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THE WHITE HOUSE
WASHINGTON

July 27, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JAMES M. CANNON
FROM: JAMES E. CONNOR *JEC*
SUBJECT: Proposed 1977 Budget Amendment for
the Department of Transportation
(Coast Guard and Amtrak)

The President has reviewed your memorandum of July 26 on the above subject and has approved Option 1 -- OMB funding level, \$33 million -- and has signed the appropriate letter to the President of the Senate.

Please follow-up with the appropriate action, if any.

cc: Dick Cheney
Jim Lynn

THE WHITE HOUSE

DECISION

WASHINGTON

July 26, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES M. CANNON

For Jim Cannon

SUBJECT: Proposed 1977 Budget Amendment for The Department of Transportation (Coast Guard and Amtrak)

This is to convey to you the proposed 1977 Budget Amendment for the Department of Transportation. OMB's signature memorandum is attached at Tab A.

Background

For FY 1977, DOT and OMB agree on a figure of \$62.6 million for Amtrak supplemental budget appropriations. However, there is a dispute as to the funding level for Coast Guard Enforcement of the new 200-mile fishing limits. On April 13, 1976, you signed the Fisheries Conservation and Management Acts of 1976, which extends U.S. fisheries jurisdiction to 200 miles from shore effective March 1, 1977.

Issue:

There is a \$23 million difference for FY 1977 between OMB and DOT on the appropriate funding level for this expanded Coast Guard authority: OMB recommends \$33 million; DOT recommends 56.4 million, down from their original recommendation of \$94.1 million. These sums are considerably less than Congress believes the Coast Guard should have to carry out their expanded missions. Both Houses of Congress have passed the DOT Appropriations Bill. The conference committee has provided \$80 million for the 200-mile zone enforcement.

Discussion

The \$23 million difference is attributable to three categories:

1. \$10 Million

OMB recommends three "aircraft years" (that is, 3 planes flying at all times,) to adequately patrol the expanded active fisheries zone, yet OMB provides for only 3 planes.

DOT states that a fourth plane (C-130, \$10 million) is needed to meet OMB's three "aircraft years" goal, due to normal requirements for "down time" to meet mandatory overhaul schedules while maintaining full surveillance.

2. \$10 Million

To patrol the enlarged fishing zone, OMB and DOT agree that approximately 300 new men must be stationed near Kodiak.

OMB budgets \$3 million for new housing, which would provide minimum quarters, no facilities for dependents, and no provision for major repairs to runways or enlarged hangars.

DOT requests \$13 million to provide more comfortable quarters for men and families in this remote and inhospitable location, to provide needed major repairs for taxiways, and to modify existing hangars to accommodate the larger aircraft.

3. \$3 Million

This additional amount reflects DOT's recommended level of additional Coast Guard capability (manpower) for both the Pacific and Atlantic fisheries area.

Staff Recommendations

Max Friedersdorf recommends the OMB position, Option 1. Counsel's Office (Lazarus) and I recommend the DOT position, Option 2. Counsel's Office points out that, in addition to substantive arguments, they believe the \$56.4 million level minimizes the confrontation with Congress.

Decision

Option 1  (OMB funding level, \$33 million; OMB, Friedersdorf)
Sign letter to the President of the Senate at Attachment 1.

Option 2 _____ (DOT funding level, \$56.4 million; DOT, Counsel's Office, Cannon)
Sign letter to the President of the Senate at Attachment 2.



EXECUTIVE OFFICE OF THE PRESIDENT
 OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

July 26, 1976

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT
 FROM: James E. Lynn
 SUBJECT: Proposed 1977 Budget Amendment for the Department of Transportation

Attached for your signature are proposed budget amendments for fiscal year 1977 in the amount of \$62.6 million for AMTRAK and \$33 million for the U.S. Coast Guard.

The Rail Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) provided for the transfer of control of the Boston-Washington rail lines (Northeast Corridor) to AMTRAK. It also mandated that no cross-subsidization should exist among the various commuter, freight and inter-city passenger rail traffic in the corridor as had been the practice when the Penn Central operated the corridor.

For the period April 1 through September 30 of this year you have already requested, and the Congress approved, \$26.5 million for AMTRAK to offset the increased losses ascribed to it as a result of its controlling the Northeast Corridor.

The Department of Transportation's estimate for costs in 1977 is \$62.6 million. These costs are broken out as follows:

	(\$ in millions)
1) Maintenance of way	34.4
2) Train dispatching and control	9.1
3) General overhead and taxes	26.9
4) Less past AMTRAK contributions toward costs	
in 1-3	<u>-7.8</u>
	62.6

OMB also recommends that this budget amendment be approved, ending the past practice of freight service cross-subsidizing passenger service and thereby giving ConRail a better chance of becoming a profitable, self-sustaining enterprise.

The additional funds are needed by the Coast Guard to carry out the enforcement provisions of the Fisheries Conservation and Management Act of 1976 (Public Law 94-265) which extends U.S. fisheries jurisdiction on March 1, 1977, to 200 miles from the U.S. coast for all species except highly migratory fish such as tuna.

The Department of Transportation originally requested \$84.1 million and 863 military billets to expand current fisheries enforcement activity in the 200 mile zone. DOT has appealed the OMB recommendation of \$33 million and 310 military billets and now recommends \$56.4 million and 491 military billets. The DOT revised request proposes to expand U.S. efforts in the historic fishing areas rather than in the total 200 mile zone. DOT proposes to increase aircraft surveillance patrols by over 50 percent in the historic fishing areas off the U.S. coast by reactivation of four medium range aircraft, and procurement of four long range aircraft. In addition DOT proposes reactivation of one ship and renovation of support facilities in Kodiak, Alaska.

The OMB recommendation provides for additional surveillance patrols and procurement of three of the four requested long range aircraft. We do not support the request for the additional ship and we provided \$5 million for improvement at Kodiak rather than the revised request of \$15.6 million.

Both houses have already passed the DOT appropriation bill. The conference committee has provided \$80 million for 200 mile zone enforcement in 1977. Since final congressional action will appropriate more than either the OMB or DOT recommendations would request, it will be necessary to consider a deferral. OMB recommends that you approve Option 1 which only requests an additional \$33 million for 1977. We propose that DOT/OMB further examine the needs of Coast Guard, especially the need for ships and Kodiak facilities. After further review DOT/OMB will be in a better position to recommend the amount of the deferral.

OMB's recommendation for AMTRAK and the Coast Guard will increase outlays by \$80.6 million in fiscal year 1977 and \$15 million in fiscal year 1978.

Recommendation:

I recommend that you sign the attached letter transmitting these proposals to Congress.

Option 1 \$33 million for Coast Guard (OMB). Sign Attachment 1.

Option 2 \$56.4 million for Coast Guard (DOT). Sign Attachment 2.

A

THE WHITE HOUSE

WASHINGTON

The President

of the Senate

Sir:

I ask the Congress to consider amendments to the requests for appropriations transmitted in the budget for fiscal year 1977 in the amount of \$95,600,000 for the Department of Transportation.

The details of these proposals are set forth in the enclosed letter from the Acting Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

A handwritten signature in cursive script, appearing to read "Gerald R. Ford", is written over a horizontal line. The signature is written in dark ink and is centered on the page.



Estimate No. _____
94th Congress, 2nd Session
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

The President

The White House

Sir:

I have the honor to submit for your consideration amendments to the requests for appropriations transmitted in the budget for the fiscal year 1977, involving an increase in the amount of \$95,600,000 for the Department of Transportation. The details of these requests are contained in the enclosure to this letter.

I have carefully reviewed the proposals for appropriations contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

Paul H. O'Neill
Acting Director

Enclosure

DEPARTMENT OF TRANSPORTATION

UNITED STATES COAST GUARD

Budget appendix page	Heading	1977 request pending	1977 proposed amendments	1977 revised request
555	Operating expenses	\$817,900,000	\$6,000,000	\$823,900,000
	(In the paragraph under the above heading delete "one hundred and seventy- nine" and insert in lieu thereof <u>one hundred and eighty-six.</u>)			
557	Acquisition, construction and improvements	\$171,100,000	\$27,000,000	\$198,100,000

These requests will provide the funds to enable the Coast Guard to meet its responsibilities in enforcing the provisions of the Fisheries Conservation and Management Act of 1976, Public Law 94-265. This act extends the U.S. fisheries jurisdiction from 12 miles to 200 miles from the U.S. coast line. These funds will be used to activate, man, and operate additional surveillance aircraft, to procure additional aircraft, and to modify support facilities.

THE WHITE HOUSE
WASHINGTON

The President
of the Senate

Sir:

I ask the Congress to consider amendments to the requests for appropriations transmitted in the budget for fiscal year 1977 in the amount of \$119,014,000 for the Department of Transportation.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

The President

The White House

Sir:

I have the honor to submit for your consideration amendments to the requests for appropriations transmitted in the budget for the fiscal year 1977, involving an increase in the amount of \$119,014,000 for the Department of Transportation. The details of these requests are contained in the enclosure to this letter.

I have carefully reviewed the proposals for appropriations contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

James T. Lynn
Director

Enclosure

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION

Budget appendix page	Heading	1977 request pending	1977 proposed amendments	1977 revised request
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590	Grants to the National Railroad Passenger Corporation	\$483,700,000	\$62,600,000	\$546,300,000
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(In the paragraph under the above heading, delete "\$378,000,000" and insert in lieu thereof \$440,600,000 and add the following immediately after "incurred by the Corporation":)

: Provided, that not more than \$62,600,000 shall be available for payment of expenses of the Corporation resulting from its status as the dominant user of the Northeast Corridor for operation, maintenance, ownership, or control of the Northeast Corridor pursuant to Title VII of the Rail Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210)

These funds will be used to offset the added costs which AMTRAK is incurring due to its assumption of control of the Northeast Corridor rail lines from ConRail.

DEPARTMENT OF TRANSPORTATION

UNITED STATES COAST GUARD

Budget appendix page	Heading	1977 request pending	1977 proposed amendments	1977 revised request
555	Operating expenses	\$817,900,000	\$9,170,000	\$827,070,000
	(In the paragraph under the above heading delete "one hundred and seventy- nine" and insert in lieu thereof:)			
	<u>one hundred and eighty- seven</u>			
557	Acquisition, construction and improvements	\$171,100,000	\$47,244,000	\$218,344,000

These requests will provide the funds to enable the Coast Guard to meet its responsibilities in enforcing the provisions of the Fisheries Conservation and Management Act of 1976, Public Law 94-265. This act extends the U.S. fisheries jurisdiction from 12 miles to 200 miles from the U.S. coast line. These funds will be used to activate, man, and operate an additional ship and surveillance aircraft, to procure additional aircraft, and to modify support facilities.