

REMARKS PREPARED FOR DELIVERY BY  
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LOS ANGELES AREA CHAMBER OF COMMERCE  
WASHINGTON, D.C.

MAY 4, 1983

You will be introduced by: Harold S. "Pete" Voegelin,  
Chairman of the Board of the L.A. Chamber of Commerce.

Thank you, Pete (VOEGELIN) for those kind words. It's a real pleasure for me to have this opportunity to meet with you and the members of the Los Angeles Chamber. Your being here reflects the extent of the business community's interest in the civic affairs and the further development of your city, and that interest -- I believe -- is good for both of us. My experience has been that we all benefit from an exchange of views and from occasions like this to discuss matters of mutual concern.

I know that the issue of most concern to you today is the prospect of Federal funding for your city's proposed subway system. Let me tell you where we stand on that.

The Surface Transportation Assistance Act, passed last December, provided -- for the first time -- a dedicated source of Federal funding for public transit. The Act funnels one cent of the new nickel increase in the gasoline tax into a Mass Transit Account of the Highway Trust Fund exclusively for transit purposes. This is expected to yield revenues of \$1.1 billion in fiscal 1984, enabling us to increase our fiscal 1984 funding request for transit capital assistance by 44 percent over 1982 levels.

A portion of this increased funding will be available for new starts. In the Conference Report accompanying the STAA, the Congress stated that "a fair share of the funds to be set aside for mass transit will be allocated to rapidly growing cities to fund cost-effective new rail construction."

Our job at the moment is to determine what constitutes a "fair share" and how that money should be allocated.



I have met with Mayor Bradley, as you well know, and the whole issue of new construction money was the subject of Congressional sub-committee hearings two weeks ago. It is the Administration's position that new rail projects should be given consideration equal to rail modernization and bus-related projects assisted from discretionary funds, once those needs have been funded in amounts that will at least keep them at historical funding levels.

We also have an obligation to fund the projects for which we have an outstanding commitment -- such as projects covered by letters of intent and full funding contracts. Finally, we must use some of the funds for special statutory provisions, such as planning and elderly and handicapped.

Once these obligations have been satisfied, the remaining funds can be awarded for new construction projects in fiscal 1984.

Now, in deciding the grant recipients, we will be guided by a number of factors:

- First, the results of alternatives analysis.
- Second, cost-effectiveness. We will not support any new-start project that is not cost-effective.
- Third, the degree of local financial commitment, including evidence of stable and reliable sources of non-Federal funding to operate the system.

There are other factors to be considered, including the extent of private sector support and participation by minority businesses. By and large, we take the view that the limited funds available should be placed where they will stretch the farthest and do the most for the community.

I know that you have invested long years and much effort in the development of a rail transit initiative for Los Angeles. And with the largest bus fleet in the country and a ridership of nearly 1½ million a day, you clearly have a large transit constituency. Whatever our final decision is on funding new starts in fiscal year 1984, I would urge you to keep in mind that we have, at last, an established source of Federal funding for transit. We have authorizing legislation through 1986, and I am reasonably confident that it can and will be extended beyond that date, just as the Highway Trust Fund has been renewed over the years.

I believe the Federal commitment to the capital and technical assistance needs of public transportation in America has been well defined by this Administration, and that the future for new and improved transit systems now depends in large part on the development of dedicated funding sources by the states and localities.

The legislation that is providing the new Federal funding for capital transit projects is also the source of increased funding for our highway and bridge programs. The nickel increase in the gasoline tax that went into effect April 1st will generate \$2.2 billion more in highway funds over the remainder of this fiscal year. Total funding for highways and bridges will exceed \$12 billion for the full year. The tax increase also has enabled us to obligate the money more rapidly. From January through March, for example, we awarded \$2.9 billion to the states, more than ever before in the history of the Highway Trust Fund. California will receive approximately 35 percent more in highway funds in FY 1983 than in 1982, including \$40 million expected to be obligated this fiscal year for construction work on the Century freeway.

The user fee principle, which has been so effective in generating revenues for nearly a quarter of a century for the nation's Federal-aid highway program, is being extended to other means of transportation -- with equally beneficial results.



To give you an idea of how far we have come in our user fee philosophy, fully 69 percent of our Department's 1984 budget request will be financed by user fees rather than general revenues. That's up from 45 percent in 1981, when this Administration took office. Aviation user fees will finance the modernization of the air traffic control and navigation system. As I have suggested before, this modernization program will do for the airways what the Interstate system has done for our highways. It will, at the very least, double our present capacity, greatly reduce operational costs and improve air safety by providing pilots more information and further reducing the risk of human error. Like the Interstate program, the increased automation of the nation's air traffic control system will take years and cost billions. And, like our highway network, the new national airspace system will prove to be a good investment. The plan already has won the praise of the Congressional Budget Office which keeps an eagle eye on how we spend your money.

Along with an increased reliance on user fees, which reflect the Administration's view that those who benefit from government-provided services should pay a fair share of their costs, we are also continuing to carry out the President's commitment to economic deregulation. We are sensitive to the fact that the relaxing or elimination of regulatory constraints may cause some dislocations in the industries affected, but these we believe are temporary and that the increased competition will benefit the public and the industries in the long run.

We expect to proceed with further deregulation of the trucking industry, and to pursue reforms in the maritime industry. We are also keenly interested in legislation that will provide user fees to improve our harbors, so vital to our nation's export trade. The kind of work you are doing here in the \$500 million five-year development program now underway at the Port of Los Angeles, including the dredging of the channels to 45



feet, indicates your awareness of the importance of good harbor and port facilities to the economy of this community.

For all that we are doing, and plan to do -- to make our transportation systems and services better and more efficient -- our overwhelming commitment is to safety. I make no secret of the fact that safety -- the saving of lives and the preventing of many needless injuries -- will be a top priority across all modes of transportation during my "watch."

I am particularly concerned about highway safety and the drunk driver who -- unfortunately -- is found in every state and every community in America. As you probably know, drunk drivers are responsible for some 26,000 deaths a year on our streets and highways. With that kind of record, it's easy to see why I want to get every last drunk driver off the highways of this country -- and I am sure that as business leaders who are proud of your city, you share that concern.

I think it has become increasingly clear that the era of permissiveness toward the drunk driver has come to an end. Drunk driving is no longer an acceptable form of manslaughter. I am urging all states to adopt the tough recommendations of the President's Commission on Drunk Driving, and many are doing just that. The Surface Transportation Assistance Act provides new money for highway safety programs, and other recent legislation established incentive grants for states that adopt effective drunk-driving enforcement programs. Under the new statute, California will receive \$7.8 million in highway safety funds this year. Los Angeles will get \$1.7 million specifically for drunk driving enforcement, emergency medical training and traffic records improvement.

At least two percent of these Federal Highway safety funds must be used by the states to encourage the use of safety belts. Traffic fatalities across America dropped by more than 10 percent last year. Part of this, no doubt, can be attributed to depressed economic conditions. But part is unquestionably due to efforts to eliminate drunk driving and increase safety belt usage as well as the use of child safety seats. After all, the best defense against a drunk driver is at our fingertips -- the simple use of a car safety belt. For every one percent we can raise belt usage above the current 13 percent, we save 200 lives and prevent 3,000 serious injuries -- no small accomplishment. I recently launched an incentive program for the Department of Transportation so that we could get our employees really moving on this initiative, and in one month we have raised our numbers from 23 to 50 percent usage. We not only want to set a good example, we want to start a safety epidemic. We can do it, as employers, by showing we're really concerned about those we work with. We can do it as private organizations and as individual citizens by casting our votes for safety and lending our voices to the support of highway and other safety initiatives.

I think, with that, I will conclude my comments because I want to allow time for your questions and your views on our transportation programs.

Again, let me say how pleased I am to have this opportunity to meet with you during your time in Washington. We will continue to work with you on all plans and proposals affecting transportation in and around Los Angeles, and I can assure you we will do everything possible to assist in meeting your needs as your city grows and prospers.