

THE WHITE HOUSE
WASHINGTON

June 27, 1977

Bert Lance
Stu Eizenstat
Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Secretary Brock Adams
cc: Robert Linder

Re: Budget Amendments for the
Department of Transportation
and the Washington Metro-
politan Area Transit Authority

Eno

Center for
Transportation

THE PRESIDENT HAS SEEN.



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

June 24, 1977

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

SUBJECT: Budget Amendments for the Department of Transportation and the Washington Metropolitan Area Transit Authority

*cc: Brock
Bert- Unless
WMATA comes up
with an acceptable
financing plan Jim
not going to sign
any more of these.
J.C.*

Attached for your signature are requests for fiscal year 1978 budget amendments for the following:

- \$82.7 million for the Department of Transportation, Urban Mass Transportation Administration. These funds will be used to finance mass transit and non-interstate highway projects in the Chicago area which will replace portions of the Chicago Crosstown Expressway which are no longer needed. This proposal also includes a reduction in the ceiling on Federal capital grant assistance to the Washington, D. C. Metro system in 1978. This reduction will offset a one-time Federal payment of interest costs necessary to prevent the default on the Federally guaranteed revenue bonds of the Metro system during fiscal year 1978.
- \$29.3 million for the Washington Metropolitan Area Mass Transit Authority. This is part of the proposal to temporarily provide Federal financial assistance for the interest costs in fiscal year 1978.

These proposals are included in the Senate version of the fiscal year 1978 Department of Transportation Appropriations Act. The Senate Appropriations Committee included these requests as an Administration proposal after being informed that they would be needed. It is important that we formally transmit these proposals to the Congress as soon as possible.

The details of these proposals are contained in the fact sheets attached to this memorandum.

Recommendation

That you sign the letter transmitting these proposals to the Congress.



Electrostatic Copy Made
for Preservation Purposes

DEPARTMENT OF TRANSPORTATION
Urban Mass Transportation Administration

Purpose/Discussion

This proposed amendment will provide an additional \$112 million for mass transit and non-interstate highway projects in the Chicago area. The authority for these projects will be transferred from portions of the projected Chicago Crosstown Expressway which are no longer needed. The authority for such transfers is contained in the Federal-aid Highway Act of 1976. This proposal also includes a reduction in the ceiling on Federal capital grant financial assistance to the Washington D.C. Metro system in fiscal year 1978. This reduction of \$29.3 million is being made to offset a one-time increase in the direct Federal payment to the system. This temporary change in funding is necessary to enable the Washington Metropolitan Area Transit Authority (WMATA) to avoid default on its Federally guaranteed revenue bonds in fiscal year 1978. The details of this are contained in the following fact sheet dealing with the separate WMATA proposal.

Outlay Impact

This proposal will increase fiscal year 1978 outlays by \$20 million and fiscal year 1979 outlays by \$63 million.

Recommendation

That you sign the letter transmitting this proposal to the Congress.



OTHER INDEPENDENT AGENCIES
Washington Metropolitan Area Transit Authority

Purpose/Discussion

This proposal will provide a \$29.3 million increase for the Federal contribution to the Washington Metropolitan Area Transit Authority (WMATA). It represents an offset to a reduction of a like amount in grants to WMATA through the Urban Mass Transportation Administration. This offsetting transaction will allow this Agency to use \$29.3 million in Federal funds for interest payments on its bonded indebtedness. Using grant funds provided by the Urban Mass Transportation Administration for this purpose would be of questionable legality. WMATA has indicated that it will be in default on its revenue bonds in fiscal year 1978 if it does not receive Federal assistance. The Federal Government, which has guaranteed \$997 million in WMATA revenue bonds, would be obligated to make the interest payments in case of default.

This \$29.3 million request represents an 80% payment for the interest due on the bonds in fiscal year 1978 that is not already covered by the Federal subsidy and the bond reserve fund. WMATA will be responsible for the remaining \$7.3 million interest payment.

We anticipate that WMATA will continue to have problems meeting the interest payments on its revenue bonds. The Department of Transportation has asked the local jurisdictions involved in the WMATA compact to develop a comprehensive financing plan during 1977 and 1978 that will provide a continuing source of locally generated funds to cover the debt service, operating, and local share of capital costs of public transportation in the Washington metropolitan area.

Outlay Impact

This proposal will increase outlays in fiscal year 1978 by \$29.3 million.

Recommendation

That you sign the letter transmitting the budget amendment to the Congress.



THE WHITE HOUSE
WASHINGTON

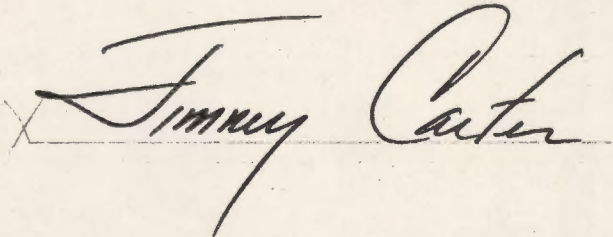
The President
of the Senate

Sir:

I ask the Congress to consider amendments to the request for fiscal year 1978 appropriations in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority.

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,

A handwritten signature in cursive script, reading "Jimmy Carter", written over a horizontal line.

Enclosure





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 request for appropriations transmitted in the budget for the fiscal year 1978 in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority. The details of these proposals are contained in the enclosures to this letter.

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

Respectfully,

Bert Lance
Director

Enclosures



DEPARTMENT OF TRANSPORTATION
Urban Mass Transportation Administration

1978 Budget Appendix Page	Heading	1978 budget request pending	1978 proposed amendment	1978 revised request
580	Projects substituted for interstate system projects	\$425,000,000	\$82,717,000	\$507,717,000

This proposed amendment will provide an additional \$112 million to mass transit and non-interstate highway projects. The authority for these projects will be transferred from Interstate projects that are no longer needed. The authority for such transfers is contained in the Federal-aid Highway Act of 1976 (Public Law 94-280). This proposal also includes a reduction in the ceiling on Federal capital grant financial assistance for the Washington, D.C. Metro system. This reduction in capital funding for the system will provide a one-time increase in the direct Federal payment to the Washington Metropolitan Area Transit Authority. This proposal will increase fiscal year 1978 outlays by \$20 million and 1979 outlays by \$63 million.



OTHER INDEPENDENT AGENCIES
Washington Metropolitan Area Transit Authority

1978 budget appendix page	Heading	1978 budget request pending	1978 proposed amendment	1978 revised request
743	Federal contribution	\$19,374,000	\$29,283,000	\$48,657,000

This proposal will provide an increase in interest payment costs in fiscal year 1978 and will be offset by a proposed reduction in capital funding to the Washington Metropolitan Area Transit Authority (WMATA) from the Urban Mass Transportation Administration. This increase represents an 80% Federal payment for the interest due on the bonds in fiscal year 1978 that is not already covered by the Federal subsidy and the bond reserve fund. Provision of this amount will prevent a default on bond payments by WMATA in fiscal year 1978. Such a default would precipitate Federal responsibility for bond payments pursuant to the terms of the Federal guarantee. This proposal will increase fiscal year 1978 outlays by \$29.3 million. The Federal Government expects the local jurisdictions involved to develop a comprehensive financing plan during 1977 and 1978 that will provide a continuing source of locally generated funds to cover the debt service, operating and capital costs of public transportation in the Washington metropolitan area.

