



U.S. Department of
Transportation

News:

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STATEMENT OF
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE
DEPARTMENT OF TRANSPORTATION FISCAL YEAR 1988 BUDGET
JANUARY 5, 1987

I am pleased to announce the Administration's Fiscal Year 1988 budget for the Department of Transportation. I believe this budget offers the American people continuing assurance of a safe, efficient national transportation system which is both cost-effective and responsive to the people who use it.

The transportation elements of the Fiscal Year 1988 budget, the outlines of which the President has transmitted to Congress today, emphasize four principles: an undiminished commitment to transportation safety; concentration of federal resources on national, interstate transportation systems; restoring the proper role for state and local governments as providers of transportation services integrated with the national system; and encouragement of private sector involvement in these aspects of transportation which can best be provided by the free market.

Our overall request is \$23.6 billion of budget authority, distributed to assure full funding of our national commitments, with a particular emphasis on aviation safety, and to make full use of user taxes, which would fund 85 percent of the Transportation program in Fiscal Year 1988. While focusing on national responsibilities, the Department proposes eliminating programs currently funded by the general taxpayer which serve only narrow segments of the population.

This budget will continue the fulfillment of my commitment to the American people to assure them the safest and most advanced transportation system in the world. I am proposing a billion dollar (20 percent) increase in funding for the FAA, to a total of \$5.8 billion, including an increase for 225 additional air traffic controllers, 178 more aviation inspectors, increased security staff and improved communications. The Administration's program of transportation deregulation continues to provide huge savings to passengers and shippers with no adverse effects on safety. In fact, airline safety records have improved significantly since deregulation. For the first time since 1980, not a single fatality occurred on a major U.S. airline, and the safety record for commuter airlines showed continued

improvement. We are determined to ensure our air safety system becomes ever safer. That's why included in this year's budget is \$1.35 billion, a 68 percent increase over what Congress provided for Fiscal Year 1987, to continue our ten-year program to replace completely the hardware and software of the air traffic control system. The additional funding will be used for surveillance radars, microwave landing systems, replacement of the equipment in towers and centers, and both terminal and enroute weather radars. During the last six years, Congress has appropriated nearly a billion dollars less than the Reagan Administration requested for this vital program. It must give us the full amount requested for Fiscal Year 1988 so our air traffic control system can continue to accommodate safely the growing number of aircraft which depend upon it.

The billion dollar airport grant program will undergo structural changes to focus on critical safety, security and capacity needs. It includes a state block grant for small commercial, general aviation, and reliever airports and a voluntary defederalization program. I believe this approach will provide the needed funding while giving more flexibility and authority to airport operators.

I urge Congress to give top priority to reauthorization of the Airport and Airway Trust Fund program. I will propose a two-year, \$10 billion extension of the current program, but with increased trust fund support for operations, while other options for providing services to aviation are being considered.

The one glaring deficiency in the Fiscal Year 1987 transportation program was the failure of the 99th Congress to reauthorize the Surface Transportation programs. As a result, the states face a crisis situation in trying to fund highway construction and repairs. Unless Congress acts quickly, some states will lose an entire construction season for badly needed projects.

To alleviate this crisis, we are transmitting to Congress today a clean legislative proposal for a four-year surface transportation reauthorization that uses every penny of motor fuel taxes collected over the period 1987 to 1990. The \$13.4 billion per year for Federal-Aid highways would fully utilize tax receipts. This is an increase of \$600 million over the level we proposed for last year. The sum includes anticipated increases from repeal of current exemptions for gasohol, buses and state and local government vehicles. Our legislation includes no extraneous provisions as add-ons to achieve other legislative goals of the Administration. I am asking Congress to exercise similar restraint by passing immediately a "clean bill" without the usual special interest provisions and "demonstrations" that siphon funds away from the basic program.

For mass transit, I am proposing a \$1.5 billion program in Fiscal Year 1988, which fully utilizes the penny motor fuel tax allocated to transit, and includes a \$130 million per year general fund appropriation to continue construction of the Washington Metro system. These levels of funding are

planned for 1989 and 1990 as well. The \$1.374 billion grant program would be dedicated to capital needs in larger cities while still permitting cities with populations under 200,000 to use funds for operating costs.

I will also be submitting legislation to Congress to eliminate the need for federal subsidies for Amtrak, which has received twelve billion federal tax dollars over the past 17 years. Last year alone it cost taxpayers over \$600 million, or \$27 per passenger, and yet carried only one-half of one percent of intercity passengers.

I propose funding the Coast Guard at \$2.74 billion, \$155 million (about six percent) above the 1987 level, to continue its drug law enforcement initiatives and provide for its capital needs, such as continuing the major overhauls of its large cutters and rebuilding and replacing shore facilities. The Coast Guard will be able to meet its Defense commitments, including continued growth of the Reserve, while carrying out its numerous peace-time missions.

In general, our fiscal year 1987 agenda was very successful. Congress has provided the legislative authority for the sale of Conrail, the required selection of co-lead managers has been made, and we expect the public offering to occur in the near future. Similarly, Congress has authorized lease of Washington National and Dulles Airports to a regional authority. The Board of Directors is in place, and in fact has already had a meeting. I expect to sign a lease by early this Spring and to effect actual transfer shortly thereafter.

1987 will also be an year of continuing progress in saving lives on our highways. The rule I issued in 1984 giving the American people a choice between passive restraints and seat belt laws is working well.

I also expect this year to be critical to the emerging commercial space launch industry. The President's recent decision to get the U.S. government out of this business created real opportunities for what I believe will be a multi-billion dollar industry in the next few years.

Last year, we were successful in beating back attempts to reregulate the railroad industry, and I will continue to work with the 100th Congress to protect the American people from attempts to strip away the economic benefits of deregulation. We will be working to achieve the completion of trucking deregulation and the sunset of the ICC.

I am also recommending to the President the repeal of the federally-imposed fuel economy standards on the auto industry. This outdated program puts U.S. manufacturers at a competitive disadvantage with foreign imports and threatens thousands of American jobs. At a time of continuing trade deficits and stronger competition from abroad, we can ill afford to impair the competitiveness of American made products by imposing outmoded regulatory regimes.

This is due to the domestic content requirement of the CAFE statute. Continuing the CAFE requirement will force U.S. manufacturers to build large cars overseas, give foreign importers a growing competitive advantage on larger cars and reduce the range of American-built cars available to consumers.

We seek early passage for oil spill liability and compensation legislation, including in particular, the 1984 Protocols. Congress made substantial progress on this issue during the last session, but it was unable to complete action before adjournment. As the recent spill along the Delaware River illustrates, we need a national fund comprised of fees collected from the petroleum industry to assure adequate compensation for clean-up costs and other damages.

In summary, I firmly believe that our budget enhances my strong commitment to transportation safety and efficiency, while being responsive to the national need to reduce the deficit. I would note that the general taxpayers are being asked to support only \$3.6 billion (15 percent) of the Transportation budget, that portion supporting facilitation of interstate commerce, defense or similar programs of national interest. The balance of our funding would come from users of our programs.

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