



U.S. Department of
Transportation

News:

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OPENING STATEMENT
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE
PRESS CONFERENCE ON BUDGET
FEBRUARY 4, 1985

Thank you for joining me this afternoon. The underlying theme of our budget is the proper role of the federal government in transportation at a time when we face the critical problem of reducing the federal deficit. At this time more than ever before, we must focus our attention and resources on truly national needs, and leave local matters to state and local authorities. We should return to the private sector those transportation functions best managed in the free market. I strongly believe federal funds should be devoted only to those needs that are truly national in scope or that cannot be met by state and local authorities. This approach will produce a transportation system more responsive to the people who use it.

Briefly there are several general points I would like to make about our budget for fiscal 1986. First, it provides adequate funding to assure safe, efficient national transportation services and reduces the transportation share of the federal deficit. Our request for \$24.7 billion in budget authority for FY 1986 represents a \$3.8 billion decrease from the fiscal 1985 level, in support of the President's effort to lower the deficit.

Funding is provided for important transportation safety programs. The budget provides continued strong support for railroad safety enforcement and safety-related research and development. We have also made certain that adequate funding to support our efforts will continue in the area of aviation safety as a follow-on to the success of the Department's "white glove inspection" program. Adequate funds are also included for the Coast Guard's safety inspection programs and the state boating safety program. Finally, in the area of highway safety, \$97.2 million is included for National Highway Traffic Safety Administration programs ranging from occupant protection to intensified efforts to combat drunk driving. Twenty million dollars is requested to continue implementation of the national occupant protection program designed to reduce traffic

accident injuries and fatalities. The program level proposed for traffic safety grants to states includes \$155 million for such purposes as police traffic services, emergency medical services, and alcohol educational programs.

Secondly, the proportion of budget authority for DOT financed by user fees will again increase in FY 1986. The Department has been doing its part to establish an appropriate basis for financing transportation programs by consistently increasing the proportion of budget authority proposed to be financed by user fees. Starting at 49 percent in Fiscal Year 1982, this coverage has risen to 70 percent in FY 1985 and is proposed to increase to 85 percent in this FY 1986 budget. Conversely, the amount of budget authority not financed by user fees will have been reduced between 1982 and 1986 from \$10.5 billion to \$3.8 billion -- from 51 percent to 15 percent. This, too, will contribute to deficit reduction.

Virtually all of the Federal Highway Administration's funding will come from the Highway Trust Fund, financed by the Federal gasoline tax and other highway user fees. Total obligations of \$14.2 billion are proposed under the Federal-aid highway program, which will provide for continuing construction and rehabilitation of highways and bridges at the 1985 level and which will permit completion of our Interstate highway system as planned, if Congress acts quickly to release interstate construction funds.

Likewise, approximately 85 percent of the Federal Aviation Administration's \$5.1 billion budget authority request will be financed from user charges through the Airport and Airway Trust Fund. We are, as you know, continuing to place emphasis on the multi-year program to update the National Airspace System completely. Funding of \$1.15 billion is requested for planned capital investment for NAS plan modernization of outmoded facilities and equipment. Major new systems or replacement programs include airport surveillance and surface detection radars, air traffic control computers, microwave landing systems and improvements to communications systems. We are also providing \$1 billion from the Trust Fund for grants for airports. This is the full amount authorized by the Congress.

It is only fair that those who benefit directly from government services should share in their costs. Therefore, we are proposing legislation authorizing us to collect user fees for certain Coast Guard services. Funding for the Coast Guard remains generally at the same level as in FY 1985. The \$2.5 billion in budget authority requested for the Coast Guard will continue funding for the modernization and replacement of vessels, aircraft and shore facilities, as well as pay for Coast Guard operations. While the estimated \$236 million to be collected from user fees represents only a small portion of the Coast Guard's budget, it establishes an important principle.

Mass transit is a clear example of a local matter best addressed by local management, local decisionmaking, and local financing. The Urban Mass Transportation Administration will derive 80 percent of its proposed \$1.4 billion budget authority for FY 1986 from one cent per gallon of the Federal highway motor fuels tax, and will eliminate its reliance on general tax revenues. A \$1.1 billion formula grant program will provide capital and planning assistance to transit agencies. Federal funds will no longer be available for operating subsidies to local transit systems.

At a time when deficit reduction is our highest national priority, we can no longer afford to provide railroad subsidies that primarily benefit passengers in the middle and upper income brackets. Therefore, we will request no funds for subsidizing Amtrak.

Further, we are proposing to end subsidies to commuter air carriers. The airline industry has matured and adjusted to deregulation, earning the highest industry profits since the initial deregulation act was passed. The Essential Air Service Program, originally scheduled to end in 1988, will expire three years earlier than anticipated under our budget, saving \$50 million this year alone.

Let me just say one thing in closing: the fiscal year 1986 budget reflects my personal commitment -- and the President's -- to a national transportation system that is safe and efficient, well maintained, and effectively designed to meet the needs of the American people. It reflects our determination to recover costs through user fees whenever practicable and reduce spending where possible, while maintaining an unswerving commitment to safety.

I will be happy to answer your questions. Also present with me today are DOT's administrators.

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