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FHMA

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration
Program Level
(\$ in millions)

	1976	1977	1978	
			DOT	OMB
<u>Total Program Level</u>	4,729	8,156 (DOT 8,304)	8,107	6,706
<u>Total Outlays</u>	6,498	6,117 (DOT 6,147)	7,472	7,150
Federal-Aid Highways.....	4,565	7,720	7,545 ^{2/}	6,545 ^{2/}
(Obligations limitation)	(7,200) ^{1/}	(7,200) ^{1/}	(7,200) ^{1/}	(6,545)
(Interstate Highways).	(2,060)	(3,500)	(3,700)	(3,500)
(Urban Highways).....	(617)	(1,125)	(1,143)	(843)
(Rural Highways).....	(997)	(2,214)	(1,907)	(1,507)
(Safety Construction).	(389)	(550)	(550)	(450)
(All other).....	(502)	(431)	(245)	(245)

^{1/}Covers all Federal-aid highway programs except emergency relief, urban high density, and bridge replacement.

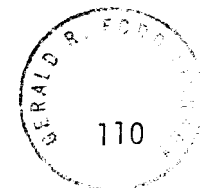
^{2/}Sub-program elements shown below are estimates only. States have considerable flexibility in deciding which projects they wish to fund.

FHWA
Explanation of Changes from 1977 to 1978

Provides Federal assistance for Interstate and non-Interstate highway construction, highway safety construction, and highway research. Request assumes that States will be able to obligate significantly more funds (\$3B annually) in 1977 and 1978 than they were able to obligate in 1976. Request proposes same obligation ceiling that was approved by the Congress in 1977.

Recommend reduction in program level consistent with monthly obligation rate achieved by the States in January-September 1976 time frame-- about \$545M per month. Recommendation presumes States' financial picture (and consequently their ability to apply more funds to highway construction) will remain relatively stable. Recommendation proposes melding the three currently-exempt programs into the obligation ceiling, consistent with past Administration proposals.

More details provided in Issue # 3.



	1976	1977	1978		FHWA Explanation of Changes from 1977 to 1978
			DOT	OMB	
Total, "Place-named" highways (sum of all accounts with * below).....	(4)	(167) (DOT 192)	(197)	(63)	Discussion provided in the following nine accounts <u>and</u> in the "Attachment."
Northeast Corridor Railroad Highway Crossings Demon- strations*.....	2	11	17	---	Provides 80% Federal funding to eliminate public ground-level, rail-highway crossings along the route of the Boston-Washington high-speed rail line. Total cost is \$92M. Request assumes States are now prepared to speed up this program. <u>Recommend</u> no new funding because of availability of large unobligated balances at beginning of 1977 (\$18M) and past history of inability of States to obligate allotted funds (only \$13M has been obligated in the past four years).
Other Railroad-Highway Crossings*.....	4	17	10	5	Nineteen specific railroad-highway crossings have been designated by the Congress for alteration, reconstruction and relocation. Total estimated cost is \$475M. Request provides for completion of preliminary engineering on all projects and for initial construction of four crossings. Two projects have already been fully- funded. <u>Recommend</u> funding only for Elko, Nevada, rail relocation project. (Total cost is \$16M). 1978 recommended funding, in combination with unobligated balances available in 1977, will fully fund the project.

	1976	1977	1978	
			DOT	OMB
Great River Road..... (National Scenic and Recreational Highway)*	--	44	94	45

FHWA

Explanation of Changes from 1977 to 1978

Provides 70% Federal funding for a 2-lane scenic highway from Minnesota to Louisiana along the Mississippi River. Total cost, mostly for improving existing roads, is \$1.1B. Total contract authority appropriated through 1978 is \$146M--\$90M from the 1973 Highway Act and \$56M from the 1976 Highway Act. Request presumes that States will be able to obligate only \$138M of the total \$146M contract authority made available through 1978.

Recommend proposing a 1977-1978 obligation ceiling of \$90M associated with the contract authority provided in the 1973 Highway Act. Additional contract authority provided in the 1976 Highway Act (\$56M) would not be released. If Congress approves the obligation ceiling request, a rescission might be subsequently proposed.

Consistent with congressionally-expressed "emphasis areas", expenditure of the \$90M would be limited to purchases of scenic easements, construction of roadside rest areas and bicycle trails, environmental studies, and planning and engineering. Total estimated costs of these activities is as yet unknown by FHWA. No funds would be expended on road construction or reconstruction. Allowance letter item would provide guidance.

	1976	1977	1978	
			DOT	OMB
Darien Gap Highway*.....	-2	1 (DOT 24)	27	---
Alaska Highway*.....	--	20	15	---
Overseas Highway*.....	1	12	25	8

FHWA
Explanation of Changes from 1977 to 1978

Provides 66% Federal funding for the Panama-Colombia link in the Pan American Highway. The project has been halted by a Federal court ruling that FHWA has not properly evaluated all appropriate environmental issues--especially the potential spread of hoof-and-mouth disease. Request for additional 1977 and 1978 funds is predicated on the assumption that this court hurdle will be overcome by spring, 1977.

Recommend providing no additional funding unless and until FHWA has performed, to the court's satisfaction, an adequate environmental impact analysis.

IPD concurs with the EGD recommendation. State Department supports the Darien Gap Highway project but agrees that it would be inappropriate to budget funds for it at this time because of the legal difficulties and the false expectations it might generate in Panama.

Provides 100% Federal funding for reconstruction of highway running from Juneau to Fairbanks through the Canadian Yukon and British Columbia. Total project cost is about \$165M.

Recommend providing no additional funds because:

- Project initiation is dependent on Canadian-U.S. agreement, as yet unsigned.
- Environmental impact statement has not yet been prepared.
- \$20M in past-year appropriations is currently available for obligation.

Provides 70% Federal assistance for construction and reconstruction of 37 bridges on the 110 miles of highway between Key West and Key Largo, Florida. Total project cost is about \$155M.

1976 1977 1978
 DOT OM

FHWA
Explanation of Changes from 1977 to 1978

Request provides funds consistent with a 6-year financial plan.

Recommend that DOT seek to reach an agreement with the State of Florida whereby:

- The State will fully-fund the longest two bridges (2 miles and 7 miles) through a State bonding/toll reimbursement mechanism (accounting for \$72M of the total \$155M costs).
- FHWA will designate \$8M annually to the project out of existing discretionary Federal-aid highways monies (all other discretionary monies are committed to other projects).
- Additionally, \$8M annually will be provided from the Overseas Highway account.

This would reduce the total Federal contribution from \$109M to \$60M, with \$30M coming from this account and \$30M from Federal-aid highways. Recommendation would permit funding all bridges (except the two longest) consistent with DOT's 6 year plan. Allowance letter item.

Highways Crossing
 Federal Projects*..... -- 35 -- --

Provides 100% Federal funding for bridge construction and reconstruction associated with two Corps of Engineers' projects--the Tennessee-Tombigbee waterway in Mississippi and Alabama, and the Oahe Reservoir in South Dakota. Total bridge construction costs are about \$175M. Request presumes one-time, but partial, funding in 1977.

Recommend approval of DOT position, based on the fact that States/localities were originally supposed to bear the total costs of these bridge projects.

Baltimore-Washington
 Parkway*..... -- 3 4 --

Provides for reconstruction of the National Park Service owned section of the Baltimore-Washington Parkway, following which the highway is supposed to be transferred to Maryland. Request provides for right-of-way acquisition presuming widening of the highway from 4 to 6 lanes.



	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>DOT</u>
Project Acceleration Demonstration*.....	--	10	5	5

Safer Off-System Roads.....	--	-- (DOT 100)	200	---
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FHWA
Explanation of Changes from 1977 to 1978

Recommend no funding because:

- recent hearings have shown substantial public opposition to the project.
- environmental impact statements have not been prepared.
- the worst parts of the highway were resurfaced this year.
- Interior Department has raised the concern that Maryland and the Congress might balk at having the highway transferred to Maryland.

NRD has no objections to this recommendation.

Provides 100% Federal funding for an Interstate interchange near Raystown, Pa. in order to "demonstrate the feasibility of reducing the time required from the time of request for project approval through project completion." Request would provide for completion of the project.

Recommend approval of DOT request in order to complete this partially-funded project and thereby close out this account.

Provides 70% Federal funding for highways not on the Federal-aid system. Request assumes program level for 1978 to be equal to the full amount of the authorization for this program, and is based on the presumption that States require some "flexible" funds.

Recommend no funding on the basis that:

- About \$187M in unobligated balances remains available in 1977-1978 from other similar programs (Safer Roads Demonstrations and Off-System Roads).
- States should be responsible for all roads off the Federal-aid system. If their revenues are insufficient to fund a satisfactory road program, States have the option of raising gas and automobile excise taxes.

	1976	1977	1978		FHWA Explanation of Changes from 1977 to 1978
			DOT	OMB	
Off-System Railway-Highway.. Crossings	--	-- (DOT 25)	50	---	Provides 90% Federal funding for elimination of hazards of railroad-highway crossings for highways not on the Federal-aid system. Request assumes need for funding in 1977 and 1978 based on the fact that there are about 600 deaths and 8,000 accidents annually at off-system rail-highway crossings. <u>Recommend</u> no funding on the basis that: <ul style="list-style-type: none"> ° There are 170,000 such crossings, requiring \$1.4B to bring them all up to Federal safety standards. ° States should be responsible for all off-systems roads and crossings.
Highway-Related Safety Grants.....	19	21	21	21	Provides 70% Federal funding to States to assist in collecting accident data, identifying problem areas, determining necessary construction or other improvements, and analyzing the impact of past improvements. Request provides for continuation of program at 1977 level. <u>Recommend</u> approval of DOT request. Available data indicate that higher percentages of the funds are now being expended in high impact areas.
Territorial Highways.....	5	6	10	6	Provides 70% Federal funding to Guam, Virgin Islands and Samoa. Request presumes speed up of construction on all three islands. <u>Recommend</u> continuation of program at 1977 level, including continuation of existing obligation limitation.



	1976	1977	1978		FHWA Explanation of Changes from 1977 to 1978
			DOT	OMB	
Highway Safety R&D.....	5	10	10	9	<p>Request provides for stable funding of most FHWA highway safety R&D activities. New emphasis is requested (+\$1.5M) for accident analyses and safety effectiveness studies.</p> <p><u>Recommend \$1M reduction in program level because:</u></p> <ul style="list-style-type: none"> ◦ FHWA has been very slow in obligating available funds (\$2.2M of unobligated balances have slipped into 1977). ◦ New emphasis area of accident analysis is duplicatory of National Highway Traffic Safety Administration programs.
Highway Beautification.....	28	34	41	31	<p>Request provides \$25M for removal of selected outdoor advertising along highways and \$15M for screening and/or relocation of junkyards along highways.</p> <p><u>Recommend \$10M reduction in junkyard program consistent with past inability of FHWA to obligate over \$5M for this subprogram.</u></p>
Motor Carrier Safety.....	6	7	9	7	<p>FHWA enforces Federal regulations regarding safety of interstate commercial buses and trucks and highway noise. Request includes 40 additional staff to meet increasing workload and to provide for more on-the-road inspectors.</p> <p><u>Recommend level program for 1978 based on the fact that truck and bus accident statistics have shown safety improvement in the past 5 years without a significant Federal inspection effort.</u></p>

	1976	1977	1978	
			DOT	OMB
Other.....	97	205	24	24
Limitation on Operating Expenses.....	(129)	(155)	(165)	(156)

FHWA
Explanation of Changes from 1977 to 1978

Includes accounts for which:

- No additional funds are authorized (Right-of-Way Revolving fund, Off-System Roads)
- No additional funds are requested (Access Highways to Public Recreation Areas, Highland Scenic Highway).

Also includes technical assistance provided on a reimbursable basis to foreign governments.

Recommend full request.

This is a limitation on the amount of the program assistance, listed above, that can be used for Federal administration and highway research activities. Request includes +72 end-of-year ceiling, 32 of which are for reimbursable work for the Federal Railroad Administration for engineering and audit services in the Northeast Corridor and for a technical assistance team for Saudi Arabia (State Department has approved and IPD has no objection). The most substantial dollar increase request is for highway R&D (+\$5.8M). FHWA also requests \$480K for planning and engineering costs associated with a \$7-8M expansion of the Fairbank Highway Research Station in suburban Virginia.

Recommend personnel increases only for the reimbursable work (+32). However, this increase is more than balanced off by the redirection of 95 FHWA personnel to support Urban Mass Transportation Administration activities, to be accomplished in 1977. A cost of living increase has been allowed for FHWA's highway R&D program; but no funds are recommended for the expansion of the Fairbank Highway Research Station.



Allowance Letter items:

- Great River Road. DOT is to be informed that the allowable 1977-1978 program level is to be expended only for purchases of scenic easements, construction of roadside rest areas and bicycle trails, environmental studies, and planning and engineering. No funds are to be expended on road construction or reconstruction.

- Overseas Highway. DOT is to be informed that it should seek an agreement with Florida whereby the State will fully-fund the longest two bridges (2 miles and 7 miles) through a State bonding/toll reimbursement mechanism (accounting for \$72M of the total \$155M costs). In turn, FHWA will designate \$8M annually to the project out of existing discretionary Federal-aid highway monies and will provide an additional \$8M from the Overseas Highway account (total annual Federal cost of \$16M).

- Interstate Transfers. DOT is to be informed that it should take all possible administrative actions to restrain Interstate transfer budget growth pending congressional action on the OMB-recommended legislative initiative. In particular, DOT should not reallocate withdrawn Interstate mileage to new Interstate projects or new Interstate segments.

- Special Studies. The 1976 Highway Act required a series of studies to be completed and submitted to Congress in spring, 1977. All studies should be submitted to OMB for review before transmittal to the Congress.

- Building Federal-aid highways to Industry Standards. DOT should evaluate the existing requirement that States construct Federal-aid highways to meet American Association of State Highway Transportation Officials (AASHTO) engineering and design standards. Several States have argued that the standards are too high, that they require "over-building" of specific types of highways, and that the benefit/cost ratio of Federal-aid highway construction is thereby lowered.

Attachment to FHWA Modal Analysis

Below is a tabular presentation of ten "place-named" highway accounts. Each account has been classified and discussed in terms of three criteria--direct Presidential involvement, agency interest or foreign policy concern and nearness to project completion. If a project meets any of the three criteria, funding is not automatically approved. However, if it fails to meet any of the criteria, funding is automatically disapproved. These criteria apply only to projects already initiated, and are not intended to apply to "place-named" highway programs which may be newly proposed in 1978 or future years. For new projects, the criteria would need to be more restrictively delineated. The table below also provides basic financial data concerning the projects.

Highway Account	Program Purpose	Three Proposed Criteria			Legal Impediments/ Hindering Factors	(\$ in millions)				Rationale for DOT Req. and OMB Recom.
		Direct Presidential Involvement	Agency Interest/ Foreign Policy Concerns	Project Near Completion		Total Project Cost	Federal Share (already availa- ble thru 1977)	1978 Obls.		
							DOT Req.	OMB Rec.		
Northeast Corridor Rail Crossings Demonstration Projects	Grade separation of railroad-highway crossings along the Northeast Corridor high speed rail line between Washington and Boston.	No	Yes--If FHWA did not fund it, FRA would have to, directly or indirectly.	No	States have been very slow to put up match- ing shares and obligate available Federal funds.	92	77 (27)	17	--	Request assumes States are ready to speed up construction in 1977-1978. Recommendation recognizes "Federal interest" rationale. However, \$18M in unobligated balances will meet 1977-1978 needs, especially given past slow obligation rates.
Other Highway Railroad Crossings	Grade Separation of rail reloca- tion of railroad- highway crossings at 19 congressionally- designated sites.	Yes--but only for a project for Elko, Nevada.	No	No	All projects in plan- ning and engineering stage.	475	404 (24)	10	5	Request provides for design of all projects and construction of 4 of the least expensive (but not for Elko). Recommendation recognizes "Presidential involvement" rationale and provides sufficient funds (in combination with unobligated balances) to fully fund Elko project, but no others.
Darten Gap Highway	Construction of Pan American high- way link in Colombia and Panama.	Yes--a Nixon foreign policy initiative.	Yes--State Dept. believes it is important for improved Panamanian/U.S. relations.	No	Court order has halted all work on project.	280	190 (54)	27 (1977= +24 Supp. Req.)	--	Request predicated on assumption that FHWA will be able to surmount legal problems in 1977. Recommendation recognizes "foreign policy" rationale, but disallows additional funding until environmental analysis has been performed to court's satisfaction.
Alaska Highway	Connects Juneau with Fairbanks by widening/paving highway link through Canadian British Columbia and Yukon.	No	Marginal. No significant benefits to Canada.	No work started.	Canadian/U.S. agreement not yet signed. Environ- mental studies not started.	165	165 (20)	15	--	Request presumes expediting construction to hold down on inflation costs. Recommendation recognizes only marginal "Federal interest" rationale. In any case, \$20M in unobligated balances is available if and when legal impediments are resolved.

Highway Account	Program Purpose	Three Proposed Criteria			Legal Impediments/ Hindering Factors	(\$ in millions)		1978 Obls.		Rationale for DOT Req. and OMB Recom.
		Direct Presidential Involvement	Agency Interest/ Foreign Policy Concerns	Project Near Completion		Total Project Cost	Federal Share (already available thru 1977)	DOT Req.	OMB Rec.	
Great River Road	Construction of a national scenic and recreational highway along the Mississippi River.	Yes--President transmitted a deferral request and a rescission request to Congress. Most recently, President rejected transmittal of a deferral.	No	No work started.	Some States unenthusiastic about meeting 30% matching requirement. Obligation rate likely to be slow.	1,100 (Includes road construction/reconstruction)	770 (121)	94 (No new B.A.)	45 (No new B.A.)	Request presumes release of all currently available contract authority provided in 1973 and 1976 Highway Acts. Recommendation recognizes "Presidential involvement" rationale, but proposes special budget controls because of high potential Federal funding liability. OMB proposal includes: <ul style="list-style-type: none"> ° limiting obligations to the \$90M contract authority provided in 1973 Highway Act. ° limiting obligations to scenic easements, rest areas, bike trails, etc. (No road construction/reconstruction).
Access Highways to Public Recreation Areas on Certain Lakes	Construction of access highways to recreation areas on lakes built with Corps of Engineers or Bureau of Reclamation funds.	No	No	Yes--8 projects completely funded. No additional projects contemplated.	None	14	10 (10)	---	---	Request provides no additional funds because the 8 projects already funded comprise an adequate total program. Recommendation recognizes no special rationale, and agrees with DOT position.
Highways Crossing Federal Projects	Construction of bridges across Corps of Engineers or Bureau of Reclamation projects where there has been substantial inflation in project costs and where such	Yes--Rescission request withdrawn by the President in response to Tennessee-Tombigbee waterway project bridge requirements.	No	No	Planning, design and engineering required on some bridge projects.	175	175 (35)	---	---	Request presumes that States will bear to costs of remaining bridge projects, per original agreements signed with Corps of Engineers. Recommendation recognizes "Presidential involvement" rationale. Nevertheless, recommend termination of funding 1978, per DOT position, and on assumption that Presidential instructions applied to 1977 funding alone.

Highway Account	Program Purpose	Three Proposed Criteria			Legal Impediments/ Hindering Factors	(\$ in millions)		1978 Obls.		Rationale for DOT Req. and OMB Recom.
		Direct Presidential Involvement	Agency Interest/ Foreign Policy Concerns	Project Near Completion		Total Project Cost	Federal Share (already availa- ble thru 1977)	DOT Req.	OMB Rec.	
Overseas Highway	inflation would cause "undue hardship" on any State. Reconstruction of 37 deteriorated Florida Keys bridges (Key Largo to Key West).	No	Yes (partially)-- Reduces problems in supplying military facilities on the Keys.	No	None	155	109 (13)	25	8	Request provides funding consistent with a 6-year financial plan and because of benefits to military base on the Keys. Recommendation partially recognizes "Federal interest" rationale. However, 6-year financial plan can be alternatively met by <ul style="list-style-type: none"> ° having the State fully-fund the two longest bridges (2 miles and 7 miles) thru a bonding/toll reimbursement mechanism (would account for \$72M of total costs). ° Applying \$8M annually from existing FHWA discretionary funds. ° Additionally, providing \$8M annually from this account.
Baltimore-Washington Parkway	Reconstruction of the Maryland portions of the Parkway. After reconstruction, Parkways to be transferred from National Park Service to Maryland.	No	Yes--NPS does not want to own and operate the Parkway.	No	Environmental impact analysis not yet filed. Public hearings have shown substantial opposition.	85	85 (3)	4	---	Request provides for initial right-of-way acquisition presuming widening of the highway from 4 to 6 lanes. Recommendation recognizes "Federal interest" rationale. However, legal impediments of public hearings and environmental analysis should be resolved before additional funding is provided. After such review, it may be decided that total project costs are excessive and the project should be terminated.

Highway Account	Program Purpose	Three Proposed Criteria			Legal Impediments Hindering Factors	(\$ in millions)				Rationale for DOT Req. and OMB Recom.
		Direct Presidential Involvement	Agency Foreign Concerns	Interest/ Policy		Project Near Completion	Total Project Cost	Federal Share (already availa- ble thru 1977)	1978 Obls. DOT OMB Req. Rec.	
Project Acceleration Demonstrations	Construction of an Interstate interchange near Raystown, Pa., in order to "demonstrate" the feasibility of reducing the time required from the time of request through project completion.	No	No	Yes--\$5M additional funds will complete project.	None	15	15 (10)	5	5	Request will complete the highway interchange and the account will be terminated. Recommendation recognizes "project near completion" rationale, and concurs with the DOT position.
Total						2,256	2,000 (317)	197	63	

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration
(\$ in millions)

Program Level^{1/}

	<u>1976</u>	<u>1977^{2/}</u>	<u>1978</u>		<u>FRA</u>
			<u>DOT</u>	<u>OMB</u>	<u>Explanation of Changes from 1977 to 1978</u>

SUMMARY

Total Program Level.....	471	806	1,523	707	
DOT.....		(991)			
Total Budget Authority.....	562	418	923	307	
DOT.....		(572)			
Total Outlays.....	449	251	551	339	
DOT.....		(345)			

KEY PROGRAMS

Northeast Corridor Improvement.....	--	150	450	155	
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See Issue No. 5. 1977 funds are for the design plan to upgrade rail passenger service between Washington, D.C., and Boston to 120 MPH. Construction begins in 1978. The total five year direct cost of this program is \$1.75B. The 1978 request represents a factored share of the five year schedule. Improvement of the NEC represents an attempt to encourage demand for rail service in the Northeast. By making rail travel more competitive, it is hoped that large numbers of passengers will be diverted from other modes. Total increase in passengers is projected to rise from 8M in 1975 to 27M in 1990); the result will be energy savings and environmental benefits.

Recommendation: The social and economic benefits of this program do not warrant full investment in this program. By stopping construction between New Haven and Boston and between Washington and Philadelphia, the

1/ Program level includes loan guarantees.
2/ The 1977 figures include requested supplementals.



	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>FRA</u> <u>Explanation of Changes from 1977 to 1978</u>
			<u>DOT</u>	<u>OMB</u>	
Railroad Rehabilitation and Financing:					
° Loan Guarantees.....	--	400	600	400	<p>most costly segments are eliminated. Improvement would continue on the track between Philadelphia and New Haven.</p> <p>See Issue No. 4. Total of \$1B authorized. When coupled with preference shares, these guarantees represent the FRA program to provide financial assistance to railroads outside the Northeast.</p> <p><u>Recommendation:</u> Although loan guarantees represent the preferred form of assistance for the Administration, the demand has not materialized for a full commitment. Nor has the Department been able to suggest how these funds can facilitate mergers--DOT's first priority. The recommended level allows a high level of assistance by the government without a full commitment.</p>
° Preference Shares...	--	70 (195)	275	--	<p>See Issue No. 4. Supplemental of \$125M requested in 1977. Low interest, long term loan program for railroads. Total of \$600M authorized from 1977-March 1979. This form of assistance is the most persuasive tool available to the Secretary of Transportation to encourage mergers. Commitment of full amount is necessary to comply with the statutory goals for this program.</p> <p><u>Recommendation:</u> Although preference shares can be used to facilitate a merger, DOT has been unable to estimate how much will be needed for mergers. Commitment at the full level creates expectation of more to come. It is unreasonable to have this level of involvement before important studies are completed during 1977 and 1978.</p>

	<u>1976</u>	<u>1977</u>	<u>DOT</u>	<u>OMB</u>
Rail Service Assistance.....	379	83 (143)	102	70

FRA
Explanation of Changes from 1977 to 1978

A 1977 supplemental of \$59.7M is requested to pay back the Treasury for its coverage of a defaulted Penn Central note in January 1976. The 1976 funds were used to keep the Penn Central operating until conveyance to ConRail. In 1977 and 1978, rail service assistance covers two major programs. The regional program provides a formula grant to 18 northeast and midwest states to allow them to continue local rail service on 3,000 miles of track not included in ConRail. The 1978 request is \$68M, which exhausts the authorization. The national program is similar. It provides assistance to the rest of the country to maintain service on otherwise-abandoned lines. Over four years the Federal share decreases to 100-90-80-70 percent. The 1978 request is \$17M. Also included are the administrative costs of the assistance programs (\$7.3M) and venture capital (\$10M) to ensure that minority owned businesses get a share of construction work financed by Federal funds.

Recommendation: The 1977 supplemental represents a payback to Treasury to meet a defaulted note paid earlier by Treasury, yet negotiations now underway with the bankrupt estates will probably secure repayment of the defaulted note by the fourth quarter, 1977. The recommendation rejects the entire supplemental as premature, cuts the request for minority business venture capital in half because of the recommended cut back in Northeast Corridor activities, and denies a \$32M request to approve abandoned lines in the regional program because DOT has been unable to determine the role of operational lines.



	<u>1976</u>	<u>1977</u>	<u>DOT</u>	<u>OMB</u>	<u>FRA</u> <u>Explanation of changes from 1977 to 1978</u>
Research and Development.....	55	65	51	43	<p>Rail R&D includes programs to provide economic analysis in support of the 4-R Act, demonstrate the use of trucks on flatcars, and devise a system to monitor the location of freight cars. Also studied are the physics of wheel-rail contact, electrification of the rail lines, and 100MPH passenger service throughout the country. This program also operates the only rail test facility in the country. It is used by the industry and UMTA as well as by FRA.</p> <p><u>Recommendation:</u> The recommendation takes the following actions. It converts a data collection effort for the ICC and the industry to a user charge basis, it stops further research into electrification of freight lines (basic work has been accomplished in Europe and conversion is low priority), and it stops further research to convert passenger service outside the Northeast to 100MPH (present top speed is 79MPH and average speed is 46MPH).</p>
Railroad Safety.....	21	25	30	28	<p>The request increases the number of safety inspectors by 18 EOY. Includes research and development, track inspection vehicle, data evaluation, and State grant program. The increase reflects one new inspection vehicle, acquisition of a locomotive cab, and initiation of data evaluation. Safety is the most visible area of FRA to Congress and the public. Pressure is created each year by the unions to increase safety inspectors.</p>



	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>FRA</u>	<u>Explanation of Changes from 1977 to 1978</u>
			<u>DOT</u>	<u>OMB</u>		
Alaska Railroad Revolving Fund.....	10	6	6	3		<p><u>Recommendation:</u> Do not allow an increase in the number of inspectors or the acquisition of an inspection vehicle because FRA is unable to justify its request in terms of impact on safety and has resisted increased cooperation with the States. Require FRA to complete the safety system plan (due September 1975) and to allocate five EOY from within base to conduct an ongoing evaluation of rail safety.</p> <p>The railroad is owned and operated by the Federal Government. Started in 1976 to meet the increased demand caused by the Alaska Pipeline, the capital program provides about 80% of the railroad's capital investment. Requested funds are to acquire new equipment to replace outdated items and to increase the level of track maintenance.</p> <p><u>Recommendation:</u> The economic future for the railroad looks bleak. With completion of the pipeline, revenues are sure to decline. Since it is administration policy to sell the line, capital should be used to maintain but not improve the railroad.</p>
Administration.....	6	7	8	8		<p>General administrative support. The request provides an increase of 11 EOY and annualization of personnel increases in 1977.</p> <p><u>Recommendation:</u> Deny the expansion of staff. The increased personnel are for general overhead functions and not directly related to FRA's new responsibilities.</p>



Items to be Included in the Allowance Letter

- New budget authority for railroad rehabilitation and financing is not approved. It is assumed that the forthcoming studies in this area will further define the need for assistance, the areas in which it is needed, and an estimate of how it will facilitate mergers--citing prospective mergers and amounts needed. These efforts, when combined with the planned policy statement of priorities, could form the basis for an amendment to the 1978 request.

- New budget authority for rail passenger R&D is not approved. FRA should redirect their research efforts in this area away from expansion of AMTRAK's system, to efforts to solve AMTRAK's short range problems (especially those which improve AMTRAK's chances to break even). It is also assumed that the waybill statistics effort will be funded through user charges.

- Expansion of the safety staff and acquisition of a fourth automated inspection vehicle is not approved. Efforts to evaluate FRA's safety program have been inadequate and do not justify an increase. To this end, the 1978 funding level assumes that FRA will reallocate five EOY with \$1M for their support--from within base--to provide a continuing evaluation effort. It is expected that FRA will complete the safety system plan by March 1. Included in the plan will be an assessment of the relative strengths and weakness of each element of the safety program and recommendations of how the program may be improved.

DEPARTMENT OF TRANSPORTATION

AMTRAK
Program Level
(\$ in millions)
See Issue #6

	1976 act.	1977 est.	1978			Explanation of Changes from 1977 to 1978
			AMTRAK req.	DOT rec.	OMB rec.	
<u>SUMMARY</u>						
Total Program Level.....	360	750 ^{2/}	901	645	583	
Total Outlays.....	355	693 ^{2/}	901	645	583	
<u>KEY PROGRAMS</u>						
Operating Deficit Grants.....	357	483	534	490	456	By its present charter, AMTRAK receives a direct grant each year to cover its estimated operating deficit. AMTRAK considers this an entitlement and not to be questioned unless Congress is willing to change its charter. Their 1978 request will retain the present 26,000 mile system, add three new routes (to be determined later), and consider the discontinuation of one route. DOT's 1978 recommendation assumes that the constant rise in AMTRAK's operating deficit must end. It proposes to set the operating subsidy at roughly the 1977 level, holding it there through the outyears, and require AMTRAK to winnow losing routes by forcing them to absorb inflation.

1/ Although the AMTRAK appropriation goes to DOT, the Department exercises very little budgetary or policy control over AMTRAK operations. AMTRAK concurrently submits its budget to Congress and the President.

2/ The program level and outlay figures include \$126M of 1976 and TQ capital funds which heretofore have been unobligated, awaiting delivery of equipment orders. The recently-signed Rail Improvement Act (P.L. 94-555), however, grants AMTRAK the authority to use capital funds to temporarily lower its loan guarantee ceiling. In effect, AMTRAK can convert capital grants to the more flexible loan guarantees. DOT claims that the bill requires release of the unobligated balance. We have requested a legal opinion; meanwhile the DOT figures are used.

	1976 act.	1977 est.	1978			AMTRAK Explanation of Changes from 1977 to 1978
			AMTRAK req.	DOT rec.	OMB rec.	
Capital Grants.....	--	219	317	105	77	<p><u>Recommendation:</u> The DOT recommendation would require three to four route reductions in 1978, but does not specify which routes. Nor does the DOT recommendation assess the long range impact on rail passenger services if this approach were adopted. The OMB recommendation accepts the DOT contention that a long term solution is needed to the AMTRAK-Executive Branch conflict. It proposes that the criterion for determining the 1978 subsidy for AMTRAK be: discontinue service on a route when the subsidy per passenger exceeds the cost of a commercial airline ticket for the same route. The 1978 recommendation would require AMTRAK to discontinue service on nine routes.</p>
Repair of Equipment....			(49)	?	(13)	
Facilities.....			(39)	?	(15)	<p>The AMTRAK request provides the first significant purchase of new equipment that will eventually replace all rolling stock and consolidate maintenance facilities (a four year, \$1B effort). DOT recommends \$105 without providing a rationale (beyond level of effort) or breakdown of what items are affected.</p>
Corridor Spur Lines Maint.....			(18)	?	(18)	
Other Right-of-Way Maint.....			(15)	?	(--)	
Equipment Purchase.....			(164)	?	(18)	
Motive Power.....			(32)	?	(13)	<p><u>Recommendation:</u> The OMB recommendation is designed to provide capital funds to maintain the present system and to improve service in the Northeast Corridor. No provision is made to expand the size of AMTRAK's system or to continue investment in the routes recommended for discontinuation.</p>

	1976 act.	1977 est.	1978			AMTRAK Explanation of Changes from 1977 to 1978
			AMTRAK req.	DOT rec.	OMB rec.	
Purchase of Northeast Corridor.....	--	47 ^{3/}	25	25	25	As part of the Administration-approved Final System Plan, AMTRAK was directed to purchase the Northeast Corridor track and facilities from ConRail. The price was set at \$87M. DOT has negotiated the arrangement with AMTRAK and ConRail, and the Rail Improvement Act ratified the agreement in October. A supplemental is requested for 1977 because AMTRAK's operation's account did not anticipate the purchase. The remaining \$15M will be budgeted in 1979. <u>Recommendation:</u> Accept the request.
Retirement of AMTRAK Debt...	--	--	25	25	25	Since AMTRAK's revenues are only 30 percent of its total costs, it will not be able to retire the principle of its \$900M in capital loans guaranteed by the government. The 1978 request covers the full authorization, begins repayment of the principle, and lowers the ceiling on guaranteed loans to \$875M. <u>Recommendation:</u> Accept the request.

3/ Supplemental Request.

NHTSA

National Highway Traffic Safety Administration (NHTSA)
(\$ in millions)
Program Level

	1976	1977	1978		<u>Explanation of Changes from 1977 to 1978</u>
			DOT	OMB	
Total Program Level \$ Millions	159	219*	233	211	
(FTP)	(846)	(867)	(966)	(877)	
Total Outlays	151	182	232	213	
<u>Key Programs</u>					
<u>State and Community Highway Safety</u>					
Grants	101	129	129	129	Provides 70% Federal (highway trust fund) grant funding to States to implement selected traffic safety standards. Request presumes level funding and level obligation ceilings for 1978 based on the rationale that: <ul style="list-style-type: none"> ◦ It is necessary to maintain States' level of effort. ◦ It is consistent with 1977 Congressional budget actions.
(Obligation limitation)	(101)	(129)	(129)	(129)	
(Unreleased contract authority)	(222)	(187)	(184)	(184)	
<p><u>Recommend approval of the DOT request. Increasingly higher percentages of available funds are being programmed by States into the designated "high impact" areas of alcohol programs, emergency medical services, and selective enforcement (e.g., 55 m.p.h. limit).</u></p>					

* Includes \$3M 1977 supplemental requested for the Automotive Fuel Economy Program.

	<u>1976</u>	<u>1977</u>	<u>1978</u>	
			<u>DOT</u>	<u>OMB</u>
<u>Traffic Safety Programs</u>	12	12	13	12
Contract Program	(8)	(9)	(10)	(9)
<u>Motor Vehicle Programs</u>	9	13	29	14
Contract Program	(4)	(8)	(9)	(8)

Explanation of Changes from 1977 to 1978
(NHTSA)

Provides for administration of highway safety grant program and for contracts for safety demonstration projects and manpower development programs. Request is for +4 end-of-year ceiling for increased staffing of field offices and +\$1.4M for demonstrations aimed at safer driver performance.

Recommend approximately level contract program and reduction of 5 end-of-year ceiling (-2% from base) to be reprogrammed to other higher priority activities within the agency.

This program develops, promulgates and enforces Federal Motor Vehicle Safety Standards (FMVSS).

Agency requests \$14M to construct in-house vehicle compliance test facility (CTF), staffing of leased engineering test facility (ETF) and personnel increases of 55 to increase overall testing capability. For contract program, agency requests \$1.3M increase for second year cost of FMVSS evaluation and to increase number of vehicles tested for compliance; \$1M requested for mandatories.

Recommend denial of CTF and personnel increases because NHTSA has not demonstrated that the CTF would impact significantly on accident causation. Recommend continuation of ETF at present personnel level to test for vehicle

	<u>1976</u>	<u>1977</u>	<u>1978</u>	
			<u>DOT</u>	<u>OMB</u>
<u>Research and Analysis</u> (R&A)	23	42*	37	34
Contract Program	(25)	(27)	(32)	(29)

* Reflects \$10M carry-over; prior year authorizations.

Explanation of Changes from 1977 to 1978
(NHTSA)

defects to meet statutory 120 day deadline to respond to petitions. Recommend \$.7 million increase in contract program to fund FMVSS evaluation and to permit small increase in number of vehicles tested for FMVSS compliance.

This program provides research support to NHTSA's FMVSS development, auto fuel program, State safety standards development and conducts long range programs to expand highway safety knowledge.

Agency requests \$4.5M increase in contract program to fund final phases of the Research Safety Vehicle (RSV), to improve its data bases, to better determine accident causation, and to develop the automotive recorder. Three full-time-permanent positions are requested to support the Auto Fuel Economy Program.

Recommend approval of \$1M increase in program level for RSV and increase of \$1.5M for data base improvement focused on the National Accident Sampling System (NASS). Recommend small increase in automotive recorder research and small decrease in traffic safety research. Recommend personnel increase of 3 for Auto Fuel Economy research.

	<u>1976</u>	<u>1977</u>	<u>1978</u>	
			<u>DOT</u>	<u>OMB</u>
<u>Automotive Fuel Economy and Consumer Information</u>	2	11*	10	9

Explanation of Changes from 1977 to 1978
(NHTSA)

The Automotive Fuel Economy program, established by the Energy Policy and Conservation Act, PL 94-163, is required to administer congressionally-imposed auto fuel standards, develop additional standards, and provide government focus for auto energy conservation. The consumer information activity provides for development of vehicle and safety consumer information.

Agency request is for: 1) \$3M supplemental for 1977; 2) +\$2M 1978 program level; 3) net addition of 12 positions. Justification cited is short deadlines and the need to develop data and analyses that are technically complex with huge industry cost implications. NHTSA requests reprogramming of 11 positions from the consumer information program to the automotive fuel economy program with reliance on contract funding to fulfill statutory requirements.

* Includes \$3M supplemental and \$2.5M carry-over from Consumer Information program.

	<u>1976</u>	<u>1977</u>	<u>1978</u>	
			<u>DOT</u>	<u>OMB</u>
<u>General Administration</u>	12	12	15	13
Contract Program	(--)	(1)	(1)	(1)

Explanation of Changes from 1977 to 1978
(NHTSA)

Recommend \$3M supplemental for 1977 and an increase of 8 new positions. Denial of full 1978 request based on assumption that the contract program level should remain at 1977 levels. Recommend approval of position transfers to automotive fuel economy program.

This activity consists of general administrative support and program direction, i.e., planning and evaluation, chief counsel, offices of the Administrator, civil rights and public affairs. Agency request is for personnel increase of 15 and a funding increase of \$.75M. Personnel requested are: 7 automotive fuel economy program support; 3 for consumer hotline; 2 for FMVSS evaluation oversight; 2 for support; and 1 position for civil rights contract review format development. Agency also requests contract funds for Title VI program.

Recommend personnel increase of 4 for FMVSS evaluation and automotive fuel economy program. Mandatory costs to be absorbed by contract program.

Title VI compliance review format contract to be funded within program level; no personnel increase since proposed OST civil rights personnel increases can assist this effort.

Allowance Items

(NHTSA)

Special efforts should be focused on the development of accident causation information. Program priorities should be reassessed so as to focus on safety standard development, research support and countermeasure programs that will reduce the causes of accidents.

NHTSA should continue its evaluation of FMVSS and improve overall its programmatic evaluation capability. In addition, NHTSA should place a high priority on compliance with the Departmental regulatory reform policy with emphasis on the preparation of impact assessments for proposed regulations.

UMTA

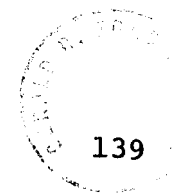
Urban Mass Transportation Administration
(\$ in millions)
Program Level

	1976	1977	1978	
			DOT	OMB
Total Program Level	1,946	2,999	3,316	2,772
		(DOT 3,099)		
Obligation/BA Limitations	1,707	2,653	3,316	2,772
Uncontrolled Carryover	148	346	*	*
Outlays	1,322	1,800	2,200	2,075
		(DOT 2,075)		
Key Programs				
Discretionary Capital				
Grants	1,091	1,250	1,580	1,250

Explanation of changes from 1977 to 1978

Components of this activity are discussed below. Overall, UMTA bases its increase on higher bus prices, more new bus garages for which designs are being completed, and major commitments made during 1976 to new rapid transit systems and extensions in several cities. In conjunction with the recent Detroit commitment, Secretary Coleman obtained the President's approval to exhaust UMTA's six years' worth of contract authority in five years. The consequence is a 1978 request for this category which is \$455M above the President's 1977 budget request, and a 1979 request that will be \$602M above January 1976.

* Not estimated by DOT. OMB estimate is \$250-300M.



1976

1977

1978
DOT OMB

UMTA

Explanation of changes from 1977 to 1978

As summarized below, OMB staff believe that the benefits of the transit program are overstated and the budget cannot support the President's decision. The programmatic consequences of the recommendations will be to:

- force greater reliance on formula grants for capital projects;
- stretch out or defer several large projects;
- impose a moratorium on all large projects not yet approved; but
- not impact on the higher priority, more cost-effective projects involving bus purchases and rail equipment modernization;
- nor have a deleterious impact on transit ridership.

. Buses and Para-transit vehicles

(338) (350) (425) (350)

Request assumes the purchase price of 4,100 buses will increase \$10K each, and that a \$75M increase is needed for more new garage depots. UMTA assumes \$116M of \$541M in bus capital needs will be covered by formula grants.

OMB recommends no increase in discretionary funds for buses. Grantees should be able to make year-to-year trade-offs between buses and garages and rely more on formula grants. OMB recommends pre-allocation of bus funds to give grantees a better planning base.

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>OMB</u>	<u>UMTA</u> <u>Explanation of changes from 1977 to 1978</u>
. System improvements to existing rapid transit systems	(429)	(445)	(563)	(445)	<p>Request assumes expanded assistance to on-going projects and purchase of new rail cars in transit-dependent cities of New York, Chicago, Boston, and Philadelphia. Initial funding of a rapid transit extension to Chicago O'Hare and \$400M of New Jersey projects are included in this category. Improvements to trolley lines in Cleveland and Pittsburgh are planned.</p> <p><u>OMB recommends</u> no increase. Several project estimates are premature and can be stretched out. Others are basically \$100M level of effort marks by UMTA (Chicago and New Jersey) which can be achieved at \$75M per year. OMB is concerned that UMTA's criteria in this category are vague, and that projects should be subjected to more rigorous analysis.</p> <p>Note: This grant sub-category is the source of "Beame shuffle" funding (diversion of capital funds into operating subsidies). Administration proposal to 94th Congress to get rid of Beame shuffle was unsuccessful, but will be re-submitted next year.</p> <p><u>Recommend</u> eliminate Beame shuffle for a 1978 outlay savings of \$65M (proposed legislation).</p>
. New starts (including incremental funding of prior new starts)	(325)	(455)	(592)	(455)	<p>Multi-year "full funding" commitments have been made to a 9-mile line in Baltimore (\$573M Federal share), 20-mile line in Atlanta (\$800M), a major commuter rail project in Philadelphia (\$240M), a 7-mile light rail line in Buffalo (\$269M) and commitments in principle to a 22-mile</p>

	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>UMTA</u>
			<u>DOT</u>	<u>OMB</u>	<u>Explanation of changes from 1977 to 1978</u>
Transit projects funded with Interstate transfer funds	337	575	775	575	line in Miami (\$500M) and something in Detroit (\$600M). Request assumes 1 or 2 more new starts may be approved in 1976, additional 1 or 2 in 1977. A crude range of escalated average costs for each is \$3-600M. Candidate cities include Honolulu, San Juan, Los Angeles, and others. Simultaneous funding of these projects could add \$1B/year by 1980 above current OMB long-range transit estimates.
(1977 DOT supplemental request)		(100)			<u>OMB recommends</u> no increase, and that a moratorium be imposed on any further new starts until future funding arrangements are agreed to. Approved projects will not be able to proceed rapidly enough to use requested amounts effectively, and this "excess" should be deferred rather than used to start more projects.
					The 1978 estimate assumes grants of \$350M to METRO, \$200M to Boston, \$90M to Philadelphia, \$50M to Portland, and \$85M for various new starts in Chicago, Hartford, Baltimore and New Jersey.
					<u>Recommend</u> sustaining a 1977 ceiling of \$575M and approving a \$575M ceiling in 1978. Recommendation assumes "new starts" in this category will occur more slowly than predicted by UMTA. Discussion of Interstate transfer limit is treated in Issue #2.

	1976	1977	1978	
			DOT	OMB
Formula Grants	301	980	775	775
Operating subsidies	(360)	(905)	(659)	(659)
Capital	(30)	(75)	(116)	(116)
(1977 limitation)		(650)		
(Carryover)		(330)		
Planning Assistance	38	43	50	50
Research, Development and Demonstration	30	37	50	41
. Bus, Paratransit	(5)	(7)	(9)	(6)

UMTA

Explanation of changes from 1977 to 1978

This program was initiated in November 1974. The increase requested conforms to the schedule suggested in the law. An OMB-requested evaluation study has been reviewed in draft. It is inadequate and simply stresses UMTA's desire to shift a higher percentage of funds to New York. Questions exist re effectiveness, need for carryover, relationship to discretionary grants, etc.

OMB recommend tentative approval of the request due to the implied entitlement. However, more detailed policy analysis and development of an action plan should be a first priority in 1977.

The \$7M increase requested is principally related to traffic systems management (TSM) studies and aid to state DOTs as they increase their role in transit planning for smaller cities.

Recommend approval.

Increase requested would fund design of advanced bus systems (air conditioner, low floor transmission), demonstration of paratransit vehicle, multi-payload taxi, development of a energy storage flywheel for electric buses, bus fleet location monitoring systems, and (joint with ERDA) a turbine powered bus.

	<u>1976</u>	<u>1977</u>	<u>78</u>		<u>UMTA</u>
			<u>DOT</u>	<u>OMB</u>	<u>Explanation of changes from 1977 to 1978</u>
					<p><u>Recommend</u> no increase for bus component technology. UMTA spent \$27M on TRANSBUS and has little to show for it. Recommend no funding (-\$2.0M) for flywheel technology. Buses consume infinitesimal amount of U.S. energy. Capital cost of flywheel buses and trolleys will be exorbitant and not economically justified. Recommend continued funding of vehicle monitoring and bus priority technology.</p>
. Rapid rail technology	(14)	(14)	(18)	(15)	<p><u>Request</u> will provide \$1.5M to test the \$25M Advanced Concept Train project due to be completed next spring. It would also fund advanced rail car subsystem work, light rail (trolley) and rail-bus research and systems analysis, operation of test facilities, track research (joint with FRA), noise abatement research, safety research and tunneling research.</p> <p><u>Recommend</u> holding rail car subsystems research to 1977 levels because program is 18 months behind schedule. Also recommend \$1M reduction in programs to develop standardization criteria and value engineering studies. Work is excessively elaborate.</p>
. Advanced systems, special projects, safety tech.....	(11)	(16)	(21)	(19)	<p><u>Request</u> allows orderly development of the \$41M Rapid Transit (GRT) technology at Pueblo test site (\$11M). Contract work began in 1974 and received full go-ahead from Congress after two years of delay. OMB has previously supported. Request seeks \$2.5M associated</p>

	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>UMTA</u>
			<u>DOT</u>	<u>OMB</u>	<u>Explanation of Changes from 1977 to 1978</u>
					Rochester Dial-a-ride are examples of past and current efforts.
					<u>Recommend</u> \$2M reduction based on softness of some estimates, and encourage greater reliance on capital and operating grant programs. Program has quantifiable objectives and is better managed now than in prior years.
Managerial Training, University Research	2.5	2.5	2.5	2.5	Request assumes current level. Trains 100 transit managers annually at \$5,000/trainee. University program has established urban transportation curricula in many schools but principally supports three centers of excellence.
					<u>Recommend</u> approval.
Washington, D. C. Bicentennial Subsidy	8	0	0	0	This project was funded only for bicentennial.
Policy Analysis, Program Evaluation, Planning and Management Techniques	7	8	10	0	Request covers UMTA in-house and technical assistance activities.
					<u>Recommend</u> \$1M cut in marketing effort. Program should take advantage of operating subsidy grants.
Administrative Expenses	12	18	21	19	Request assumes increase of 25 positions to 505 FTP in 1977, and 35 more for a level of 540 in 1978, principally to expand field staff, plus procurement of audit services from DCAA, FHWA, HEW and others related to greatly expanded number of grantees under new formula grant program.

	<u>1976</u>	<u>1977</u>	<u>DOT</u>	<u>OMB</u>	UMTA <u>Explanation of Changes from 1977 to 1978</u>
					with technical evaluation of the \$150M Downtown People Mover program (automated vehicles currently only in use at airports), asks \$1.4M to demonstrate feasibility, economics and safety of high speed (8 mph) moving walkways versus conventional moving walkways (2 mph).
					<u>Recommend</u> continued approval of the GRT program. This form of automated transit has long-term potential for operating within farebox revenues (i.e. no operating deficits or subsidies).
					<u>Recommend</u> full request for accelerating moving walkways.
					<u>Recommend</u> \$1.6M reduction in request for studies and component technology. Program slippage has generated large unobligated balances.
. Cooperative R&D	(0)	(0)	(2)	(1)	UMTA requests \$2M to initiate a cooperative R&D program with transit industry. Cost estimate poorly developed. <u>Recommend</u> \$1M start-up ceiling, with planning guidance of \$0.5M funding in FY 1979 and beyond.
Transit Service and Methods Demonstrations	7	14	21	19	Program develops and demonstrates new concepts to increase transit and highway productivity and to understand the economics and feasibility of specialized service for the elderly and handicapped. Compliments grants for capital and operating subsidies. Request would fund projects related to demand-responsive transit, congestion pricing, auto restricted zones, subscription transit services, and multi-user vehicle systems. The Shirley Highway busway and

	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>Explanation of Changes from 1977 to 1978</u>
			<u>DOT</u>	<u>OMB</u>	
Commuter Rail Operating Subsidies	25	55	30	30	<p>The Secretary has approved a conceptual plan to consolidate UMTA and FHWA, part of which would shift 95 positions from FHWA to UMTA as an interim step. The EOY ceiling for these positions is currently withheld by OMB.</p> <p><u>OMB recommends</u> consolidation with shift of 95 positions in 1977 and 1978. Further requested increase of 35 positions is denied pending staffing analysis after position shift.</p> <p>Reduction in DOT's request reflects planned phase down of this "emergency" aid. These funds help the transition of control of commuter railroad service in the Northeast from bankrupt railroads to State and local authorities.</p> <p><u>OMB recommends</u> approval.</p>



Mass Transit

Allowance Letter Items

1. The discretionary grant program request for 1978 is reduced to \$1,250M and the program is to be managed within this annual ceiling through 1980.
2. A detailed plan is requested for administrative formula allocation of annual discretionary funds in 1978 and future years. Options at \$300M, \$500M and \$700M are to be developed and submitted to OMB by February 1, 1977.
3. The Interstate substitution 1977 supplemental request is denied, and the 1978 request is reduced to \$575M with a \$350M ceiling for METRO. Development of legislative changes to this program will be required.
4. DOT is requested to convene a working group to develop a technical/legislative plan which would combine local (urban and rural) assistance into a single program. Program elements to be included are: all Interstate highways not needed for national connectivity, all other highway and highway safety grants, all transit grants (Section 3, 5 and 9), and Interstate substitutions. The working group is to develop option papers on allocation formulas, hold harmless problems and solutions, recipients, phase-in strategy, gas tax and trust fund problems, and other subjects as may be appropriate. Option paper outlines are to be complete and submitted to OMB by January 15, 1977.
5. Evaluation of the Section 5 assistance program is to be intensified, with emphasis on the relationship of this program to Section 3 and Federal-aid highway programs in urbanized areas.
6. A shift of 95 positions from FHWA to UMTA is conditionally approved. Prior to any recruiting or hiring effort, a legislative proposal for merger and an UMTA decentralization and delegation plan is to be submitted to OMB for review. Regional offices of FHWA and UMTA are to be physically co-located in the standard Federal region headquarter cities prior to staffing up.

Other SLSDC,
OST, MTB

Office of the Secretary (OST)
(\$ in millions)
Program Level

	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>Explanation of Changes from 1977 to 1978</u>
			<u>DOT</u>	<u>OMB</u>	
Total Program Level	51	69	82	70	
Total Outlays	54	68	75	64	
(FTP)	(2077)	(2027)	(2069)	(2035)	
<u>Transportation Planning, Research and Development</u>	26	33	38	29	
Transportation Policy and Planning: Socioeconomic Analysis	(9)	(13)	(15)	(13)	This program provides for the development and implementation of national transportation policies through: long range planning at the national level; short term research to address critical policy issues; and development of an information base. Agency requests \$2.2M increase to improve information base and overall capability to be responsive to problems, changes and trends in the national transportation system.
University Research	(4)	(3)	(5)	(4)	<u>Recommend</u> level funding for 1978 with reprogramming to increase funding for short term research and the policy information base. This program seeks innovative multimodal and intermodal research to improve the transportation knowledge base. \$2M increase would allow for an increase of 20 contracts (47 to 67).

	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>Explanation of Changes from 1977 to 1978</u> (OST)
			<u>DOT</u>	<u>OMB</u>	
Transportation Systems Development and Technology	(12)	(10)	(17)	(11)	<p>Recommend an increase of \$1M which will allow for an increase of 8 contracts (47 to 55).</p> <p>\$4M for advanced freight system research and long range transportation systems research. \$1M increase for environment and energy conservation studies.</p> <p>Recommend modest (8-10%) increase in most areas. The primary thrust of the current program is to increase the knowledge base. Few items appear to be time critical.</p>
Special Programs	(1)	(2)	(2)	(1)	<p>Funds research principally for environmental affairs program to support EIS development and for safety activities.</p> <p>Recommend funding at approximately 1976 program level or a \$1.1M reduction from 1977. The Special Programs are of lower priority than other TPR&D research programs.</p>
<u>Materials Transportation</u> <u>Bureau</u>	(6)*	(7)*	10	8	<p>Funds are requested for: an increase in the grant-in-aid program to encourage greater State participation in pipeline safety (\$.2M); expansion of hazardous materials and pipeline research (\$1.3M); and an increase of 32 EOY positions predominantly for new or expanded field operations (\$1.0M).</p>

* Incorporated in S&E and TPR&D in '76 and '77.

	<u>1976</u>	<u>1977</u>	<u>1978</u>		<u>Explanation of Changes from 1977 to 1978 (OST)</u>
			<u>DOT</u>	<u>OMB</u>	
<u>Salaries and Expenses</u>	33	35	34	33	<p>Recommend an increase of \$.7M for: grant-in-aid (\$.2M); increased research for pipelines and hazardous materials (\$.3M); and an increase in pipeline safety field staff of 8 EOY positions (\$.2M). Increases support greater Federal Government activity in pipeline safety regulation due to Trans-Alaska Pipeline and overall increase in pipeline transportation.</p> <p>Request provides for increase of 8 EOY in 1978. Largest single budget increase is \$1.5M for a contract to assist the Department in defending the Government against \$1B in court suits pertaining to recent railroad reorganizations in the Northeast (alleged "physical and financial erosion" of stockholder assets).</p> <p>Recommend approval of the \$1.5M in order to help the Department develop a supportable theory for the court case.</p> <p>No additional EOY provided. Balance of the 1978 increase (+\$1.1M) is for mandatorics and reprogrammings from other secretarial accounts.</p>
<u>Budget Adjustments</u> (Research Overseas, Working Capital Fund, Transportation Systems Center, Pipeline Safety)	-8	1	--	--	<p>Technical budget accounting and internal reprogramming.</p>

Allowance Items

(OST)

Full implementation of the Departmental regulatory reform policy should be considered a continuing OST priority.

Quarterly progress reports should be submitted to OMB with emphasis on the following:

- evidence that the policy is being institutionalized in the operating administrations e.g., modal orders, departmental orders, changed modal management practices;
- progress on the third part of the policy, which requires each mode to develop a systematic means to review existing regulations, and an OST assessment of the quality and practical impact of these efforts;
- summary of costly and controversial regulations and whether and how they have been impacted by the policy review process; and
- a list of anticipated costly and controversial regulations.

OST should consider means to improve the operating administrations' capability to prepare meaningful impact assessments to provide maximum information possible about the effect of new regulations.

LONG RANGE
ESTIMATES

Department of Transportation
1978 Budget

Long-range Estimates
(OMB estimate in millions of dollars)

		<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
CG	B/A	1,344	1,379	1,420	1,460	1,500
	PL	1,350	1,383	1,420	1,460	1,500
	O	1,350	1,410	1,415	1,455	1,495
FAA	B/A	2,543	2,928	3,062	3,124	3,185
	PL	2,542	2,925	3,058	3,123	3,182
	O	2,607	2,760	3,002	3,148	3,233
FHWA	B/A	6,956	7,065	7,010	7,025	7,040
	PL	6,706	6,860	6,885	6,860	6,865
	O	7,150	6,760	6,795	6,805	6,825
NHTSA	B/A	234	237	240	244	248
	PL	211	214	217	221	225
	O	213	217	220	224	229
FRA	B/A	307	529	650	700	750
	PL	707	1,129	1,250	1,375	1,500
	O	339	475	585	630	675
AMTRAK	B/A	583	545	600	605	610
	PL	583	545	600	605	610
	O	583	545	600	605	610
UMTA	B/A	430	425	425	425	425
	PL	2,772	2,767	2,840	2,840	2,840
	O	2,075	2,300	2,400	2,500	2,500



		<u>1978</u>	<u>9</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Other	B/A	72	72	72	72	72
	PL	77	77	78	78	78
	0	63	63	63	63	63
Receipts		-80	-80	-80	-80	-80
Total	B/A	12,389	13,100	13,400	13,575	13,750
	PL	14,948	15,900	16,350	16,625	16,800
	0	14,300	14,450	15,000	15,350	15,550

Summary Comparison of Outlay Projections

1977 Budget						
January 1976 estimate	14,430	14,281	14,494	14,700	xxx	
1977 Budget, Mid-Session						
Review estimates	14,328	14,831	15,271	14,880	xxx	

Department of Transportation
1978 Budget

Long-range Estimates
(OMB estimate in millions of dollars)

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	PL	583	545	600	605	610
	0	583	545	600	605	610
UMTA	B/A	430	425	425	425	425
	PL	2,772	2,767	2,840	2,840	2,840
	0	2,075	2,300	2,400	2,500	2,500

		<u>1978</u>	<u>J</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Other	B/A	72	72	72	72	72
	PL	77	77	78	78	78
	0	63	63	63	63	63
Receipts		-80	-80	-80	-80	-80
Total	B/A	12,389	13,100	13,400	13,575	13,750
	PL	14,948	15,900	16,350	16,625	16,800
	0	14,300	14,450	15,000	15,350	15,550

Summary Comparison of Outlay Projections

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1977 Budget, Mid-Session						
Review estimates	14,328	14,831	15,271	14,880	xxx	



AUTHORIZING
LEGISLATION
FOR 1979

Department of Transportation
 1978 Budget
 Authorizing Legislation Required for 1979
 (Under sec. 607(f), P.L. 93-344
 this legislation must be transmitted to Congress
 no later than May 15, 1977)

(\$ in millions)

		1979		1980		1981		1982		
		Req.	Recom.	Req.	Recom.	Req.	Recom.	Req.	Recom.	
<u>Existing programs for which authorization must be renewed in 1979:</u>										
Rail Safety	B/A	31	25	29	29	30	30	29	29	
	0	31	25	28	28	30	30	29	29	
AMTRAK	B/A	905	545	881	600	864	605	849	610	
	0	905	545	881	600	864	605	849	610	
Highway Safety	B/A	107	89	107	89	107	89	107	89	
	0	107	89	107	89	107	89	107	89	
Hazardous Materials	B/A	7	7	7	7	8	8	8	8	
	0	7	7	7	7	8	8	8	8	
Pipeline Safety	B/A	10	10	10	10	10	10	10	10	
	0	10	10	10	10	10	10	10	10	
Coast Guard Authorizations	B/A	1275	1192	1330	1214	1394	1240	1455	1265	
	0	1397	1223	1430	1210	1471	1235	1511	1260	
Transit grant assistance	PL	-	2175	-	2250	-	2400	-	2400	
	0	-	1900	-	1900	-	1900	-	2000	

(DOT request not finalized. Recommendations depend on Issue #1. 1979 and 1980 are presently authorized and funded.)

		1979		1980		1981		1982	
		Req.	Recom.	Req.	Recom.	Req.	Recom.	Req.	Recom.
Federal Highway Assistance programs	PL 0	<u>1/</u>	6600	<u>1/</u>	6600	<u>1/</u>	6600	<u>1/</u>	6600
		<u>1/</u>	6560	<u>1/</u>	6620	<u>1/</u>	6630	<u>1/</u>	6610

1/ DOT has not as yet developed a legislative position. Recommendation depends on decisions made per issue #3. Numbers shown presume level funding in 1979 and subsequent years. The \$6,600M program level represents the following approximate sub-program levels:

Interstate Highways	-----	3,500
Urban Highways	-----	843
Rural Highways	-----	1,507
Safety Construction	-----	450
Other Federal-Aid Highways	----	245
Other Highway Assistance	----	55