

OPENING STATEMENT OF THE HONORABLE ELIZABETH HANFORD DOLE,
SECRETARY OF TRANSPORTATION, ON THE FY 1988 BUDGET BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION,
FEBRUARY 19, 1987

Mr. Chairman, it's a pleasure to be here with you today.

When I became Secretary, I pledged to make transportation safety my highest priority. Fulfilling that pledge has been richly rewarding, but has had its frustrations as well. That's because safe transportation is something most of us simply take for granted. Every day we hop on a plane, train, bus or car and complete our journeys without a single mishap. The only time we really focus on it is when something is wrong. How many times, for example, have you turned on the evening news to hear a lead story like "Today, some 15,000 scheduled and non-scheduled airline flights carried one million passengers to their destinations without so much as a minor incident?" Not often.

Good news like this is too seldom reported. Yet, almost 400 million passengers traveled 302 billion miles in 1986 on the major scheduled carriers without a single fatality. So I hope you won't mind if I take a few minutes to relate some good news today along with the highlights of our 1988 budget proposal.

To intensify our aviation safety programs, I ordered in 1984 14,000 additional inspections of the Nation's airlines and an 18-month top-to-bottom review of the general aviation industry. We have increased the air carrier inspector workforce by more than 60%, far exceeding the high water mark of FAA history. In the fall of 1985, the FAA completed the Project

SAFE Report, a comprehensive review of its safety inspection system including inspector tasks and work functions. Among the most important findings was the need for greater standardization of the FAA's inspection activities. In the past, regulations have sometimes been applied inconsistently from one office to the next and even from one inspector to another within the same office. To ensure greater standardization in the application of our regulatory requirements, we are revising for the first time in 28 years the entire set of internal handbooks used by our inspector workforce. We also provided all FAA field offices for the first time with a comprehensive surveillance work program setting the minimum number and types of inspections which should be conducted annually for each operator.

This change in inspection procedures (the intensified inspection program) has led to the imposition of millions of dollars in fines, including the recent \$9.5 million settlement by Eastern Airlines--the largest civil penalty ever recovered by the Federal Aviation Administration.

A massive effort is underway to revise and update regulations. In addition, final rules include setting tougher flammability standards for seat cushions, requiring floor level emergency lighting, smoke detectors and automatic fire extinguishers in lavatories, and more hand held fire extinguishers in the cabin; requiring all air carriers to provide basic medical equipment for in-flight medical emergencies; and requiring altitude reporting transponders on all aircraft entering restricted airspace around airports in an additional 14 major cities by December 1, 1987. We are currently reviewing extension of the transponder rule to additional cities.

The Department's 1988 budget will continue these efforts to make the safest system in the world even safer. We are requesting an FAA budget that is 20% higher--almost one billion dollars more--than in FY 1987. It includes an increase of 225 additional air traffic controllers to bring the workforce to a minimum of 15,225, 178 more aviation inspectors, increased security staff and improved communications. We are requesting a 68% increase over what Congress provided for FY 1987 to continue the NAS Plan. 90% of NAS Plan projects will be underway by September 30.

We also propose to fund the Airport Improvement Program at \$1 billion for FY 1988 and to restructure the program to focus on critical safety, security and capacity needs.

The Department's proposed 1988 Budget and FAA Reauthorization Legislation are designed to ensure that local airports have the funding they need to expand capacity while at the same time providing airport operators with increased flexibility and authority. For example, airports that wish to be self-financed would be allowed to withdraw from the AIP and assess their own passenger facility charges, in addition to landing and other fees they currently levy. This change would give airport operators more discretion in meeting their capital needs.

On our highways, more people are buckling up than ever before. In response to the Department's automatic occupant protection rule, state mandatory seatbelt laws covering 150 million people are on the books in 24 states. Prior to the rule's announcement, no state had a belt use law. For the first time in the 15-year history of rulemaking on automatic occupant

protection, we have a rule in place that is actually saving lives. And last year, President Reagan signed an Executive Order, sponsored by DOT and DOL, requiring over five million Federal Government employees to use seatbelts while on the job.

To reduce the risk of rear end collisions, we're now requiring high-mounted stop lights for all new cars. We estimate that the high-mounted lights will prevent approximately 900,000 accidents annually when all vehicles are equipped with them.

To protect motorists from the hazards of rail-highway grade crossing accidents, programs like "Operation Lifesaver" have provided valuable education. The Federal Railroad Administration is also conducting the largest rulemaking in its history, a major safety inquiry into communications in the rail industry, from effective radio use to satellite technology to automatic train control.

Our Motor Carrier Safety Assistance Program, or "MCSAP", has helped the states toughen their enforcement of motor carrier safety standards. The number of state inspectors trained under this program will increase to 4,000 by the end of this fiscal year. We doubled the number of Federal inspectors. And in an era of budget cutting to reduce deficits, we asked last year for a 200% increase for MCSAP.

Rulemakings are currently underway to prohibit commercial drivers from holding more than one license and to establish minimum national standards for a classified truck driver license system. We are also comprehensively reviewing all motor carrier regulations and conducting a nationwide inspection of all carriers to review their safety fitness.

Our 1988 budget will continue these efforts to ensure the highest standards of rail and highway safety at the same high level of funding. We seek continued funding for key safety programs and activities, including MCSAP, intensified efforts to combat drunk driving, the national occupant protection program and vigorous enforcement of Federal railroad safety laws and regulations.

A safe, efficient transportation system is critical to American global competitiveness. Transportation averages 25% of the cost of a delivered product. Regulation adds an average of 20-40% to that transportation cost. The economic deregulation of the airlines, for example, has saved American consumers and producers billions of dollars (Brookings estimates \$6 billion a year), while at the same time, the safety record has continued to improve. 1986 was one of the safest years ever. The aviation fatality rate has been more than cut in half for scheduled and non-scheduled carriers, and it has dropped by more than one-third for commuters since the 1978 Airline Deregulation Act. Similarly, the deregulation of the Nation's railroads has resulted in an improved safety record. It enabled the railroads to earn the revenues and attract the resources necessary to reshape their infrastructure into a safer system. 1985 was the safest year in railroad history. 1986 showed a 21% improvement over 1985.

Deregulation has revitalized an industry that was on its knees prior to the Staggers Act. Deregulation, for example, was a major reason for Conrail's turnaround and recent profits. I've been working with the investment bankers this past week to price the public offering of Conrail's stock. The preliminary registration statement was filed with the SEC last Friday. In a

very short time, the largest initial industrial public offering in U.S. history will take place. The sale of Conrail will produce an enormous sum for the Federal Treasury and reduce the Federal deficit.

At the same time, thanks to the efforts of this Committee and others, we're in the process of handing the keys to National and Dulles Airports to a regional authority. Your leadership last year, Mr. Chairman, was most important in achieving this formerly elusive goal. The new authority will finance \$700 million through revenue bonds--like every other airport in the country--for much-needed airport improvements that the Federal Treasury cannot afford. This will give the Nation's Capital the first class facilities it deserves.

But in looking to the future, we won't be prepared for the 21st Century unless we can compete in space as well as by land, sea, and air. For three years, we argued at every level of government that the Federal monopoly in space must be ended. Last year, the President gave the private sector the green light when he announced that routine commercial satellites would no longer be launched by the space shuttle. Companies with over twenty years of experience manufacturing rockets for the Federal government will now be able to launch satellites at a lower cost and more efficiently than the government could ever hope to do. The shuttle itself is now freed to perform more important exotic missions -- manned space, the space station, and planetary exploration. It's exciting to watch this new American industry moving out to compete against the French, the Chinese and the Soviet Union.

Nothing can more undermine our ability to compete internationally, or pose a greater threat to safety, than the scourge of drug and alcohol abuse. Drunk drivers claim thousands of innocent lives every year. We've joined forces with concerned citizens all across this country to focus resources and attention on getting the drunk driver off the road. And in 1984, we began an assault on the Nation's "blood borders" by supporting legislation which requires that some highway funds be withheld from states with a minimum drinking age below 21. We've struck a blow at the number one killer of young Americans. Today, 43 states have Age 21 laws. About 700 lives were saved in 1984 and another 700 in 1985 by raising minimum drinking ages.

I'm sure you are all painfully aware of the recent Amtrak/Conrail tragedy where Conrail employees tested positive for marijuana. That test could not have been conducted without a tough new alcohol and drug testing rule we implemented early last year. The terrible irony is that rail labor has fought such a rule for twelve years, and is fighting to stop it in the courts even as I speak.

The rule exists for the safety of the union's own members as well as the public at large, encouraging employees to get help for a serious problem, without jeopardizing their jobs. I urge rail labor to work with me in a fight which, if we lose it, can have no winners.

Several weeks ago, I proposed to seek legislation to give the Department authority to regulate directly the conduct of railroad employees who have safety-related responsibilities. I also proposed a comprehensive program for DOT employees that includes extensive drug awareness and education

campaigns, rehabilitation assistance, and random drug testing for those approximately 26,500 people--like air traffic controllers and aviation inspectors--in critical safety and security positions. I also plan to issue a regulation requiring pre-employment, post-accident and random testing for commercial airline pilots and crews, and for other employees directly responsible for the safety of flight operations. I recognize that testing is a sensitive issue that must be handled in a careful manner, and we will maintain the greatest respect for individual dignity and privacy.

To fight drug abuse on the supply as well as the demand side, we propose increased funding for the Coast Guard in the 1988 budget to continue its drug enforcement activities while at the same time fulfilling its important search and rescue mission.

Our 1988 budget continues to reflect my commitment to a safe, efficient, alcohol and drug-free transportation system. It also reflects commitment to fiscal responsibility. Although the proposal includes expanded funding in some areas, it will not pose an additional burden for the general taxpayer. Our proposed budget is 85% user fee financed as compared to 66% in 1986 and 1987.

As to programs in each transportation mode:

FEDERAL HIGHWAY ADMINISTRATION

For Federal-Aid Highways, we are proposing a program at \$13.4 billion per year, 1987-1990, to fully utilize tax receipts, including anticipated increases from repeal of current exemptions on gasoline and other special

fuel, buses, and state and local government vehicles. Our proposed legislation would include a combined Interstate, Interstate 4R, and Primary program and a block grant, limited to highway projects. Our proposed obligation limitation of \$12.8 billion will, with exemptions to this limit, make the full \$13.4 billion available for highways and bridges. Without repeal of the tax exemptions, we would propose a \$600 million reduction in our original request.

We also seek funding for several key safety programs within the Federal Highway Administration. In addition to \$50 million for Motor Carrier Safety Grants, the budget includes \$24.7 million for the Motor Carrier Safety enforcement activities (with an increase that provides full year funding for the 150 recently added safety specialists), and \$10 million for Highway-Related Safety Grants to help states implement and maintain safety standards.

All of the funding requested for the Federal Highway Administration will come from the Highway Trust Fund, financed by the Federal motor fuels tax and other highway user fees.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

To continue the current programs of the National Highway Traffic Safety Administration, we are requesting total budget authority of \$200 million. Appropriations of \$90 million proposed for Operations and Research will fund safety programs which include occupant protection, intensified efforts to

combat drunk driving, and others. \$5 million is included for the continuation of the national occupant protection program, designed to reduce fatalities and injuries from traffic accidents.

For Highway Traffic Safety grants to states, which are distributed by formula, we are proposing an obligation limitation of \$110 million. These grants can be applied to a variety of areas, including police traffic services, occupant protection, emergency medical services, and alcohol countermeasures. In addition to the \$110 million, \$17.9 million of prior year carryover funding is proposed for alcohol safety incentive grants.

FEDERAL RAILROAD ADMINISTRATION

We are requesting no funds for Amtrak or other rail subsidy programs. During the next several months, we intend to study approaches and develop proposals for maintaining intercity rail passenger service where economically feasible, without Federal involvement in Amtrak subsidies. For the Federal Railroad Administration, we propose a total of \$63.9 million. This includes \$19.5 million for the Office of the Administrator, which funds support for ongoing Federal Assistance programs and the lease costs for Union Station. We are requesting \$40.6 million for railroad safety activities. These activities include enforcement of Federal railroad safety laws and regulations, as well as safety-related research and development in upgrading railroad equipment, operations, hazardous materials, track safety, and safety testing.

URBAN MASS TRANSPORTATION ADMINISTRATION

For FY 1988, we are requesting \$1.5 billion as part of a 4-year transit program, again fully utilizing the penny motor fuel tax allocated to transit and including a \$130 million general fund appropriation to continue construction of the Washington Metro system. The \$1.374 billion grant program would be distributed by legislated formula, as we have proposed in the past, so that a more equitable distribution can be made of these limited resources. Our proposal would permit cities under 200,000 population to use grant funds for transit operating costs. Also included within the \$1.374 billion are funds for planning grants, elderly and handicapped grants, administrative expenses, and research, training, and human resources.

We are not requesting funding for a discretionary grants program. Continued discretionary funding, particularly funding for major new rail systems, can result in the development of inefficient, expensive transit systems when transit needs may be accommodated by lower cost alternatives.

FEDERAL AVIATION ADMINISTRATION

For the Federal Aviation Administration, we are proposing a \$963 million, 20%, expansion for funding, for a total of \$5.8 billion. An increase of \$437 million in support for FAA operations includes funds for 225 additional air traffic controllers, 178 aviation inspectors, increased security staff, and improved communications. Our request also includes \$1.35 billion for Facilities and Equipment which is a \$545 million, 68%, increase over 1987 to continue the replacement of equipment and modernization of the air traffic

control system. Procurements under the multi-year National Airspace System Plan will include surveillance radars, microwave landing systems, modernization of towers and centers, and both terminal and enroute weather radars.

The billion dollar airport grant program will undergo structural changes to focus on critical safety, security, and capacity needs. Our proposal includes a state block grant for small commercial, general aviation, and reliever airports and a voluntary defederalization program coupled with authority to levy passenger facility charges.

In recognition of the forthcoming report from the Byrd Commission, we are proposing only a 2-year reauthorization of the Airport and Airway program. This will assure continued progress in operating a safe and efficient system while other options for providing services to aviation are being considered. This proposal continues the existing tax structure and authorizes \$10 billion of FAA's costs, the 85% attributable to non-governmental users, to be financed by the Aviation Trust Fund, with the remaining 15% from the general fund.

U. S. COAST GUARD

Funding for the Coast Guard at \$2.74 billion, about 6% above the 1987 level, will continue 1987 drug law enforcement initiatives, provide for maintaining and replacing the capital plant and allow the Coast Guard to meet its Defense commitments, including growth of Reserve strength to 13,500. We are

proposing legislation to fund \$30 million of the \$1.96 billion for Operating Expenses from the Boat Safety Account, with the balance of \$15 million in that account to be available for state safety grants.

We continue to support legislation to permit establishment of user fees for certain Coast Guard services. While estimated collections of \$355 million in FY 1988 will represent less than 13 percent of the Coast Guard's overall budget, user fee authority is consistent with our long held position on the proper Federal role in transportation, the need to have those groups that benefit specifically from Federally funded services pay for a fair share of the cost of these services.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The Budget estimates include an appropriation of \$11.665 million for the St. Lawrence Seaway Development Corporation consistent with provisions of the Water Resources Development Act. We are, however, proposing to amend those provisions to once again permit the Seaway to use its toll revenues to fund operating, maintenance, and administrative costs.

OFFICE OF INSPECTOR GENERAL

For FY 1988, we propose an appropriation of \$30.1 million for the Office of Inspector General to assist DOT management in the administration of its programs and operations by conducting the principal audit and investigative functions for the Department.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Our budget proposes \$22.6 million for the Research and Special Programs Administration to fund programs such as hazardous materials operations and research. Within the total, a separate account for pipeline safety, including a combined Gas and Liquid Pipeline Safety Grants program, will be user financed as provided by the Consolidated Omnibus Budget Reconciliation Act of 1985.

The \$2.7 million increase above the FY 1987 level will fund additional training, inspection, enforcement, and support of regulatory activities in the Hazardous Materials and Pipeline Safety programs.

OFFICE OF THE SECRETARY

For the Office of the Secretary, we request \$68.4 million for the general management and administration of the Department. Of this total \$57.0 million is for salaries and expenses, which we are asking you to approve in a single amount, to relieve us from the inordinate workload of administering 15 separate appropriations, as enacted in FY 1987. This amount includes funding of \$3 million for support of the Minority Business Resource Center, along with \$0.5 million of prior year balances. In addition, \$7.5 million is requested to continue contractual research and studies on critical transportation issues. This contracts and studies request is a 124% (\$4.2 million) increase over FY 1987. Almost all of the increase will be used for safety and related research necessary to support licensing and regulation of commercial expendable launch vehicles, payloads, and launch sites. Since

the President's August shuttle decision, interest has picked up, and commercial satellite companies are seeking launch reservations as early as 1989.

A \$3.9 million appropriation for the Working Capital Fund will permit continued development of the Department's accounting and information system.

A proposed later transmittal will request additional funds to finance residual functions of the Interstate Commerce Commission (ICC), assuming enactment of proposed legislation to sunset the ICC. Under current plans, most of the rail functions, including the Directed Rail Service program, will be transferred to the Department, and economic regulation of other modes of transportation will be ended or greatly reduced. The President's Budget tentatively displays \$16.8 million and 249 positions under the Office of the Secretary, pending analysis of organizational options.

The budget includes no funding for the Essential Air Service program, which proposed legislation would terminate in October 1987, one year ahead of schedule.

SUPPLEMENTALS AND DEFERRALS

The Department's Budget request also includes FY 1987 proposals requiring action by this Committee. In addition to supplementals covering increased pay and retirement costs, we are proposing program supplementals to meet FAA's operational requirements and to operate the St. Lawrence Seaway after April 1, when toll revenues must be deposited in the Harbor Maintenance

Trust Fund. With the exception of the St. Lawrence Seaway funds, all these items are to be financed by transfer of unobligated balances or current budget authority. Funds proposed for transfer to finance pay and retirement supplementals will be covered by deferral messages; funds proposed for transfer to finance program supplementals or FY 1988 programs are currently projected to be unobligated when required for transfer, but have been placed under no spending restraints. Several supplementals for liquidating cash and debt reduction are also requested.

(This concludes the prepared statement.)