BEFORE THE ADMINISTRATION REGISTERS ANY VEHICLE AS A CLASS P MOTOR VEHICLE, IT SHALL REQUIRE THE APPLICANT TO PRESENT A CERTIFICATE FOR THE VEHICLE ISSUED IN ACCORDANCE WITH THIS SUBTITLE NOT MORE THAN 30 DAYS PRIOR TO THE DATE OF APPLICATION FOR REGISTRATION. A CERTIFICATE SHALL BE REQUIRED FOR ANY INITIAL REGISTRATION AS A CLASS P VEHICLE AND FOR EVERY YEARLY RENEWAL REGISTRATION OF ANY VEHICLE AS A CLASS P VEHICLE.

(E) BEFORE THE ADMINISTRATION REGISTERS ANY VEHICLE AS A CLASS P MOTOR VEHICLE, IT SHALL REQUIRE THE APPLICANT TO PRESENT A CERTIFICATE FOR INSURANCE FOR THE VEHICLE AND ITS OCCUPANTS IN AN AMOUNT AT LEAST EQUAL TO: (1) FIVE TIMES THE MINIMUM COVERAGE REQUIRED IN ARTICLE 66 1/2, SECTION 7-101(C)(I) FOR THE PAYMENT OF CLAIMS FOR BODILY INJURY OR DEATH; (2) THE MINIMUM COVERAGE REQUIRED IN ARTICLE 66 1/2, §7-101(C)(II) FOR PROPERTY DAMAGE CLAIMS; AND (3) THE MINIMUM BENEFITS REQUIRED IN ARTICLE 66 1/2, §7-101(C)(III).

SECTION 5. AND BE IT FURTHER ENACTED, That Sections 2(d) and 32(b) of Article 78 - Public Service Commission Law, of the Annotated Code of Maryland (1975 Replacement Volume and 1975 Supplement) be and they are hereby repealed and reenacted, with amendments, to read as follows:

Article 78 - Public Service Commission Law

2.

(d) "Common carrier" means and includes any person, public authority, federal, State, district or municipal transportation agency engaged in the public transportation for hire of persons, property or freight, whether by land, water, air or any combination of them, and includes, but is not limited to, air line company, canal company, car company, express company, freight company, freight line company, motor vehicle company (including automobile company, motor bus company and trucking company), power boat company (including vessel-boat company and steamboat company and ferry company), railroad company, street railroad company, sleeping car company, taxicab company, toll bridge company, towing and lightering company, and transit company. Any provisions of this article to the contrary notwithstanding, "common carrier" does not mean and shall not include any county revenue authority or any toll bridges or other facilities owned and operated by any county revenue authority. "COMMON CARRIER" DOES NOT INCLUDE ANY COMPANY VAN POOL.

32. 363

(b) No such permit, however, shall be required for 367
the following:

(8) COMPANY VAN POOLS. 396

SECTION 7. AND BE IT FURTHER ENACTED, That this Act 438
shall take effect July 1, 1976. 440

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September 10, 1976
Attachment 4

Tennessee House Bill No. 2184
(Signed into law March 28, 1976)

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 6-3802, is amended by adding the following new paragraph between the present first and second paragraphs of the section:

Neither this chapter on Tennessee Code Annotated, Title 65, Chapter 16, shall be construed as allowing a municipality, county, metropolitan government, or combination thereof to regulate any motor vehicle engaged primarily in the hauling of fifteen (15) or fewer passengers to and from their regular places of employment, taxicabs and airport limousines excepted, or to regulate the organizers, sponsors or promoters of motor vehicles engaged primarily in the hauling of passengers to and from their regular places of employment but regulations by the appropriate government shall be permitted, however, if the motor vehicles excluded from regulations, and the organizers, sponsors and promoters of such vehicles, are specifically defined and regulated as a class separate and distinct from other existing common carriers and contract carriers.

SECTION 2. Tennessee Code Annotated, Section 65-1601, is amended by adding the following new paragraph at the end of the present section:

Neither this chapter or Tennessee Code Annotated, Title 6, Chapter 38, shall be construed as allowing a municipality, county, metropolitan government or combination thereof to regulate any motor vehicle engaged primarily in the hauling of fifteen (15) or fewer passengers to and from their regular places of employment, taxicabs and airport limousines excepted, or to regulate the organizers, sponsors, or promoters of motor vehicles engaged primarily in the hauling of passengers to and from their regular places of employment but regulation by the appropriate government shall be permitted, however, if the motor vehicles excluded from regulation, and the organizers, sponsors, and promoters of such vehicles, are specifically defined and regulated as a class separate and distinct from other existing common carriers and contract carriers.

FHWA Bulletin
September 10, 1976
Attachment 4

SECTION 3. The Tennessee Code Annotated, Section 65-1503, amended by changing the period at the end of the subsection(k) to a semi-colon and by adding the following new subsections:

(l) nor to any motor vehicle, except taxicabs or airport limousines, used primarily for hauling fifteen (15) or fewer passengers to and from their regular places of employment to organizers, sponsors, or promoters of such vehicles under the Tennessee Code Annotated, Section 65-1517; provided, however, that the Public Service Commission may inspect these motor vehicles as it deems necessary for purposes of safety under the provisions of Tennessee Code Annotated, Section 65-1515, and may establish a minimum level of insurance coverage to be required of all vehicles operating pursuant to this subsection. Provided, however, that vehicles operating pursuant to this act shall be subject to the inspection, control, and supervision fee as provided in Tennessee Code Annotated, Section 65-1518;

(m) nor to any motor vehicle operated pursuant to public service commission approved demonstration projects conducted by state, local municipalities, counties, or metropolitan governments when said demonstration projects are of limited duration and will meet transportation needs in the hauling of passengers to and from their regular places of employment; provided, however, that the Public Service Commission may inspect said vehicles for purposes of safety, and said vehicles shall be subject to all provisions of Section 65-1515, provided further that the Public Service Commission may establish a minimum level of insurance coverage to be required of all vehicles operating pursuant to this subsection. Provided, however, that vehicles operating pursuant to this Act shall be subject to the inspection, control, and supervision fee as provided in Tennessee Code Annotated Section 65-1518.

SECTION 4. The provisions of this act shall not apply in any county having a metropolitan form of government.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.

Minnesota Statutes 1976
Excerpts from Chapter 233, House File 1382
(Signed into law April 9, 1976)

A bill for an act

relating to transportation; authorizing the commissioner of administration to acquire vehicles for the car pooling of state employees; removing, restricting or clarifying certain laws which discourage use of shared ride commuter vans to transport employees to and from work; providing certain incentives; excluding income tax liability of a driver resulting from the use of a commuter van; appropriating money; amending Minnesota Statutes 1974, Chapter 221, by adding a section; and Sections 16.85, Subdivision 1; 658.47, Subdivisions 1 and 2; and 290.08, by adding a subdivision; and Minnesota Statutes, 1975 Supplement, Sections 658.43, Subdivision 12; 221.011, Subdivision 22; repealing Minnesota Statutes 1974, Section 16.755.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. In order to conserve energy and to alleviate traffic congestion in and about the location of state offices, the commissioner of administration shall, in cooperation with the director of the Minnesota energy agency, the commissioner of highways and interested nonprofit agencies, establish and operate an employee transportation program utilizing commuter vans with a capacity of not less than seven nor more than 16 passengers. The commissioner shall acquire or lease commuter vans, or otherwise contract for the provision of commuter vans, and shall make the vans available for the use of state employees in a manner consistent with standards and procedures adopted by the commissioner. Standards and procedures adopted pursuant to this section shall not be subject to chapter 15. Commuter vans may be used by state employees to travel between their homes and their work locations, and for personal purposes after working hours, not including partisan political activity. The commissioner shall provide in his standards and procedures for the recovery by the state of vehicle acquisition, lease, operation and insurance costs through efficient and convenient assignment of vans, and for the billing of costs and collection of fees. A state employee using a van for personal use shall pay, pursuant to the standards and procedures adopted by the commissioner, for operating and routine maintenance costs incurred as a result of the personal use. The commissioner shall promote the maximum practicable participation of state employees in the use of the vans. Fees collected pursuant to this section shall be deposited in the accounts from which the costs of operating, maintaining and leasing or amortizing acquisition costs for the specific vehicle are paid.

Sec. 2. Use of the vans shall be limited to areas not having adequate public transportation between the residences of state employees and their places of employment. During the first year, the van program shall be implemented both in the seven-county metropolitan area and in one other region of the state.

Sec. 3. The program shall be evaluated after its first year of operation, and the commissioner of administration shall at that time recommend to the legislature whether the program should be expanded or discontinued. The commissioner shall at least semi-annually inform the

metropolitan council and the capitol area architectural and planning board on the operation of the program.

Sec. 4. Notwithstanding section 15.31 or any other law to the contrary, the commissioner of administration may purchase, pursuant to chapter 16, collision insurance coverage for the commuter vans. Notwithstanding sections 16.75, subdivision 7, and 168.012, the vans shall not be marked. The vans shall not be equipped with tax-exempt motor vehicle number plates.

Sec. 5. Minnesota Statutes 1974, Section 16.85, Subdivision 1, is amended to read:

* * *

The code shall require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

Sec. 6. Minnesota Statutes, 1975 Supplement, Section 65B.43, Subdivision 12, if amended to read:

Subd. 12. "Commercial vehicle" means:

(a) any motor vehicle used as a common carrier,

(b) any motor vehicle, other than a passenger vehicle or a station wagon, as those terms are defined in section 168.011, subdivisions 7 and 23, which has a curb weight in excess of 5500 pounds apart from cargo capacity, or

(c) any motor vehicle while used in the for-hire transportation of property.

Commercial vehicle does not include a "commuter van", which for purposes of chapter 65B shall mean a motor vehicle having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle for his principal occupation but is driving it only to or from his principal place of employment, to or from a transit stop authorized by a local transit authority or for personal use as permitted by the owner of the vehicle.

Sec. 7. Minnesota Statutes 1974, Section 65B.47, Subdivision 1, is amended to read:

65B.47 [PRIORITY OF APPLICABILITY OF SECURITY FOR PAYMENT OF BASIC ECONOMIC LOSS BENEFITS.] Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle other than a commuter van , if the accident causing the injury occurs while the vehicle is being used in the business of transporting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Sec. 8. Minnesota Statutes 1974, Section 65B.47, Subdivision 2, is amended to read:

Subd. 2. In case of injury to an employee, or to his spouse or other relative residing in the same household, if the accident causing the injury occurs while the injured person is driving or occupying a motor vehicle other than a commuter van furnished by the employer, the security for payment of basic economic loss benefits is the security

covering the vehicle or, if none, the security under which the injured person is an insured.

Sec. 9. Minnesota Statutes, 1975 Supplement, Section 221.011, Subdivision 22, is amended to read:

Subd. 22. "Exempt carrier" means any carrier exempt from chapter 221, or from any other law or regulation by the public service commission. The following are so exempt:

* * *

(1) A motor vehicle, in chapter 221 referred to as a "commuter van," having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons for a fee to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle for his principal occupation but is driving it only to or from his principal place of employment, to or from a transit stop authorized by a local transit authority, or for personal use at other times by an authorized driver; provided, that commuter vans shall not be exempt from any provision of chapter 221 which by its terms explicitly applies to these vehicles.

Sec. 10. Minnesota Statutes 1974, Chapter 221, is amended by adding a section to read:

[221.71] [COMMUTER VANS; DRIVER LIABILITY.] Subdivision 1. Notwithstanding any other law to the contrary, the services performed by a driver of a commuter van shall be deemed to be those of an independent contractor and not those of an employee acting within his scope of employment, unless provided in writing to the contrary.

Subd. 2. A driver or owner of a commuter van shall not be held to the standard of care applicable to drivers or owners of common carriers, nor shall they be subject to ordinances or regulations which relate exclusively to the regulation of drivers or owners of automobiles for hire or other common carriers or public transit carriers.

Sec. 11. Minnesota Statutes 1974, Section 290.08, is amended by adding a subdivision to read:

Subd. 23. [COMMUTER VAN USE.] Gross income shall not include benefits derived by a driver from the personal use of a commuter van owned by a person other than the driver. For purposes of this subdivision, commuter van shall mean a motor vehicle having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle for his principal occupation but is driving it only to or from his principal place of employment, to or from a transit stop authorized by a local transit commission, or for personal use when authorized by the owner. The exemption shall not apply to monetary compensation received by a person in return for his services in driving the van.

Sec. 12. The sum of $100,000 is appropriated to the commissioner of administration from the general fund to carry out the purposes of sections 1 to 4 of this act.

Sec. 13. Minnesota Statutes 1974, Section 16.755, is repealed.

Sec. 14. Section 5 of this act is effective January 1, 1977, and the remainder of the act is effective the day following final enactment. Sections 1 to 4 of this act shall expire June 30, 1979.

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September 10, 1976
Attachment 6

Excerpts from the Virginia legal code Chapter 12 "Motor Vehicle Carriers Generally" Section 56-274. Vehicles excluded from operations of chapter.

(10) Any motor vehicle while transporting not more than twelve passengers in addition to the driver, if the driver and the passengers are engaged in a share-the-ride undertaking and if they share not more than the expenses of the operation of the vehicle.

(The 1975 amendment substituted "twelve" for "five" near the beginning of subdivision (10)).

U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
Wage and Hour Division
WASHINGTON, D.C. 20210

11 FEB 1976

Mr. William L. Mertz
Associate Administrator for Planning
U. S. Department of Transportation
Federal Highway Administration
Washington, D. C. 20590

Dear Mr. Mertz:

This is in reply to your letter of October 9, 1975, requesting an opinion as to whether time spent by employees driving commuter vans owned by their employer under the "Vanpooling" program, would be compensable hours of work under the Fair Labor Standards Act.

In recognition of the nation's transportation and energy problems, and in an effort to promote energy conservation, concerned Federal agencies are developing and encouraging the use by private industry of commuter van programs which are of mutual benefit to all concerned parties.

Under the "Vanpooling" program in question, the employer surveys its employees to determine how many would be interested and maps out the distribution of those employees. A number of 11 to 12 passenger vans are then bought or leased by the employer and the interested employees are grouped into geographic "pool" areas. A committee of those employees then interview those people who are interested in serving as pool coordinators (van drivers). The coordinator, with the help of the pool members, then determines the routes and pick-up times, much as in the ordinary car pool. The coordinator keeps the van at his home and has use of the van during off-hours and weekends at a specified rental rate of so much per mile. Participating employees pay fares calculated to cover the employer's acquisition and operating costs. The coordinator-driver may retain any funds (fares) received from the passengers in excess of the required minimum of eight passengers.

The available information reflects that the program is intended to provide transportation primarily for the benefit of participating employees. Participation in the program is entirely voluntary and the employees are entirely free to accept or reject the arrangement at any time; the employee-driver is chosen by the participating employees, who also control the pick-up times and route; the employer has virtually no control over the arrangement and is under no contractual obligation to provide such transportation.

It is our opinion, therefore, that the time spent by employees driving the commuter vans would not constitute compensable hours of work within the meaning of the Act.

This opinion is limited to the facts presented and would not apply to situations where the employee driver is required by his employer to drive the vehicle, or to situations where the vehicle is needed at the work site or is needed to transport necessary equipment to the work site. Nor does it apply to time spent driving the vehicle between different work sites after the work day has begun. See Brennan v. Field, Inc., 495 F. 2d 749 (C.A.1).

Your interest in this matter of mutual concern is appreciated.

Sincerely,

Herbert J Cohen

Ronald J. James
Administrator

U. S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

SUBJECT Department of Labor Ruling and Distribution of Status Report on Vanpooling	FHWA BULLETIN April 15, 1976

A possible impediment to employer-sponsored vanpool service has been removed by a recent ruling from the Department of Labor. Some employers had been reluctant to institute vanpool service for fear that employees driving the vans would be subject to overtime compensation under the provisions of the Fair Labor Standards Act. In response to a request to clarify this situation, the Department of Labor has issued an opinion that the time spent by employees driving the commuter vans would not constitute compensable hours of work within the meaning of the Act, for the following reasons:

1. The program is intended to provide transportation primarily for the benefit of participating employees.

2. Participation in the program is entirely voluntary.

3. The employer has virtually no control over the arrangement and is under no contractual obligation to provide such transportation. The participating employees themselves are primarily responsible for driver selection, route and scheduling details.

The Department of Labor opinion would not apply to situations where the employee driver is required by his employer to drive the vehicle, or to situations where the vehicle is needed at the work site or is needed to transport necessary equipment to the work site. Nor does it apply to time spent driving the vehicle between work sites after the work day has begun.

The Environmental Protection Agency (EPA) has recently completed a report titled "Vanpooling: A Summary and Description of Existing Vanpool Programs." A limited number of copies of the report have been made available to the Federal Highway Administration (FHWA) for further distribution.

DISTRIBUTION: Headquarters
Regions
Divisions

OPI: HHP-26

The EPA report provides a valuable reference document that briefly summarizes the operation of most of the vanpool programs throughout the country. The report represents the most complete and systematic compilation of information on the current status of vanpooling.

Sufficient copies of the report are being distributed to provide one copy for each FHWA field office and copies to be forwarded by the division office to the State transportation agency and metropolitan planning organizations.

The EPA has already distributed the report to participants at the December 1975 Houston carpool conference and areawide carpool program coordinators. The report may be reproduced for further distribution if desired. Additional single copies of the report are available from the Urban Planning Division (HHP-26).

William L. Mertz
Associate Administrator for Planning

Attachment
Special Distribution
(Under Separate Cover)

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

MAY 6 1977

Honorable F. Ray Marshall
Secretary of Labor
Washington, D. C. 20210

Dear Mr. Secretary:

Your assistance is requested in resolving a labor issue that could adversely impact Department of Transportation (DOT) programs to encourage vanpooling. The Federal Energy Administration and the Environmental Protection Agency share our interest and enthusiasm for commuter vanpooling, a voluntary ridesharing arrangement where 8 to 15 individuals share the expenses of commuting to work in a passenger van.

Your Administrator of the Employment Standards Administration, Mr. R. J. James, on February 11, 1976, indicated that time spent by employees driving commuter vans would not constitute compensable hours of work under the Fair Labor Standards Act as long as the vanpool program is organized by the employer. The staff at the Department of Labor has recently indicated, however, that if a third party other than the employer sponsors a similar program the drivers could be considered employees of the third party sponsor.

The additional expense and effort of compensating van drivers in compliance with the Fair Labor Standards Act would discourage potential third party sponsors from initiating van programs. In citing the benefits of vanpooling, Senator Hubert Humphrey recently called attention to one such third party sponsor attempting to organize a multi-employer vanpool program in the Twin Cities area (Congressional Record, February 11, 1977, S2734). It is our opinion that a vanpooling arrangement, whether sponsored by an employer, or by an independent third party, does not create an employment relationship within the context of the Fair Labor Standards Act.

I feel we may be able to work together and solve this issue administratively. If you think this would be impossible, perhaps we could jointly propose a legislative amendment to the Fair Labor Standards Act.

Since numerous vanpool projects are pending, I would appreciate your views on this subject at your earliest opportunity.

Sincerely,

Brock Adams

3 Enclosures:
February 11, 1976, letter from Mr. Ronald J. James to Mr. William L. Mertz
Excerpt, Congressional Record, February 11, 1977
Background paper, "Labor Issues Related to Vanpooling"

VANPOOLING—SAVING GAS, MONEY, AND HIGHWAY MILES

Mr. HUMPHREY. Mr. President, in these critically energy-short times, I wish to call the attention of the Senate to an emerging form of transportation which may well help save gasoline, markedly reduce congestion on the highway and significantly cut the amount of auto emissions into the air. It is called vanpooling, and I am proud to report that my home State of Minnesota is pioneering this effort.

The 3M Co. of St. Paul, Minn., is credited with being the innovator in this field. It started with six vans in 1972, and today it is operating 86. These vans, which are purchased by the company and are amortized by passenger fares based on distance from home to work, carry more than 900 3M employees to and from work. Each van takes six to seven cars off the highway and, in 1976, 3M says it saved 2 million vehicle miles and 165,000 gallons of gasoline with its program, which it calls "Commute-A-Van." In 1977, 3M says saving will be even greater, and it expects to top the 100-van mark later this year.

Throughout the Twin Cities Metropolitan Area, a growing number of major employers are actively practicing vanpooling. At present, 11 metropolitan area employers are running more than 135 vans. In addition to 3M, they include CENEX, General Mills, Honeywell, National Car Rental, Blue Cross and Blue Shield, Control Data, Minnesota Mutual Life Insurance, Farmers Union Grain Terminal Association, Richfield State Bank, Prudential Insurance, and the State of Minnesota. A half dozen other firms and agencies are now in the process of organizing van pools.

Also, Public Service Options, a nonprofit privately endowed research group, has begun a pilot study and demonstration of the van pooling concept in a multi-employer setting. This demonstration is expected to prove that van pooling is viable for many home work trips throughout the Nation.

Nationally, the van pooling concept is gathering considerable momentum. More than 100 public and private organizations have adopted the concept and more are joining daily.

Some evaluation of van pooling has been made, and these programs appear to be a convenient and attractive service for many persons making longer work trips where the van fares are competitive with the operating cost of the single private automobile. Based upon 135 vans operating in the Twin Cities area, there may be a daily reduction of some 820 automobiles and similar parking demand, along with savings of over $280,000 in gasoline costs.

Meanwhile, the Minnesota Department of Transportation indicates that as van pool programs grow, car pooling also increases as a result of ride-sharing promotional activities.

Mr. President, I ask unanimous consent that several articles describing the expanded use of van pooling be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From U.S. News and World Report Magazine, Feb. 9, 1976]

"VANPOOLING"—NEW WAY TO BEAT THE HIGH COST OF COMMUTING

Labor Issues Related to Vanpooling

Vanpooling is a cooperative voluntary ridesharing arrangement, similar to carpooling, with significant benefits to the riders and the drivers. Whether sponsored by an employer, a public agency, or another third party, a vanpool program should not create an employment relationship within the context of the Fair Labor Standards Act.

It should be clear that the provisions of sections 6 and 7 of the Fair Labor Standards Act do not apply to any person participating in a voluntary ridesharing arrangement transporting up to 15 persons in a single daily roundtrip for the purpose of commuting to and from work. Such a statement would clearly exempt drivers and passengers participating in vanpool programs similar to those currently operating at nearly 100 employment sites throughout the country. The principal features of these programs are as follows:

1. The vehicle used is generally a passenger van carrying up to 15 people.

2. Participation by drivers and riders is voluntary.

3. Drivers generally enter an agreement with the sponsor to drive and care for the van on a regular basis.

4. Payments from the passengers cover most or all of the vehicle acquisition and operation costs, including administrative charges in some cases.

5. Drivers receive incentives such as free transportation to work, personal use of the van (usually at a mileage charge to cover operating costs), and possibly excess fares beyond a break-even point.

6. Volunteer backup drivers are selected to drive when the regular driver is not available.

7. The passengers and the driver are employed by one or more employers in the same vicinity.

Under these conditions, it is clear that the driver and passengers are participating in a cooperative ridesharing arrangement similar to carpooling for normal home-to-work travel which is incidental to their regular employment.

Vanpooling provides a mechanism to pool in a single vehicle, instead of using several vehicles on a rotating basis. In accordance with the previous ruling by the Department of Labor, the exemption is not meant to apply to situations where the employee-driver is required by the employer to drive the vehicle. Nor would it apply to time spent driving the vehicle between different work sites after the work day has begun.

The exemption would be limited to a single daily round trip so as not to include professional drivers whose sole employment would be to transport workers in a series of daily trips. This limitation would not, however, preclude additional van trips such as business use by the van owner, or personal use by the driver.

For the purpose of commuting to and from work, the exemption would include arrangements where the van is used for all or any portion of the work trip. For example, riders may be picked up at park-and-ride locations, and/or dropped at a public transportation terminal instead of the actual work site.

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Department of Labor Ruling Concerning
Third Party Vanpool Programs

HEP-26
SEP 30

Director of Highway Planning
Washington, D.C. 20590

Regional Federal Highway Administrators
Regions 1 through 10

The Federal Highway Administration Bulletin of April 15, 1976, announced the Department of Labor (DOL) position that van drivers in an employer sponsored vanpooling plan would not be considered as engaged in compensable hours of work within the meaning of the Fair Labor Standards Act when the driving is purely voluntary and the employer gains no profit from the plan's operation. Several vanpool programs have been proposed for funding under the Federal-aid highway or Urban Mass Transportation Administration programs that would technically not be covered under this ruling because a third party other than a single employer sponsors or operates the program. In this case, it was not clear whether the drivers might be considered "employees" of the third party and subject to minimum wage requirements of the Fair Labor Standards Act.

As a result of further discussions with the Assistant Administrator, Office of Fair Labor Standards, Wage and Hour Division, DOL, this situation has been clarified. In the first place, the provisions of the Act only apply to employees of an enterprise operating a vanpooling program which has a gross annual dollar volume of sales of not less than $250,000, or to employees engaged in interstate commerce (i.e., drivers who actually cross State lines in the course of their employment). In the case of a covered vanpooling program sponsored by a third party, it will not be deemed that an employment relationship exists between the drivers and the third party under the following conditions:

1. Participation by drivers and riders is entirely voluntary.

2. Drivers engage in no more than one round trip per day for the purpose of commuting to and from work.

Form DOT F 1320.65 (4-67) OFFICIAL FILE COPY

3. There is no cost to the driver over and above that which might represent some sharing of commuting cost among the vanpoolers.

4. Drivers are not responsible for nor are they required to perform any maintenance or repairs. However, this would not preclude a driver from occasionally arranging for these services or washing the van, provided these activities are wholly voluntary and at the convenience of the driver.

In such a plan, any remuneration received by the drivers would be considered a personal arrangement between the driver and the riders.

This clarification of the 1976 DOL ruling would apply to any third party vanpool sponsor, such as an employer association, credit union, employee association, leasing company, profit or nonprofit corporation, public agency, transit authority or transportation company, and permit third party arrangements without creating an employment relationship under the Fair Labor Standards Act.

This memorandum has been reviewed and concurred in by the Assistant Administrator, Office of Fair Labor Standards, Wage and Hour Division, DOL.

/S/
R. D. Morgan

DOL Concurrence: Herbert A. Cohen 9/29/77
Assistant Administrator Date
Office of Fair Labor Standards
Wage and Hour Division
Department of Labor

Federal Highway Administration
HHP-26:SBaluch:smb:60210:9/29/77 9/29
cc: Herbert Cohen, DOL
J. S. Hassell, Jr. - 3317
UPDF - 3301 Files (1)
Reader Branch

CONCURRENCES
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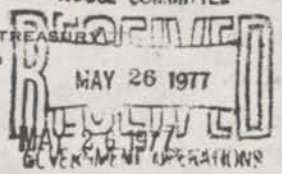
Appendix 2.—Other Agency Views and Comments

File HR-6831 Jacker

HOUSE COMMITTEE

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220



Dear Mr. Chairman:

Reference is made to your request for the views of this Department on section 701 of H.R. 6831, the "National Energy Act".

H.R. 6831 is the Administration's plan to establish a comprehensive energy policy. Sections 2 through 4, which have also been assigned to your Committee, encompass the findings and goals with respect to the legislation. We are in full accord with the bill's findings that: (1) the nation faces an energy shortage, (2) unless measures are taken to reduce demand, dependence on the world market will grow, increasing vulnerability to interruptions of supply, (3) demand can be reduced through utility rate reform and conversion to coal and other fuels, and (4) the United States must develop inexhaustible energy sources for the long-term.

In response to these findings, the bill would establish the goals of reductions in demand, imports and consumption of oil, insulation of 90 percent of American homes and all new buildings, increase in coal production and use of solar energy in more than two and one-half million homes. We support the goals of the program as proposed in H.R. 6831.

Section 701 would authorize the establishment of a van pooling program for Federal employees, authorizing the use of up to 6,000 vans in the program. In our view, this is a worthwhile program which offers significant potential for energy savings and reduced fuel consumption. While we strongly support this program, we believe that the administration of the program could become burdensome and complicated if implementing regulations are not carefully prepared. Most importantly, the regulations should provide clear guidelines on permissible uses of the vans in order to help prevent abuses and limit the Government's exposure to civil liability for injuries and property damage.

The proposed van pooling program would be relatively more complex than present car pooling arrangements and probably would require more administrative time in each agency. The experience under the car pool programs should, however, be helpful in formulating appropriate regulations.

Finally, we believe that coordination with regional transit authorities, e.g., the Council of Governments, would be desirable for a successful van pooling program. The program could be a part of overall transportation planning and should complement local transportation systems. For example, the General Services Administration and other Government agencies should consult with regional transit authorities in establishing program requirements such as distance from employment centers. In this way, the van pool program could be designed to service the appropriate need and not overlap or conflict with available public transportation.

In view of the above, the Department strongly supports a Federal van pooling program as well as the bill's other energy initiatives. We would note that, after enactment of this bill, carefully drafted implementing regulations will be essential to assuring the effectiveness of the program and the protection of the Government against unwarranted civil liability.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

Henry C. Stockell, Jr.
Acting General Counsel

The Honorable
Jack Brooks, Chairman
Committee on Government Operations
House of Representatives
Washington, D. C. 20515

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON, D.C. 20415

CHAIRMAN

May 26, 1977

Honorable Jack Brooks
Chairman, Committee on
Government Operations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in reply to your request for the views of the Civil Service Commission on H.R. 6831, a bill "To establish a comprehensive national energy policy."

Our comments are limited to section 701 which was referred to your committee for consideration.

Section 701 would authorize the establishment of a Federal Van Pooling Program providing transportation for Federal employees to and from work. The program would be under the general direction of the Administrator of the Federal Energy Administration but would be administered by the General Services Administration. Authority would be provided for use of up to 6,000 vans, with all Government expenses repaid from a mandatory rider charge. The operator of the vehicle, a full-time Federal employee, would be permitted to retain a portion of the rider charge. However, such monies would not be considered Federal salary for any purpose.

Section 701 specifically provides that time spent in van pooling arrangements shall not be considered Federal employment for the purpose of any law administered by the Civil Service Commission or by the Department of Labor, with respect to job-related injuries under chapter 81 of title 5, United States Code. This means that time spent in van pooling would not count as Federal service and no credit or benefits would accrue. However, van pool participants would receive tort liability protection under sections 1346(b) and 2679 of title 28, United States Code.

We consider this appropriate, and we recommend that section 701 be approved.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

Chairman

UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

May 26, 1977

RECEIVED
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GOVERNMENT OPERATIONS

Honorable Jack Brooks
Chairman
Committee on Government Operations
U. S. House of Representatives

Dear Mr. Chairman:

Thank you for the opportunity to comment on section 701 of H.R. 6831, a bill "{t}o establish a comprehensive national energy policy."

The Energy Research and Development Administration (ERDA) strongly recommends that your Committee favorably consider section 701. This portion of the bill would amend section 381 of the Energy Policy and Conservation Act (Pub. L. 94-163), which deals generally with Federal energy conservation programs.

Section 701 of H.R. 6831 would authorize the Administrator of the Federal Energy Administration, after consultation with the Administrator of the General Services Administration, to establish a program for offering and providing van pooling arrangements to Federal officers and employees. (A van is defined in Pub. L. 94-163 as a vehicle used to transport eight to fifteen persons.) Provision is made for such features as establishing categories of eligible users; use of up to 6,000 vans; developing training programs for operators; permitting certain personal use by operators; and establishing rider charges, part of which might be retained by operators. The program's cost would be repaid over an eight-year period from the rider charges.

A well-designed Federal van pooling program could be expected to attract a large number of users. Since by its nature the program would be most useful to Federal employees travelling longer distances to work, often with no public transportation available, it is readily apparent that significant results in fuel conservation would be realized. Another probable beneficial result of a Federal van pooling program as envisioned in section 701 of H.R. 6831 is its promotional effect on private van pooling efforts.

There is one technical correction which should be made on page 124 of the bill. In line 22, the word "or" should be "of."

Sincerely,

for Hudson B. Ragan
Acting General Counsel

APPENDIX 3.—PORTIONS OF H.R. 8444, AS REPORTED BY THE AD HOC COMMITTEE ON ENERGY, WHICH CONTAIN LANGUAGE AS SECTION 701 THAT CORRESPONDS TO SECTION 701 OF H.R. 6831, AS REPORTED BY THE COMMITTEE ON GOVERNMENT OPERATIONS

Union Calendar No. 283

95TH CONGRESS
1ST SESSION

H. R. 8444

[Report No. 95–543]

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1977

Mr. ASHLEY introduced the following bill; which was referred to the Ad Hoc Committee on Energy for a period ending not later than July 27, 1977

JULY 27, 1977

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To establish a comprehensive national energy policy.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 "National Energy Act".

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Findings and statement of purposes.
Sec. 3. National energy goals.
Sec. 4. References to Federal Power Commission and Federal Energy Administration.

I—O

TITLE I—PRICING, REGULATORY, AND OTHER NONTAX PROVISIONS

PART I—ENERGY CONSERVATION PROGRAMS FOR EXISTING RESIDENTIAL BUILDINGS

SUBPART A—UTILITY PROGRAM

Sec. 101. Definitions.
Sec. 102. Coverage.
Sec. 103. Residential energy conservation plans.
Sec. 104. Utility programs.
Sec. 105. Temporary programs.
Sec. 106. Federal standby authority.
Sec. 107. Relationship to other laws.
Sec. 108. Contract provisions.
Sec. 109. Rules.
Sec. 110. Product standards.
Sec. 111. Authorization of appropriations.
Sec. 112. Study respecting energy efficiency standards.
~~Sec. 101B. Supplemental State energy conservation plans.~~
~~Sec. 102B. Utility programs.~~

SUBPART B—WEATHERIZATION GRANTS FOR THE BENEFIT OF LOW-INCOME FAMILIES

Sec. 121. Federal Energy Administration weatherization grant program.
Sec. 122. Farmers Home Administration weatherization grant program.
Sec. 123. Availability of labor.

SUBPART C—SECONDARY FINANCING AND LOAN INSURANCE FOR ENERGY CONSERVING IMPROVEMENTS

Sec. 141. Purchase by Government National Mortgage Association of loans to low- and moderate-income families for energy conserving improvements.
Sec. 142. Loan insurance for energy conserving improvements under title I of the National Housing Act.
Sec. 143. Loan insurance for energy conserving improvements in multifamily projects under section 241 of National Housing Act.
Sec. 144. Standby authority of Government National Mortgage Association to purchase loans for energy conserving improvements.

SUBPART D—MISCELLANEOUS

Sec. 161. Energy conserving improvements for public housing.
Sec. 162. Energy conserving standards for newly constructed residential housing insured by Federal Housing Administration or assisted by Farmers Home Administration.
Sec. 163. Solar energy systems.
Sec. 164. Studies.
Sec. 165. Authorization for appropriations for new building performance standards grants.
Sec. 166. Secondary financing by Federal Home Loan Mortgage Corporation of solar energy and energy conserving improvement loans.
Sec. 167. Secondary financing by Federal National Mortgage Association of solar energy and energy conserving improvement loans.
Sec. 168. Weatherization study.

TITLE I—PRICING, REGULATORY, AND OTHER NONTAX PROVISIONS—Continued

PART II—ENERGY EFFICIENCY OF CERTAIN PRODUCTS; USE OF RECOVERED MATERIALS

SUBPART A—ENERGY EFFICIENCY STANDARDS FOR CONSUMER PRODUCTS OTHER THAN AUTOMOBILES

Sec. 201. Test procedures.
Sec. 202. Energy efficiency standards.
Sec. 203. Effect of standards on other law.
Sec. 204. Technical and conforming amendments.
Sec. 205. Appropriations authorization.
Sec. 206. Effects of other laws on procedures.

SUBPART B—DISCLOSURE OF AUTOMOBILE FUEL EFFICIENCY TAX

Sec. 221. Disclosure in labeling.
Sec. 222. Disclosure in advertising.

SUBPART C—USE OF RECOVERED MATERIALS

Sec. 241. Use of recovered materials.

SUBPART D—OFF-HIGHWAY MOTOR VEHICLES AND BICYCLES

Sec. 261. Off-highway motor vehicles.
Sec. 262. Bicycle study.

PART III—ENERGY CONSERVATION PROGRAM FOR SCHOOLS AND HEALTH CARE FACILITIES *AND BUILDINGS OWNED BY UNITS OF LOCAL GOVERNMENT*

SUBPART A—SCHOOLS AND HEALTH CARE FACILITIES

Sec. 301. Statement of findings and purposes.
Sec. 302. Amendment to the Energy Policy and Conservation Act.
Sec. 303. Technical amendments.

SUBPART B—BUILDINGS OWNED BY UNITS OF LOCAL GOVERNMENT

Sec. 321. Statement of findings and purpose.
Sec. 322. Amendment to the Energy Policy and Conservation Act.

PART IV—NATURAL GAS

Sec. 401. Findings and purposes.
Sec. 402. Definitions.
Sec. 403. Calculation of the current Btu related price.
Sec. 404. Sales of new natural gas.
Sec. 405. Sales of old natural gas under existing contracts.
Sec. 406. Sales of old natural gas under new contracts.
Sec. 407. Sales of old natural gas under rollover contracts.
Sec. 408. Effective dates of rules with respect to maximum lawful prices.
Sec. 409. Special pricing provisions.
Sec. 410. Incremental pricing of natural gas.
Sec. 411. Essential agricultural uses.

TITLE I—PRICING, REGULATORY, AND OTHER NONTAX PROVISIONS—Continued

PART IV—NATURAL GAS—Continued

Sec. 412. Natural gas storage facilities.
Sec. 413. Administrative procedure, enforcement, and judicial review.
~~Sec. 414. Unenforceable contract provisions.~~
Sec. 414. Intrastate contracts and transactions.
Sec. 415. Relationship to the Emergency Natural Gas Act of 1977.
Sec. 416. Jurisdiction of the Commission under the Natural Gas Act.
Sec. 417. Conforming amendments to the Natural Gas Act.
Sec. 418. Amendments to the Emergency Natural Gas Act of 1977.

PART V—PUBLIC UTILITY REGULATORY POLICIES

Chapter 1—GENERAL PROVISIONS

Sec. 501. Purposes.
Sec. 502. Definitions.
Sec. 503. Application to Federal Power Act.
Sec. 504. Advisory Committee.

Chapter 2—IMPROVING EFFICIENCY OF USE OF ELECTRICITY

Subchapter A—General Provisions

Sec. 505. Coverage.

Subchapter B—National Minimum Standards for State Regulated Electric Utility Rate Regulation

Sec. 511. Minimum standards for rates of service.
Sec. 512. Minimum standards respecting advertising.
Sec. 513. Minimum standards respecting pollution control costs.
Sec. 514. Automatic adjustment clauses.
Sec. 515. Prohibition against special nonaggregate inclusions.
Sec. 516. Relationship to other applicable law.
Sec. 517. Solar, wind, and small electric generating systems.

Subchapter C—Other Requirements for State Regulated Electric Utilities

Sec. 521. Load management techniques.
Sec. 522. Standards for information to consumers.
Sec. 523. Minimum procedures for termination of electric service.

Subchapter D—Nonregulated Utilities

Sec. 526. Requirements.

Subchapter E—Requirements Applicable to State Regulatory Authorities

Sec. 531. Compliance determination authority for State regulated electric utilities.
Sec. 532. Determination of costs of service.
Sec. 533. Alternative loan management techniques.
Sec. 534. Master metering.
Sec. 535. Participation in regulatory proceedings by States and by electric consumers.

TITLE I—PRICING, REGULATORY, AND OTHER NONTAX PROVISIONS—Continued

Chapter 2—IMPROVING EFFICIENCY OF USE OF ELECTRICITY—Continued

Subchapter F—Enforcement and Review

Sec. 536. Prohibitions.
Sec. 537. Enforcement.
Sec. 538. Judicial review.

Chapter 3—IMPROVING EFFICIENCY OF, AND PRESERVING COMPETITION IN, GENERATION AND TRANSMISSION OF ELECTRICITY

Sec. 541. Interconnection, pooling, wheeling, and central dispatch.
Sec. 542. Continuance of service.
Sec. 543. Consideration of proposed rate increases.
Sec. 544. Automatic adjustment clauses.
Sec. 545. Electric utility reliability.
Sec. 546. Cogeneration.
Sec. 547. Interlocking directorates.
Sec. 548. Preservation of competition.
Sec. 549. Applicability of antitrust laws.

Chapter 4—CONSUMER REPRESENTATION AND ASSISTANCE TO STATE AGENCIES

Sec. 551. Financial assistance for State agencies and for consumer representation.
Sec. 552. Representation of consumer interests before Federal Power Commission.
Sec. 553. Responsibilities of Administrator.

Chapter 5—NATURAL GAS UTILITIES

Subchapter A—General Provisions

Sec. 561. Findings.
Sec. 562. Definitions.

Subchapter B—Requirements for Gas Utilities

Sec. 566. Coverage.
Sec. 567. Gas utility rate design proposals.
Sec. 568. Minimum standards respecting advertising.
Sec. 569. Minimum procedures for termination of gas service.
Sec. 570. Nonregulated utilities.

Subchapter C—Administration, Enforcement, Review

Sec. 581. Prohibitions.
Sec. 582. Enforcement.
Sec. 583. Compliance determination authority for State utilities.
Sec. 584. Judicial review.

TITLE I—PRICING, REGULATORY, AND OTHER NONTAX PROVISIONS—Continued

Chapter 6—SMALL HYDROELECTRIC POWER PROJECTS

Sec. 586. Incentive program.
Sec. 587. License charges.
Sec. 588. Transfers of authority.
Sec. 589. Conduit hydroelectric facilities.

PART VI—CONVERSION FROM NATURAL GAS AND PETROLEUM TO COAL AND OTHER FUEL RESOURCES

SUBPART A—GENERAL PROVISIONS

Sec. 601. Findings and statement of purposes.
Sec. 602. Definitions.
Sec. 603. Territorial application.
Sec. 604. Effect of environmental requirements.

SUBPART B—PROHIBITIONS; EXEMPTIONS

Sec. 611. New electric powerplants.
Sec. 612. New major fuel-burning installations.
Sec. 613. Existing electric powerplants and existing major fuel-burning installations.
Sec. 614. Supplemental natural gas boiler fuel conservation authority.
Sec. 615. Prohibition on use of natural gas for decorative outdoor lighting.
Sec. 616. Exemption for qualifying cogeneration facilities.
Sec. 617. Exemption for high Btu synthetic gas derived from coal.
Sec. 618. Terms and conditions of exemptions.

SUBPART C—ENFORCEMENT; ADMINISTRATION

Sec. 621. Administrative procedures.
Sec. 622. Enforcement and penalties.
Sec. 623. Citizen suits.
Sec. 624. Preservation of contractural rights.
Sec. 625. Information.

SUBPART D—MISCELLANEOUS PROVISIONS

Sec. 631. Emergency powers of the President.
Sec. 632. Federal activities.
Sec. 633. Impact on employees.
Sec. 634. Annual report.
Sec. 635. Authorization of appropriations.
Sec. 636. Studies.
Sec. 637. Effects of other laws on procedures.
Sec. 638. Conforming amendments.
Sec. 639. Effective dates.

PART VII—FEDERAL ENERGY INITIATIVES

SUBPART A—FEDERAL VAN POOLING PROGRAM

Sec. 701. Federal van pooling program.

TITLE I—PRICING, REGULATORY, AND OTHER NONTAX PROVISIONS—Continued

PART VII—FEDERAL ENERGY INITIATIVES—Continued

SUBPART B—AMENDMENT TO SECTION 381 OF ENERGY POLICY AND CONSERVATION ACT

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SUBPART C—DEMONSTRATION OF SOLAR HEATING AND COOLING IN FEDERAL BUILDINGS

Sec. 741. Definitions.
Sec. 742. Federal solar program.
Sec. 743. Duties of Administrator.
Sec. 744. Transfer of appropriations.
Sec. 745. Submission of proposals.
Sec. 746. Authorization.

SUBPART D—USE OF ENERGY CONSERVATION AND SOLAR ENERGY IN FEDERAL BUILDINGS

Sec. 761. Findings.
Sec. 762. Policy.
Sec. 763. Purpose.
Sec. 764. Definitions.
Sec. 765. Establishment and use of life cycle cost methods.
Sec. 766. Energy performance targets for existing buildings.
Sec. 767. Energy audits and retrofitting of existing Federal buildings.
Sec. 768. Energy preference for leased buildings.
Sec. 769. Budget treatment of energy items by Federal agencies.
Sec. 770. Reports.
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Sec. 782. Photovoltaic energy program.
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Sec. 786. Systems evaluation and purchase program.
Sec. 787. Advisory committee.
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TITLE II—TAX PROVISIONS

Sec. 2001. Short title.
Sec. 2002. Amendment of 1954 Code.

PART I—RESIDENTIAL ENERGY CREDIT

Sec. 2011. Residential energy credit.

PART II—TRANSPORTATION

SUBPART A—GAS GUZZLER TAX

Sec. 2021. Gas guzzler tax.
Sec. 2022. Trust Fund for purpose of reducing public debt.

TITLE II—TAX PROVISIONS—Continued

PART II—TRANSPORTATION—Continued

SUBPART B—FUEL CONSERVATION TAXES; ENERGY CONSERVATION AND CONVERSION TRUST FUND

Sec. 2023. Gasoline conservation tax.
Sec. 2023A. Diesel and special motor vehicles fuels conservation taxes.
Sec. 2023B. Floor stocks taxes; technical and conforming amendments.
Sec. 2023C. Repayment of gasoline and special fuels conservation taxes in case of certain uses.
Sec. 2023D. Technical amendments with respect to certain Trust Funds.
Sec. 2024. Establishment of Energy Conservation and Conversion Trust Fund.
Sec. 2024A. Expenditures from Trust Fund for certain purposes.
Sec. 2024B. Increase in tax on fuels used in noncommercial aviation.

~~SUBPART B~~ *SUBPART C*—MOTOR FUELS

Sec. ~~2023~~ *2025*. Repeal of deduction for State and local taxes on gasoline and other motor fuels.
Sec. ~~2024~~ *2025A*. Extension to 1985 of existing rate of tax on gasoline and other motor fuels.
Sec. ~~2025~~ *2025B*. Amendment of motorboat fuel provisions.

~~SUBPART C~~ *SUBPART D*—PROVISIONS RELATED TO BUSES

Sec. 2026. Removal of excise tax on buses.
Sec. 2027. Removal of excise tax on bus parts.
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PART VII—MISCELLANEOUS PROVISIONS

Sec. 2071. Treatment of intangible drilling costs for purposes of the minimum tax.
Sec. 2072. Option to deduct intangible drilling costs in the case of geothermal deposits.
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PART VIII—CONGRESSIONAL PROCEDURES FOR EITHER HOUSE VETO

Sec. 2081. Congressional procedures for either House veto of certain suspensions with respect to energy excise taxes.

1 **SEC. 2. FINDINGS AND STATEMENT OF PURPOSES.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) the United States faces an energy shortage
4 arising from increasing demand for energy, particularly
5 for oil and natural gas, and insufficient domestic supplies
6 of oil and natural gas to satisfy that demand;

7 (2) unless effective measures are promptly taken by
8 the Federal Government and other users of energy to
9 reduce the rate of growth of demand for energy, the
10 United States will become increasingly dependent on the
11 world oil market, increasingly vulnerable to interruptions

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1 of foreign oil supplies, and unable to provide the energy
2 to meet future needs;
3 (3) all sectors of our Nation's economy must begin
4 immediately to significantly reduce the demand for ex-
5 haustible energy resources of oil and natural gas by im-
6 plementing and maintaining effective conservation meas-
7 ures for the efficient use of these and other energy
8 sources; and
9 (4) consistent with all Federal, State, and local
10 environmental requirements, the United States must
11 promptly develop renewable and essentially inexhaustible
12 energy sources and convert the Nation's economy to
13 greater utilization of coal, biomass, and other domestic
14 alternative fuel resources in order to ensure sustained,
15 long-term economic growth, protect the public health
16 and welfare, and preserve national security.
17 (b) STATEMENT OF PURPOSES.—The purposes of this
18 Act are—
19 (1) to reduce the growth in demand for energy in
20 the United States through carefully considered institu-
21 tional and technological changes to conserve exhaustible
22 energy resources produced in this Nation and elsewhere,
23 while not significantly inhibiting beneficial economic
24 growth;
25 (2) to reduce significantly this Nation's demand

1 for oil (particularly imported oil) and natural gas, to
2 discourage the use of oil and natural gas while assuring,
3 to the greatest extent possible, that such fuels will be
4 available for essential needs, and to encourage the use
5 of coal and other fuels and renewable energy sources
6 to the greatest extent possible, for the benefit of present
7 and future generations;

8 (3) to establish, through regulation of interstate
9 commerce, taxation, reform of electric utility rate struc-
10 tures, and other measures, a comprehensive energy con-
11 servation program applicable to all persons, including
12 Federal and State agencies and local governments, and a
13 program to develop this Nation's indigenous energy re-
14 sources to achieve the national energy goals established
15 by this Act;

16 (4) to ensure that all actions taken under or pur-
17 suant to this Act are carried out in accordance with ap-
18 plicable environmental requirements;

19 (5) to ensure that all Federal agencies fully utilize
20 their authorities in furtherance of the purposes of this
21 Act by carrying out programs designed to prohibit or
22 discourage the use of natural gas and oil as a primary
23 energy source and by maximizing the efficient use of
24 energy and conserve natural gas and petroleum of all

1 forms in programs funded or administered by such
2 agencies;
3 (6) to educate all users of energy to insist that all
4 goods and services are energy efficient and to consider
5 lifetime costs in purchasing decisions respecting goods
6 and services of every kind and description;
7 (7) to prevent unemployment due to temporary or
8 long-term shortages in supplies of natural gas and oil;
9 ~~and~~
10 (8) to protect the security of the United States~~.~~ *;*
11 *and*
12 *(9) to provide incentives to increase the amount of*
13 *domestically produced energy in the United States for*
14 *the benefit and security of present and future generations.*
15 **SEC. 3. NATIONAL ENERGY GOALS.**
16 The Congress hereby establishes the following national
17 energy goals for 1985:
18 (1) Reduction of the compounded average rate of
19 energy growth in the United States to not more than 2 per-
20 cent annually and maintenance of that rate thereafter.
21 (2) Reduction of the level of oil imports to less than
22 six million barrels per day.
23 (3) Achievement of a 10 percent reduction in gasoline
24 consumption from the 1977 level.
25 (4) Improvement of the efficiency in the energy use of

1 heating and cooling systems in 90 percent of residential
2 buildings, schools, and hospitals.
3 (5) An increase in annual coal production to at least
4 400 million tons above 1976 production levels.
5 (6) Use of solar energy in more than 2½ million homes.

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4 **PART VII—FEDERAL ENERGY INITIATIVES**

5 **Subpart A—Federal Van Pooling Program**

6 **SEC. 701. FEDERAL VAN POOLING PROGRAM.**

7 Section 381 of the Energy Policy and Conservation Act
8 is amended—

9 (1) in subsection (b) (1) (A), by striking out "or"
10 after the semicolon and inserting in lieu thereof "and";
11 and

12 (2) by striking out subsection (c) and inserting in
13 lieu thereof the following new subsections:

14 "(c) (1) The Secretary of Transportation (hereinafter
15 in this subsection referred to as the 'Secretary') may, under
16 such regulations as he may prescribe, after consultation with
17 the Administrator of General Services and the Administra-
18 tor, provide for the establishment of a program pursuant to
19 which van pooling arrangements are offered and provided
20 to officers and employees of the Federal Government. Any
21 such program may be phased over a period of years, and
22 may be limited by the Secretary to one or more reasonable
23 categories of such officers and employees, or other individuals
24 on a space-available basis, determined by the Secretary. Such
25 categories may include, but need not be limited to, categories

1 determined by such factors as location of residence, location
2 of place of employment, or regular hours of work.
3 "(2) In order to establish, maintain, and operate any
4 program authorized to be established under paragraph (1)
5 of this subsection, the Secretary, after due consideration of the
6 effect on existing public and private transportation services,
7 shall be authorized to—
8 "(A) arrange for the provision of van pool services,
9 including but not limited to—
10 "(i) encouraging and cooperating with officers
11 and employees of the Federal Government, associa-
12 tions thereof, and other organizations, public or pri-
13 vate, in establishing van pooling arrangements;
14 "(ii) encouraging and cooperating with officers
15 and employees who own vans in participating in
16 such a program;
17 "(B) establish and maintain, or encourage and
18 assist departments and agencies to establish and maintain,
19 lists of officers and employees participating, or desiring
20 to participate, in van pooling arrangements; and
21 "(C) cooperate with other van pool programs avail-
22 able in a particular area.
23 "(3) In order to establish, maintain, and operate any
24 program authorized to be established by the Secretary under
25 paragraph (1) of this subsection, the Administrator of Gen-

1 eral Services, in consultation with the Secretary and after
2 due consideration of the effect on existing public and private
3 transportation services, shall be authorized under such regu-
4 lations as such Administrator may prescribe to—

5 "(A) acquire vans by purchase, or by lease for
6 periods not exceeding five years, except that the number
7 of vans made available for use under this subparagraph
8 shall not, at any time, exceed six thousand vehicles;

9 "(B) contract for nonpersonal maintenance and
10 other services incident to van pooling arrangements;

11 "(C) permit any person authorized to operate a van
12 acquired pursuant to subparagraph (A) to—

13 "(i) operate the van for personal use (other
14 than for hire or for use on vacation trips and trips
15 over extended distance, as defined by the Adminis-
16 trator of General Services), with or without a
17 charge for such personal use as determined by the
18 Administrator of General Services, and subject to
19 the provisions of paragraph (4) (C) (iv) of this
20 subsection; and

21 "(ii) retain, if and to the extent authorized
22 by the Administrator of General Services, a por-
23 tion of the rider charges paid by individuals par-
24 ticipating in such van pooling arrangements for the
25 purpose of operation and maintenance of the vehicle

1 or as incentive to encourage and sustain maximum
2 capacity and effective service;
3 "(D) retain until expended such portions of the
4 rider charges as the Administrator of General Services
5 deems necessary to pay the costs of operation and main-
6 tenance of vans; and
7 "(E) establish and operate training programs for
8 van operators and program administrators.
9 "(4) Any program using vans acquired pursuant to
10 paragraph (3) (A) of this subsection shall, with respect to
11 the operation of such vans, include—
12 "(A) a requirement that individuals participating
13 in van pooling arrangements authorized under such pro-
14 gram pay a rider charge, including a sum for govern-
15 ment self-insurance against financial loss that may be
16 imposed on the Federal Government because of such
17 programs, in such amount and at such intervals as the
18 Administrator of General Services may provide, except
19 that such Administrator may provide that a person
20 authorized to operate a van pursuant to a van pooling
21 arrangement may not be required to pay a rider charge;
22 "(B) a requirement that, excluding Federal per-
23 sonnel costs and administrative expenses as designated
24 by the Administrator of General Services, all costs and
25 expenses incurred by the Federal Government in connec-

1 tion with the acquisition, maintenance, and operation of a
2 van for such a program (including, with respect to a van
3 purchased by the Federal Government, a sum to cover
4 repayment of the purchase price of the van plus interest
5 on the unrecovered balance of such price computed at a
6 rate of 7 per centum per annum) will be repaid from
7 rider charges over a period to be determined by the
8 Administrator of General Services not to exceed five
9 years, except that, for purposes of this subparagraph,
10 the Administrator of General Services shall not exclude—
11 "(i) personnel costs of personnel spending all
12 or a substantial portion of their time on such a
13 program; or
14 "(ii) administrative expenses of such a pro-
15 gram that are readily identifiable or segregable; and
16 "(C) requirements to insure that each individual
17 operating such a van—
18 "(i) shall be a regular officer or employee of
19 the Federal Government;
20 "(ii) shall, as directed by the Administrator of
21 General Services, arrange for maintenance of
22 the van in good and safe working order;
23 "(iii) shall be an individual who is entitled by
24 law to operate the van in such individual's place of
25 residence, except that nothing in this subparagraph

1 shall be deemed to require that such individual be
2 licensed to operate the van for hire; and
3 "(iv) shall, in the event that such individual is
4 authorized to operate and operates the van for per-
5 sonal use, secure and maintain at such individual's
6 expense insurance against such risks as the Admin-
7 istrator of General Services deems necessary to
8 assure payment of any claim that may arise other
9 than in van pooling use.
10 "(5) For the purposes of section 5 of the Act of
11 July 16, 1914 (31 U.S.C. 638a), a van obtained for the
12 purpose of, and operated pursuant to, a van pooling arrange-
13 ment established pursuant to this subsection shall not be
14 deemed to be a passenger motor vehicle.
15 "(6) Neither the offering of a van pooling arrangement
16 pursuant to this subsection nor the operation of a van pur-
17 suant to such an arrangement shall subject any person to
18 regulation as a motor carrier under part II of the Interstate
19 Commerce Act (49 U.S.C. 301 et seq.), or to any similar
20 regulation under the laws of the District of Columbia or of
21 any State or political subdivision thereof.
22 "(7) Sections 1346(b), 2672, and 2679 of title 28,
23 United States Code, shall apply to claims arising from van
24 pooling use of vans acquired pursuant to paragraph (3)
25 (A) of this subsection.

1 "(8) The operation of a van pursuant to a van pooling
2 arrangement established pursuant to this subsection shall not
3 be deemed to be operation of a motor vehicle for hire for
4 purposes of any law of the District of Columbia or of any
5 State or political subdivision thereof relating to the licensing
6 of operators of motor vehicles for hire; nor shall personal
7 use authorized under paragraph (3) (C) (i) be subject to
8 any law of the District of Columbia or of any State or
9 political subdivision thereof relating to registration, licensing,
10 maintenance, or inspection of motor vehicles.

11 "(9) Time spent traveling in van pooling arrangements
12 established pursuant to this subsection shall not be included
13 in determining the hours for which a Federal employee is
14 employed for the purposes of sections 6 and 7 of the Fair
15 Labor Standards Act of 1938 (29 U.S.C. 201 et seq.);
16 nor shall such time be considered Federal employment for
17 the purpose of any law administered by the Civil Service
18 Commission or by the Department of Labor pursuant to
19 chapter 81 of title 5, United States Code. Rider charges paid
20 the operator of a van pool shall be deemed to be paid to and
21 received by individuals in their private capacity.

22 "(10) The Secretary or the Administrator of General
23 Services may delegate to the heads of Federal departments
24 and agencies whose officers and employees are authorized to
25 participate in van pooling arrangements under paragraph

1 (1) such of his functions, powers, and duties under this
2 subsection as he deems necessary or appropriate to establish,
3 maintain, operate, or promote van pooling programs author-
4 ized by this subsection.

5 "(11) Except as otherwise authorized in this subsection
6 and in section 201 (c) of the Federal Property and Adminis-
7 trative Services Act of 1949 (40 U.S.C. 481 (c)), all rider
8 charges and other receipts from the operation of van pooling
9 arrangements established pursuant to this subsection received
10 by the Administrator of General Services or by the head of
11 any department or agency exercising authority delegated
12 pursuant to paragraph (10) of this subsection shall be de-
13 posited in the general fund of the Treasury of the United
14 States.

15 "(12) The requirements of section 211 (k) of the Fed-
16 eral Property and Administrative Services Act of 1949
17 (40 U.S.C. 491 (k)) regarding conspicuous identification
18 shall not apply to the van pooling arrangements. The Ad-
19 ministrator of General Services shall require that each
20 Government-owned vehicle or leased vehicle acquired pur-
21 suant to paragraph (3) (A) shall use United States Govern-
22 ment vehicle tags.

23 "(13) The Secretary shall be authorized to provide
24 at Government expense special arrangements allowing
25 physically handicapped officers and employees of the Federal

1 Government to participate in programs established pursuant
2 to this subsection.
3 "(14) The Secretary is authorized to study the feasibil-
4 ity of utilizing vans acquired under paragraph (3) (A) for
5 use in providing social service-related transportation during
6 periods of the day when such vans are not required for use in
7 a van pooling arrangement.
8 "(15) For purposes of this subsection:
9 "(A) The term 'van' means any automobile which
10 the Secretary determines is manufactured primarily for
11 use in the transportation of not fewer than eight and not
12 more than fifteen individuals.
13 "(B) The term 'van pooling arrangement' means an
14 arrangement for the transportation of individuals in a
15 van, in a single daily round trip between their residences
16 or other designated locations and their places of employ-
17 ment, on a for-profit or nonprofit basis, in which the costs
18 of such arrangement are primarily paid for by the indi-
19 viduals utilizing such arrangement.
20 "(C) The term 'van pooling use' means the opera-
21 tion or maintenance, by an officer or employee of the
22 Federal Government, of a van acquired pursuant to
23 paragraph (3) (A), in the course of or incidental to a
24 van pooling arrangement authorized under this sub-

1 section, excluding any personal use permitted under para-
2 graph (3) (D) (i).
3 "(16) There are authorized to be appropriated to the
4 Secretary to carry out the provisions of this subsection not
5 more than $15,000,000 for each of the fiscal years beginning
6 on October 1 of 1977, 1978, 1979, 1980, and 1981. The
7 Secretary shall be authorized, with the approval of the Di-
8 rector of the Office of Management and Budget, to transfer
9 to the Administrator of General Services and to the heads of
10 Federal departments and agencies such amounts from the
11 sums so appropriated as may be necessary to carry out the
12 functions, duties, and responsibilities assigned or delegated
13 to the Administrator of General Services and to the heads of
14 Federal departments and agencies by this subsection. The
15 Administrator of General Services may subsequently trans-
16 fer funds to the heads of Federal departments and agencies
17 to carry out the functions, duties, and responsibilities as-
18 signed or delegated by the Administrator of General Services
19 to the heads of such departments and agencies.
20 "(d) The President shall submit to the Congress annual
21 reports concerning all steps taken under subsections (a),
22 (b), and (c). The President shall include with any re-
23 port concerning steps taken under subsection (c) an annual
24 financial report concerning all activities undertaken under
25 such subsection.".

○