



DEPARTMENT OF TRANSPORTATION

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NEWS

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

STATEMENT BY SECRETARY OF TRANSPORTATION CLAUDE S. BRINEGAR
AT PRESS CONFERENCE, FEBRUARY 13, 1974.

The major legislative proposals President Nixon is sending to Congress today address the basic needs of two of the Nation's most energy-efficient modes--public transportation and rail freight transportation. Both measures build on prior Administration initiatives. Both contain new Federal resources and reflect new Federal direction for transportation progress.

The Unified Transportation Assistance Act proposes \$2.5 billion in public transportation assistance for FY 1975, \$2.6 billion in FY 1976, and \$2.7 billion for 1977 and each year through 1980. The total--nearly \$16 billion--is \$10 billion more than the amounts provided under the two separate sources of urban transportation funding now authorized. As President Nixon said last Saturday,

"the Unified Transportation Assistance Program marks the largest Federal commitment ever to the improvement of public transportation in our cities and towns."

The first big plus this new bill offers is more dollars for public transportation--including more funds for public transportation in rural areas. The second plus is that it provides that the bulk of the Federal funding would be allocated to urban areas on a formula basis, enabling cities to make longer-term plans based on the assured receipt of predictable sums of money. The third plus is that a substantial portion of these allocated funds can be used to help pay for transit operating costs, if the cities so choose. We consider this local-decision "tradeoff" between capital and operating costs as the proper way to deal with the problem of transit deficits. We continue to oppose legislation to set up a specific categorical grant program for operating deficits.

For those urban areas that still face sizeable transit construction programs, we propose \$700 million a year in discretionary grant funds, to be awarded in response to applications for high-priority capital projects.

The second bill President Nixon is sending to Congress today--the Transportation Improvement Act--is an essential rail

freight regulatory reform and financial assistance measure. The generally depressed economic state of the Nation's railroads, in terms of very low return on investment and their inability to attract needed investment capital, makes a replay of the Penn Central problem on a National scale a depressing possibility--a possibility that the Nation cannot permit to happen.

We believe that the Transportation Improvement Act provides the proper combination of financial assistance and economic incentive. It contains \$2 billion in Federal loan guarantees to assist all railroads in needed upgrading of track and terminals, as well as additions to rolling stock. It is not a hand-out, but rather a way to provide the railroads with access to money to make needed and worthy investments. This Act also encourages innovations in freight rates and services by removing out-dated Federal regulatory constraints and practices. It promotes efficiency by funding a new computerized freight car scheduling and control system to cut down drastically on excessive idle time. The average freight car now moves 15% of the time. If we can raise that to even 20% we will have increased the availability of freight cars by many thousands of cars.

We consider both of these bills to be most timely and urgent. The Unified Transportation Assistance Act will strengthen the ability of urban governments to make the transportation decisions and investments needed to relieve congestion, conserve energy, and reduce pollution, and it will help rural areas make needed expansions in their public transportation systems. The Transportation Improvement Act will improve the regulatory climate and financial health of our vital rail freight system, with resulting significant economic, energy and environmental benefits for the entire Nation.

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