

APPROVED

*Signed in
Chicago, Illinois*

SEP 30 1988

THE WHITE HOUSE
WASHINGTON

September 30, 1988

MR. PRESIDENT:

Attached for your approval is H.R. 4794, the Department of Transportation and Related Agencies Appropriations Bill, FY 1989.

Approval of the bill is recommended by OMB, the Department of Transportation, other affected agencies, and the Offices of Domestic Affairs, Legislative Affairs, and Cabinet Affairs. Counsel's Office has no legal objection.

M

Rhett Dawson

LAST DAY FOR ACTION: October 11th





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

The President's Budget
1988 SEP 29 PM 8:56
09/30/88

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 4794 -- Department of
Transportation and Related Agencies
Appropriations Bill, FY 1989

Sponsors: Rep. Lehman (D), Florida
Senator Lautenberg (D), New Jersey

Last Day for Action

October 11, 1988.

Signature as soon as possible, and by October 1, 1988, the first day of the new fiscal year.

Purpose

Provides appropriations for fiscal year 1989 for the Department of Transportation, the Panama Canal Commission, the Interstate Commerce Commission, and other independent agencies.

Agency Recommendations

Office of Management and Budget (OMB)	Approval
Department of Transportation (DOT)	Approval
Other Affected Agencies	Approval (assumed)

Highlights

- o The enrolled bill, which passed the House by a vote of 392-13 and was adopted by voice vote in the Senate, provides \$10.4 billion in domestic discretionary budget authority -- \$0.2 billion over the fiscal year 1988 enacted level. This level is consistent with last year's Bipartisan Budget Agreement (BBA).
- o The highly objectionable House language imposing airline labor protectionism in cases of airline merger or acquisition was deleted by the House.
- o The bill excludes highly objectionable Senate language written to enact, by reference to the Senate report, special interest earmarks of transit funds.



Summary of Congressional Action

(in billions of dollars)

	<u>President's Request</u>	<u>Enrolled Bill</u>	<u>Congressional Change</u>
Domestic Discretionary:			
Budget Authority.....	8.4	10.4	+2.0
Obligation Limitations.	14.5	15.4	+0.9
Outlays.....	25.6	26.6	+1.0

Discussion

The enrolled bill provides appropriations for the Department of Transportation and Related Agencies for fiscal year 1989. Funding for discretionary programs in this bill totals \$10.4 billion in budget authority, \$2.0 billion over the Administration's request; \$15.4 billion in obligation limitations, \$0.9 billion over the Administration's request; and \$26.6 billion in outlays, \$1.0 billion over the Administration's request.

Although funding exceeds your request, the levels in the bill are within the Bipartisan Budget Agreement (BBA). The increases in budget authority and outlays over the fiscal year 1988 enacted level are less than 2 percent. Funding in the enrolled bill adds \$78 million to the Gramm-Rudman-Hollings deficit total.

In separate letters to the House and the Senate, you and Secretary Burnley expressed serious concern over a House provision relating to airline labor protectionism. This provision would have imposed protective measures for employees in the event that airline merger or acquisition adversely affected wages and working conditions. The letters stated that, while other concerns over the bill exist, deletion of the airline labor protection provision would make approval of the bill possible. The objectionable provision was deleted by the House.

Also deleted was highly objectionable Senate language directing that \$100 million from the Highway Trust Fund for Interstate Transfer - Transit projects shall be made available as specified in the Senate committee report accompanying the bill. This provision raised fundamental constitutional concerns because directives in committee reports do not comport with the constitutional requirement that legislation be acted on by both Houses of Congress for presentment to the President.

Specific concerns that remain in the enrolled bill include reduced funding levels for Administration priorities such as the Federal Aviation Administration (FAA) and the Coast Guard. The bill provides \$215 million less than requested for modernizing

FAA facilities and equipment and decreases by about \$1.0 billion the share of FAA operations financed from the Airport and Airway Trust Fund. This shortfall is largely made up through increased General Fund support for FAA operations, resulting in total operations funding that is \$34 million less than requested.

Congress also appropriated in this bill less money for the Coast Guard than requested. Instead, the bill relies on two other appropriations bills -- Defense and Military Construction -- to fund Coast Guard activities at sufficient levels. This continues a bad precedent, as it funds the Coast Guard at the expense of defense programs.

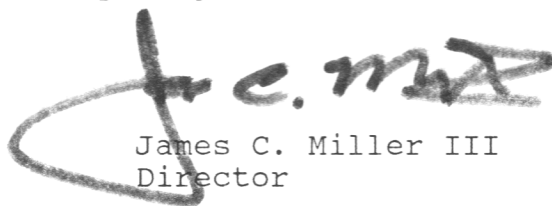
While Congress reduced funds for Administration priorities, it provided more than requested for mass transit grants, Amtrak, the Federal-aid highways obligation limitation, and the Essential Air Service program. In addition, the bill subsidizes over 30 special interest highway projects.

Many objectionable language provisions remain in the bill. The two most objectionable provisions are the requirement that the Coast Guard reopen unnecessary search and rescue stations and the requirement that FAA undertake a rulemaking to modify the airport slot allocation regulation.

Recommendation

Although several concerns about this appropriations bill remain, the House made a significant concession by eliminating the airline labor protectionism provision. Furthermore, the bill provides funding within the framework of the BBA.

I recommend that you sign the enrolled bill, and that a signing statement (attached) be issued that, in part, commends Congress for completing action on the bill by the end of the fiscal year and for responding to the Administration's concerns about the most seriously objectionable House and Senate provisions.



James C. Miller III
Director

