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OPENING STATEMENT BY U.S. SECRETARY OF TRANSPORTATION BROCK ADAMS, AT
FISCAL YEAR 1979 BUDGET BRIEFING, WASHINGTON, D.C., JANUARY 21, 1978

It is a pleasure to meet with you today to discuss the plans and programs for this Department for FY 1979. My advisors and I will welcome press questions at the end of my opening remarks. This is the first budget over which this Administration has had full control. As you may recall, last February, shortly after President Carter took office, we revised the FY 1978 transportation budget request proposed by the previous Administration and added sums for highway construction, improvement of transit, rail assistance and airport grants. Generally speaking, these increases were targeted to generate new employment opportunities. Many of these projects are now coming on stream and I am hopeful that they will contribute to continued economic recovery, building on the recent favorable upswing in employment.

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As most of you are aware, the 1979 budget was developed for the first time government-wide under the zero-based (ZBB) process which President Carter has introduced into the federal government. As a result, the administrators and I were deeply and intimately involved in its preparation. Using the ZBB process allowed us to focus on priorities and to give emphasis to our major program concerns -- most notably in the areas of energy conservation and safety. While no budget process can fully support every worthwhile claim for funding, we believe that ZBB allowed us to concentrate effort where the payoff is greatest.

Energy, in view of our overall national concerns, has to be such an area. Transportation is the largest user of our scarcest energy resources and it is fundamentally important that our budget reflect the Department's commitment to fulfilling the national energy program. We are placing high priority on energy-related programs across the board in all of our administrations. For example, our proposed new highway and public transportation legislation reflects a new consciousness of energy scarcity as a controlling factor in surface transportation development.

This will be the first piece of combined highway/transit legislation submitted to the Congress and will give the states and localities which carry out these programs a new ability to program their activities in a balanced way. The highway program will emphasize completion of the construction era and a beginning of long-term system rehabilitation, while in public transportation the bill will for the first time set up a continuing broad based program of support for not only urban but rural transportation systems. New planning requirements will require consideration of energy conservation along with other factors of national interest. Our proposed highway and public transportation programs recognize the close relationship among transportation, energy and development and land use objectives. The bill's multi-year authorizations provide the best basis for realistic programming to accomplish these plans.

Our National Highway Traffic Safety Administration is responsible for two of the most effective energy programs in the federal government. First, we are proposing legislation which will direct \$40 million of the agency's grant program toward strengthening compliance with the national speed limit of 55 miles per hour. Statistics show that full compliance with this speed limit will not only save some 5,000 lives a year, but also can save up to three billion gallons of gasoline per year. Second, NHTSA's automobile fuel economy standards are projected to save 10 billion gallons of fuel per year by 1985. Within NHTSA some \$10 million a year is being provided for the staff work needed to assure that the auto manufacturers are working toward this national objective.

We are equally concerned with programs directed towards ensuring that transportation can move our supplies of energy and have given such programs high priority as well. Our concern is that transportation activities are conducted in a responsible manner that recognizes other national objectives such as the protection of the environment.

The Coast Guard will be devoting more resources to foreign tanker inspections to avoid recurrences of disastrous and wasteful oil spills such as occurred when the Argo Merchant went aground off Nantucket Island in December 1976. Over a two year period, some 161 Coast Guard personnel will have been added to permit these inspections to occur without sacrificing other Coast Guard priorities. We strongly support legislation currently before the Congress which will establish a comprehensive system of liability and compensation for damages by oil pollution in the navigable waters of the U.S. and on the high seas. Appropriate charges would be levied on owners and operators whose transportation and terminal activities are potential sources of oil discharges. We fully expect this legislation to be passed and our budget projects an initial capitalization of \$180 million generated by receipts in the first year.

We are establishing a special field office to assure compliance with federal standards in the construction and operation of the Alaskan natural gas pipeline, and our rail and highway grant programs will provide basic capital assistance to improve the ability of those modes to move expanding production of coal and other necessary energy supplies to market.

In the Federal Aviation Administration, staffing increases for air traffic controllers and the acquisition of improved traffic control and navigation equipment will enable the control system to handle projected growth in air traffic, thereby avoiding wasteful and fuel consuming delays that would otherwise occur, both in the air and on the ground.

Many of the energy programs I have already mentioned also have a significant safety component. For example, NHTSA's 55 mile per hour national speed limit compliance program saves thousands of lives on the Nation's highways. The Coast Guard tanker inspection program and the Department's gas pipeline program have as one of their objectives the prevention of accidents and the attendant saving of lives and protection of property. Safety is a fundamental mission of this Department and ZBB process has given us the opportunity to highlight and give added resources to many safety-related activities which formerly competed less successfully for scarce funds. Specifically, we are adding to the motor carrier safety inspection staff as well as proposing a pilot effort to demonstrate whether an effective and substantially expanded motor carrier safety program can be conducted by the states. We are also adding to our staff of rail safety inspectors and providing for additional automated track inspection cars. Further, one of the purposes for which we are acquiring new ships, aircraft and helicopters for the Coast Guard is to improve its search and rescue capabilities.

The budget also reflects additional revenues received from a new level of tolls negotiated with Canada for transportation on the Saint Lawrence Seaway. This again emphasizes my continued determination that the users should make reasonable payment for the cost of waterways, a policy which is also reflected in the budget.

One last point I would like to make about the program emphasis I have been discussing concerns our zero based reviews of staffing throughout the Department. We have found that by redirecting our resources to areas where they are needed most we can meet our present needs without the usual large increase in staff. In fact, I understand our proposed staffing increase is the smallest for the Department since its inception. We have a growing workload in this Department, which will be met by cutting back on existing overhead jobs and adding instead to the direct operating jobs, nearly all of which are for safety functions.

In this connection, in line with President Carter's desire to streamline the federal government's operations and make them more efficient, I have reorganized the Office of the Secretary to make it smaller, to eliminate organizational layering and duplication, and to provide a mechanism for assessing the Department's effectiveness in meeting our policy goals and objectives. In addition, I have consolidated the Materials Transportation Bureau, and the Transportation Systems Center as well as certain other operational and R&D functions formerly in the Office of the Secretary, into a single organizational unit called the Research and Special Program Directorate where they can be given appropriate coordination and direction as a line function. This reorganization is reflected in the budget and, in fact, reduce overall staffing by some degree.

Finally, I am pleased to call your attention to the fact that for the first time the President's budget presents Transportation as a separate function. As most of you know, in the past, the budget has shown Transportation as a combined function with Commerce. Many of you are aware that I have stressed, both while in the Congress and now as a member of the President's Cabinet, the importance of having a combined transportation account that would provide a procedural and conceptual framework to enable the Executive Branch, the Congress and interested constituents to view transportation issues in a broader context and facilitate and improve decision-making.

The presentation of Transportation as a separate function in the 1979 budget is a positive first step in that direction, although it needs to be made still more inclusive in the future in order to give the Executive Branch and the Congress a complete picture of transportation programs and potential tradeoffs.

Specific details on our budget are contained in the material which you have already been given. I and my colleagues will be pleased to answer any of your questions.

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