

STATEMENT OF
THE HONORABLE ELIZABETH HANFORD DOLE
SECRETARY OF TRANSPORTATION
ON THE FY 1986 BUDGET BEFORE THE
SURFACE TRANSPORTATION SUBCOMMITTEE OF THE
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
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Mr. Chairman, I am pleased to have the opportunity to meet with you and Members of this Subcommittee to discuss the Department's Fiscal Year 1986 budget request as it affects highways, highway safety, and transit. This request reflects my personal commitment to the policies, transportation goals, and initiatives supported by this Administration over the past four years.

It is a distinct pleasure for me to appear before this Subcommittee both because of the graciousness that you have always shown me personally and because of the leadership that you have shown in advocating user fees for programs under your jurisdiction. With me at the table today is Assistant Secretary for Budget and Programs, Don Derman. I have also asked Administrator Ray Barnhart of FHWA, Administrator Ralph Stanley of UMTA and Administrator Diane Steed of NHTSA to be available to you today for a panel presentation so that all of our experts will be available to respond to your questions.

We face many difficult choices as we seek to reduce the Federal deficit without compromising our mutual commitment to maintain a safe and efficient national transportation system. Our proposed

budget will help to clarify these choices by emphasizing the proper role of the Federal Government. At this time, more than ever before, we must focus on truly national needs, and leave local matters to state and local authorities. By working together, I am confident that we can meet this extraordinary challenge.

The Department's FY 1986 budget request contributes to the deficit reduction effort by concentrating Federal transportation resources on areas of broad national interest:

- It provides continued support for safety.
- It continues the FY 1985 level of capital investment for the Nation's highway system and for highway safety.
- It reduces the funding for programs that are not supported by user fees or which do not benefit the general taxpayer.
- And it encourages the private sector to expand its role in providing efficient transportation services.

As I have stressed throughout my two years in the Department, I consider transportation safety to be the Department's highest priority. For this reason, I have ensured that there will be no reduction in the total level of our safety programs.

Overall, the Department's FY 1986 budget proposes budget authority of \$24.7 billion, compared with \$28.5 billion for FY 1985. This amounts to a reduction of \$3.8 billion or 13 percent. More significant in the long-term fight to reduce the deficit, that portion of the budget authority proposed to be financed by user fees will continue to increase -- from 70 percent of total DOT budget authority in FY 1985 to a proposed 85 percent in FY 1986. In fact, the budget authority not financed by user fees actually declines in absolute terms by almost \$4.8 billion from FY 1985 to FY 1986.

Let me now give you a brief summary of our budget proposals for the programs under the Subcommittee's jurisdiction.

FEDERAL HIGHWAY ADMINISTRATION

Our proposal for Federal-Aid Highways continues the 1985 annual level of capital investment for the Nation's highway system to construct and rehabilitate Federal-interest highways and bridges. FY 1986 obligations for this program will be \$14.24 billion, the same level as FY 1985. This will consist of \$13.25 billion in obligations subject to the ceiling, plus an estimated \$990 million for exempt programs (\$160 million for Emergency Relief and \$830 million for Minimum Allocation projects). Virtually all of FHWA's funding will come from the Highway Trust Fund, which is financed by the Federal gasoline tax and other highway user fees.

Mr. Chairman and members of the Subcommittee, I want to thank you for your leadership in the speedy passage of a clean ICE bill. Our budget request will permit completion of our Interstate highway system as planned, but it depends on the quick release of Interstate construction funds.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

The total budget authority requested to continue the current programs of the National Highway Traffic Safety Administration is \$212.2 million. A program level of \$97.2 million is proposed for Operations and Research, which includes funding for safety programs ranging from occupant protection to intensified efforts to combat drunk driving. Also included is \$20 million in both FY 1985 and FY 1986 for implementation of the national occupant protection program designed to reduce traffic accidents and fatalities. The budget proposes language to permit the application to this program of an additional \$7.2 million supplemental in FY 1985 to reach a program level of \$20 million. In FY 1986, \$17 million is proposed to be transferred from unobligated balances in other accounts with an additional \$3 million to be provided from NHTSA budget authority under Operations and Research.

Section 402 safety formula grants to states will be funded within an obligation limitation of \$126.5 million. These grants can be applied to a variety of areas, including police traffic services, emergency medical services, and alcohol countermeasures. In

addition, an obligation limitation of \$28.8 million will be applied to the Section 408 alcohol safety incentive grants. While no new budget authority is proposed for this program in FY 1986, the limitation will cover obligation of the estimated carryover balances.

URBAN MASS TRANSPORTATION ADMINISTRATION

In FY 1986, a total of \$1.38 billion is requested for the various programs administered by the Urban Mass Transportation Administration. Eighty percent of this total, \$1.1 billion, will be funded as contract authority under the Mass Transit Account of the Highway Trust Fund. Under proposed legislation that will be transmitted to the Congress soon, this would be distributed by a capital formula grant program, in place of the existing general fund program (Sections 9 and 18). Except for grants to Washington Metro, which will continue at the 1985 level until the Stark-Harris authorization is exhausted, all transit grants would therefore be financed from one cent of the Federal tax on highway motor fuels, consistent with this Administration's goal of funding the bulk of Federal transportation assistance through user fees. The formula grants would be available to finance planning, capital replacement, rehabilitation, and improvement projects. Effective in FY 1986, Federal funding would no longer be available for transit operating costs, since this matter is best addressed by local management through local decisionmaking and local financing. We are also urging the private sector to expand its role in providing efficient transportation services.

The Section 3 discretionary grants program would not receive new funds after FY 1985. We propose that currently available funding for FY 1984 and FY 1985 will be used to complete committed new start projects now under construction or new start projects which can be fully financed with budget authority for those years.

Starting in FY 1986, we also will not seek a separate UMTA appropriation for the Interstate Transfer-Transit program. Both transit and highway substitute projects are proposed to be eligible for funding from the Highway Account of the Highway Trust Fund, subject to the Federal-Aid Highway obligation limitation. While some projects may be drawn out a little longer than now scheduled, we expect the overall delay in completion of the total Interstate Transfer programs to be less than one year.

A \$24.6 million FY 1986 R&D program will be funded entirely by deferral of unobligated FY 1984 balances, while the current year program will remain at the planned level of about \$50 million.

As you consider the resource levels in this budget request, I hope that you will agree that they would permit us to make significant progress toward our mutual goal of a safer, more reliable, and more efficient transportation system, while making a significant contribution to our Nation's deficit reduction effort.

This concludes my prepared statement. We would now be glad to respond to Committee questions.