



OVERVIEW

The economic health and security of the Nation are linked to the U.S. transportation system. In 1994, the system logged over 4 trillion passenger miles of travel and 3.7 trillion ton miles of domestic freight. Over 12 million men and women are employed providing various transportation services or manufacturing transportation-related equipment, contributing to transportation's 11 percent share of the U.S. Gross Domestic Product. Economic growth and security are dependent on having a well-functioning, interconnected transportation system.

The U.S. Department of Transportation (DOT) is responsible for developing Federal transportation policies and programs that contribute to a safe, technologically advanced and efficient transportation system that promotes economic growth and international competitiveness and contributes to a healthy and secure environment for the American people.

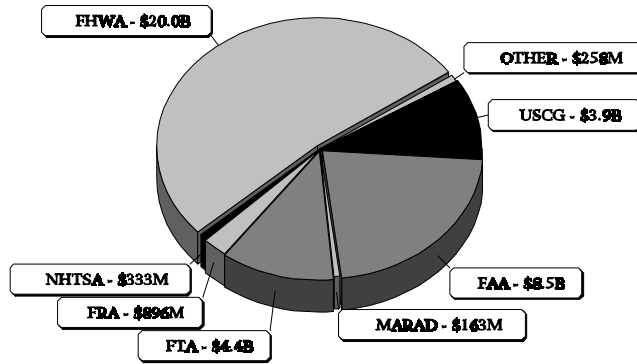
The fiscal year (FY) 1998 budget request for DOT makes a down payment on meeting the transportation challenges of the 21st century.

A total of \$38.4 billion is proposed to support transportation programs in FY 1998. This is approximately one percent lower than the FY 1997 enacted level.

The budget funds transportation priorities as follows:

- C **Safety**
To reduce transportation accidents, injuries and deaths.
- C **Infrastructure Investment**
To create the mobility needed to support economic growth and international competitiveness.
- C **Innovative Financing**
To increase the use of innovative financing to enhance the reach of Federal dollars.
- C **Improving Critical Federal Transportation Operations**
To provide modern, efficient and user-friendly services to the public.
- C **Environmental Enhancement**
To harmonize transportation policies and investments with environmental concerns.
- C **Technology Development**
To use technological advances to improve the transportation system.
- C **National Security**
To secure our borders, stop the flow of illegal drugs and respond decisively to national emergencies.

FY 1998 DOT BUDGET -- \$38.4 BILLION



**APPROPRIATIONS, OBLIGATION LIMITATIONS, USER FEES AND MANDATORY
HIGHWAY OBLIGATIONS IN ANNUAL APPROPRIATIONS ACTS
(in Millions of Dollars)**

ADMINISTRATION	FY 1996 ACTUAL	FY 1997 ENACTED	FY 1998 REQUEST
Federal Highway Administration /1	\$18,097	\$18,820	\$18,520
Bureau of Transportation Statistics /2	2	0	0
National Highway Traffic Safety Administration	277	300	333
Federal Railroad Administration	872	1,031	896
Federal Transit Administration	4,049	4,382	4,382
Federal Aviation Administration	8,197	8,563	8,461
U.S. Coast Guard /1	3,670	3,768	3,861
Maritime Administration	156	160	163
Saint Lawrence Seaway Development Corporation /3	10	10	0
Office of Inspector General	39	38	41
Research and Special Programs Administration	62	68	70
Office of the Secretary	230	218	133
Surface Transportation Board	9	15	14
SUBTOTAL	35,669	37,374	36,875
Federal-aid Highways mandatory obligations	1,708	1,830	1,510
Combined appropriations, obligation limitations, user fees and mandatory highway obligations	\$37,377	\$39,204	\$38,385

NOTE: Columns may not add due to rounding.

/1 Includes \$318 million supplemental request for FHWA and \$4 million for U.S. Coast Guard in FY 1997.

/2 BTS funding from the Highway Trust Fund totals \$17 million in FY 1996, \$25 million in FY 1997 and \$31 million requested in FY 1998.

/3 SLSDC is proposed as a Performance Based Organization funded by a mandatory payment beginning in FY 1998.

SAFETY

The safety of America's transportation system is DOT's top priority.

The Department conducts a broad range of activities to improve the safety of the Nation's transportation system. Virtually all the Operating Administrations (FHWA, NHTSA, FRA, FAA, RSPA and Coast Guard) issue safety rulemakings and have enforcement programs with safety inspectors. FHWA, NHTSA, and the Coast Guard also administer grants to help States improve transportation safety. Coast Guard's Boating Safety program, for example, is targeted to improve safety in recreational boating. Each Operating Administration also conducts research and development programs to improve the tools we have to make the system safer.

Highways fatalities account for some 94 percent of transportation fatalities, and, in recent years, the rate of fatalities per 100 million vehicle-miles traveled has remained steady.

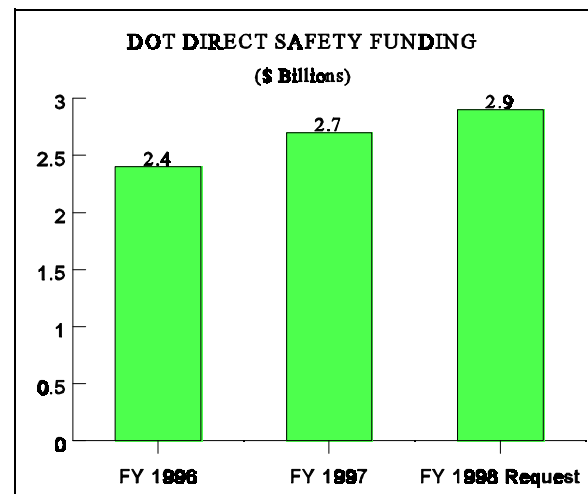
The FY 1998 budget increases direct spending for transportation safety by 5 percent over FY 1997, from \$2.7 billion to \$2.9 billion.

In the FY 1998 budget:

- C Aviation safety spending would increase 12 percent, from \$746 million in FY 1997 to \$839 million proposed in FY 1998. This increases the safety inspector and aircraft certification work force by 273, for a total employment level of 4,135.

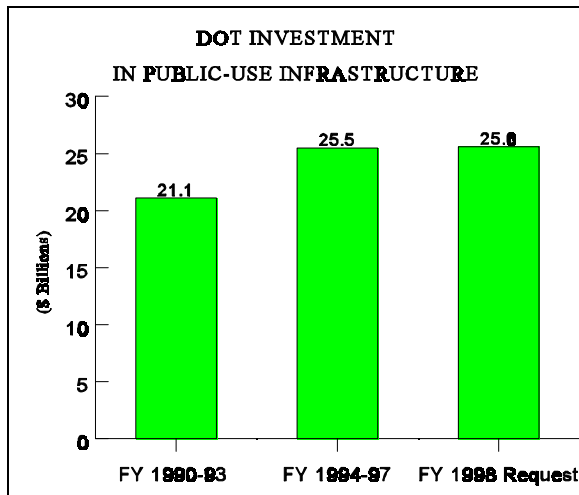
It also funds the new National Certification Team, which will target inspection resources on high-risk, new-entrant air carriers.

- C Spending for railroad safety would increase from \$51 million in FY 1997 to \$57 million in FY 1998.
- C Spending to improve maritime safety, primarily in the Coast Guard, would increase by 4 percent to \$804 million in FY 1998.
- C Spending for NHTSA's highway safety programs would increase by 11 percent, from \$300 million in FY 1997 to \$333 million in FY 1998. Funding for grants and research to improve the protection of automobile occupants increases for three new programs: \$9 million is proposed for a new occupant protection grant program; \$8 million is proposed for increased research on air bag safety; and \$2 million is proposed to fund a pre-licensure drug testing demonstration program as part of a Presidential initiative.



INFRASTRUCTURE INVESTMENT

Transportation infrastructure that is supported by Federal funding constitutes the largest component of the DOT budget and is focused on improving the movement of America's people and freight. Federally supported infrastructure includes highways, transit rail and bus systems, intercity passenger rail service, airports and bridges. These programs are supported primarily by grants, but innovative means of financing projects continue to be introduced.



Annual Federal investment in transportation infrastructure increased by 21 percent in the past 4 years, from an average of \$21.1 billion in fiscal years 1990-93 to an average of \$25.5 billion in fiscal years 1994-97. Also, as a result of innovative financing, an additional \$1.2 billion in construction was financed in fiscal years 1994-97.

Federal investment in transportation infrastructure spurs total investment and increases productivity. A recent comprehensive study found that between 1950 and 1989, for each \$1 million increase in the stock

of the non-local highway network, an average annual production cost savings was achieved across all industries of \$240,000.

The FY 1998 budget continues the level of investment of fiscal years 1994-97 by proposing a total of \$25.6 billion in transportation infrastructure investment.

The increased infrastructure investment of the past 4 years has resulted in major transportation improvements:

- C 7,350 deficient bridges were improved;
- C the Federal Government made major funding commitments to 19 new transit systems or extensions to existing systems; and
- C pavement conditions on the National Highway System have improved.

Infrastructure investment proposed for FY 1998 includes \$20 billion for highways and bridges, \$4.2 billion for transit, \$1 billion for airports and \$423 million for Amtrak.





INNOVATIVE FINANCING

In an era of smaller government with declining levels of Federal discretionary spending, reducing the infrastructure deficit requires more than Federal dollars.

The Department of Transportation has worked to multiply the purchasing power of existing Federal and State resources by creating opportunities to attract additional funds to important transportation infrastructure projects. To date, 31 states have accelerated 74 projects with a total value exceeding \$4.5 billion.

Some examples of these projects follow:

- C **Washington State is accelerating construction by one year of High-Occupancy Vehicle (HOV) lane improvements on SR 520 from Seattle to the cities of Bellevue and Redmond** by using a tapered match -- with a 100 percent Federal share in the beginning of the project when State funds are short, and 100 percent State share later on so that, overall, an 80 percent Federal share is achieved.
- C **Arkansas has established a State Revolving Loan Fund** under which transit vehicles are being leased at a zero interest rate to small transit and human services transportation providers throughout the State. The lease payments will be used to fund subsequent vehicle purchases and leases.
- C **Ohio DOT has constructed an intermodal, truck-rail interchange through a public-private partnership.** The facility enables the loading and unloading of truck trailers and freight containers onto railroad flat cars. The truck off-loading fees will function as a toll-like user fee in order to qualify the project for a loan.
- C The Alameda Corridor project, for which Congress provided loan authority last year, is a prime example of the type of project to be supported by this new program. The project will improve rail and highway access to the Ports of Los Angeles and Long Beach. The Federal funding share (a \$400 million direct loan) is a key factor in securing State, local and private dollars to fund the remainder of the project's \$1.8 billion cost.

The FY 1998 budget proposes a new \$100 million Transportation Infrastructure Credit Program to leverage Federal dollars and encourage private sector investment in transportation projects of national significance that may be too large to attract sufficient local financing. With this new program, DOT will be able to make loans or use other innovative financing arrangements to help important transportation projects.

State Infrastructure Banks (SIBs), another important innovative financing mechanism, continue to be funded at \$150 million in FY 1998. SIBs offer new financing tools for a variety of transportation improvements, such as toll roads and intermodal terminals. Cooperative agreements between DOT and the ten pilot States have been completed -- Arizona, California, Florida, Missouri, Ohio, Oklahoma, Oregon, South Carolina, Texas, and Virginia. The process for selecting additional SIBs for FY 1997 is underway.

IMPROVING CRITICAL TRANSPORTATION OPERATIONS

The FY 1998 budget includes funding increases to maintain and improve critical operations of the FAA and Coast Guard, upon which whole components of our Nation's transportation system depend each day.

- C FAA operates the Nation's air traffic control system, which makes possible the movement of approximately 1.5 million passengers per day through our skies. FAA also conducts safety inspections to ensure that aircraft, pilots, and aircraft operations meet safety standards.
- C Coast Guard maintains aids to navigation in our Nation's navigable waterways, and conducts safety inspections of the vessels plying those waterways and search and rescue missions for mariners in distress.

The FAA operations budget is funded at \$5,386 million in FY 1998, up 8.7 percent over the FY 1997 total of \$4,955 million.

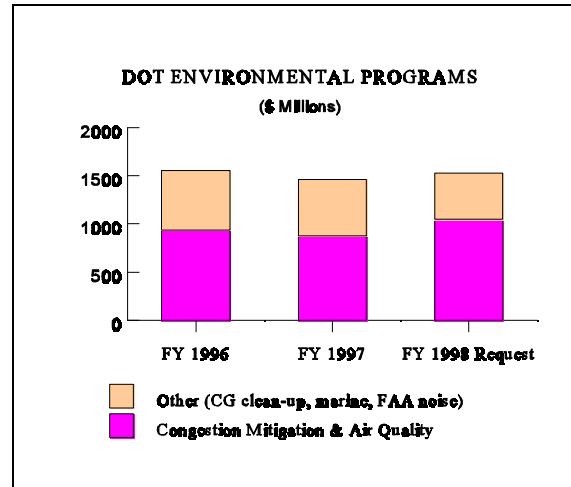
- C In addition to increasing the number of safety inspectors, the number of air traffic controllers increases by 500, to a level of 17,800 by the end of FY 1998.
- C Technical training for air traffic controllers and safety inspectors would be increased to \$35 million, 36 percent over FY 1997. This includes pilot proficiency and currency training for safety inspectors.

Coast Guard operating expenses are funded at \$2,740 million in FY 1998, up 4.6 percent over the FY 1997 level of \$2,618 million.

- C Half of the increase will fund non-discretionary cost increases, such as operational costs for the Medium Endurance Cutters, which will go back into service after major rehabilitation. Additional drug law enforcement activities have also been assigned to the Coast Guard.



- C \$389 million is requested for Coast Guard drug interdiction activities, up \$53 million from the FY 1997 level of \$336 million. This additional funding will provide for increased Coast Guard operations on the Southwest border and in Puerto Rico -- areas of high intensity drug trafficking. With these funds, the Coast Guard will reactivate two Falcon Jet interceptors, increase law enforcement patrol hours of its C-130 and helicopter fleets, and improve intelligence collection and analysis. These funds will also enable the Coast Guard to fulfill its responsibilities under the National Drug Control Strategy.



**ENVIRONMENTAL
ENHANCEMENT**

\$1.53 billion is proposed for DOT's environmental programs in FY 1998, up 5 percent from FY 1997.

- C Obligations for the Department's largest environmental enhancement funding program, the Congestion Mitigation and Air Quality program, are estimated at about \$1 billion in FY 1998, \$170 million more than FY 1997.
- C In FY 1995, the Coast Guard conducted 16,976 pollution investigations and supervised 757 federally-funded cleanups. Coast Guard Marine Environmental Protection and Oil Spill Clean-up funding would increase 6 percent in FY 1998, to \$375 million.
- C Funding for clean-up of hazardous materials at DOT sites (primarily FAA and Coast Guard) would remain at \$80 million.

TECHNOLOGY DEVELOPMENT

Funding for research and technology across the Department is proposed at over \$1 billion in FY 1998, close to \$100 million above the FY 1997 level. Technology is particularly essential to the health of our transportation system. Innovations in transportation technology contribute to America's global competitiveness and national security, enhance our environment and local communities, and, perhaps most importantly, save lives and reduce the risk of accidents and injuries.

- C The Intelligent Transportation Systems (ITS) program is funded at \$250 million, \$13 million above FY 1997. This program is designed to improve information to drivers in order to increase transportation efficiency. A major part of this funding will be used to deploy ITS systems across the country to help reduce congestion in major urban areas.

- C The National Advanced Driving Simulator (NADS), currently under construction, would be funded at \$12 million in FY 1998. NADS will be a valuable tool to help researchers better understand driver behavior and to devise safe driving solutions.
- C The Advanced Technology Transit Bus was developed using proven, advanced technologies developed in the aerospace industry. It is a lightweight, low-floor, low-emission alternative to current buses. \$10 million is requested in FY 1998 to complete all six prototypes and conduct testing.

NATIONAL SECURITY

DOT is a critical partner in ensuring national security through Coast Guard readiness, security and interdiction activities; FAA air traffic control; Maritime Administration's Ready Reserve Force and Maritime Security Program; and our response to national emergencies. The FY 1998 budget continues and enhances DOT's strong role in national security.

- C The budget includes \$54 million in new budget authority for the Maritime Security Program (MSP). This will make funding available for direct payments to ship operators for 45 U.S.-flag ships involved in U.S. foreign trade. A total of 47 ships have been authorized for the MSP. Participating carriers are required to enroll in an Emergency Preparedness Program established to provide intermodal sealift support in time of war or national emergency. Commercial transportation resources to be provided include ships,

capacity, intermodal equipment, terminal facilities and management services.

- C The Coast Guard conducted many defense-related missions last year, including operations in Haiti, Coast Guard activities following the Cubans shooting down a civilian aircraft, and commercial vessel boardings in the Red Sea and Indian Ocean in support of the Iraqi embargo. In FY 1998, it is anticipated that such defense-related missions will total over \$300 million. Activities will include:
 - ~ military training and exercises,
 - ~ harbor defense and port security functions,
 - ~ maritime interdiction operations in support of the United Nations sanctions against Iraq and Yugoslavia,
 - ~ providing maritime security and search and rescue training to developing countries to enhance regional stability, and
 - ~ establishing, servicing, and maintaining aids to navigation in support of Defense Department military operations.



FEDERAL HIGHWAY ADMINISTRATION

(\$ in millions)			
	FY 1996 Actual	FY 1997 Enacted	FY 1998 Request
Federal-aid Highways Ob Lim	17,708	18,192	18,170
Mandatory Federal-Aid Highways	1,708	1,830	1,510
Motor Carrier Safety Grants Ob Lim	77	78	100
State Infrastructure Banks	-	150	150
Transportation Infrastructure Credit Program	-	-	100
Other /1	311	400	0
TOTAL	19,804	20,650	20,030

/1 Includes FY 1997 supplemental request of \$318 million.

The highway system is the backbone of the Nation's multi-modal surface transportation infrastructure, providing the mobility people want and meeting the needs of commerce. Our challenge is to maintain a high-quality highway network consistent with safety and the environment, and within the government's overall resource constraints.

The budget request of the Federal Highway Administration (FHWA) and the Department's surface transportation reauthorization proposal focus on providing maximum flexibility to State and local officials in their use of Federal resources to meet local priorities, while maintaining an interconnected system.

The FY 1998 budget -- based on a series of guiding principles designed to sustain a strong, globally-competitive economy and ensure mobility, safety and well being of our people --

- C Emphasizes safety, providing \$650 million for programs to improve State efforts that enhance the safety of roadways and commercial vehicle operations.
- C Promotes economic prosperity by assuring a connected, economically efficient highway system, emphasizing continued funding of those highways that carry a significant part of interstate personal and commercial traffic--the National Highway System, including the Interstates.
- C Supports improved quality of life by providing flexible funding for such alternatives as bicycle paths, walking paths and transit.
- C Follows in the tradition of ISTEA by addressing the relationship between highway construction and air and water quality.
- C Supports the Nation's defense and facilitates response to national disasters by emphasizing the continuous, uninterrupted service of a high-quality, interconnected highway system.

Impact:

On Pollution

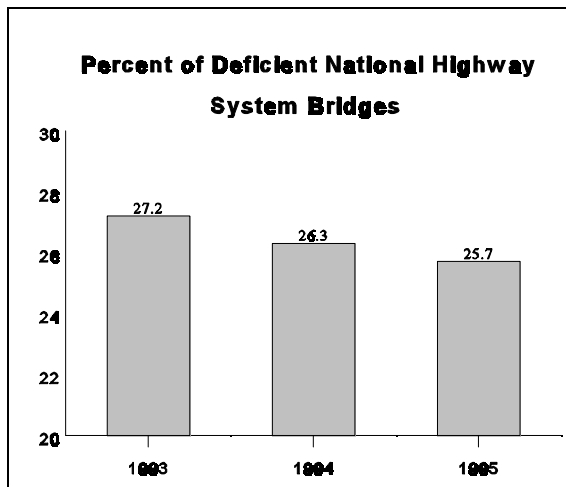
Since 1983, the number of days when air pollution exceeded National Air Quality Standards in selected cities declined from over 1,000 city-days to fewer than 494 in 1995. FHWA's Transportation Enhancements and Congestion Mitigation and Air Quality Improvement funds are intended to address the environmental impacts of transportation.

On Safety

The number of fatalities as a result of large truck crashes steadily declined from 5,153 in 1985 to 4,453 in 1995. The fatal crash rate of these vehicles fell from 3.8 per 100 million miles of travel in 1985 to 2.3 in 1995. Increased inspections and a focus on alcohol in State enforcement helped bring about the reduction in fatalities.

On Highway Conditions

FHWA, in cooperation with its partners, is implementing SUPERPAVE, a new technology for the design of asphalt pavements. This new technology will save millions of dollars in construction costs by increasing pavement life and by decreasing the societal costs of congestion and accidents associated with highway construction.



Highlights of FY 1998 Budget:

C An \$18.17 billion obligation limitation for the **Federal-aid Highway Program** to maintain the highways critical to interstate transportation.

C A \$100 million **Motor Carrier Safety Program**, comprising the following elements:

- ~ an \$83 million grant program to focus on strategic safety investments and increasing flexibility for grantees; and
- ~ \$7 million for an Information System and Analysis Program to enable resources to be focused on unsafe carriers, and for a Strategic Safety Reform Program to support programs that improve safety by targeting unsafe carriers while reducing regulatory burdens on the safe ones.

C \$491 million for **Research and Technology**, including \$250 million for the Intelligent Transportation Systems (ITS) program. The primary thrust guiding the FY 1998 ITS program is developing an intelligent vehicle and supporting deployment of intelligent infrastructure. The research budget also funds ongoing programs to improve pavements, reduce congestion, strengthen bridges, facilitate truck inspection, and enhance safety.

C \$150 million to expand the **State Infrastructure Banks** program to enable States to underwrite bonds, enhance credit and make loans.

C \$100 million for a new **Transportation Infrastructure Credit Program**, providing seed money that will leverage new transportation infrastructure projects of national significance, including direct loans and other innovative financing mechanisms.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

(\$ in millions)			
	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Operations & Research	122	132	148
Highway Traffic Safety Grants Ob Lim	155	168	186
TOTAL	277	300	333

The FY 1998 budget request of the National Highway Traffic Safety Administration (NHTSA) continues a number of initiatives to improve the safety record of America's vehicular travel.

Traffic crashes claimed nearly 41,800 lives in 1995 and their cost to society is at least \$150 billion annually. Although major improvements have occurred in both vehicular and driver safety in recent years, highway crashes still cause 94 percent of all transportation fatalities and 99 percent of transportation injuries. Two emerging demographic trends -- significant growth in both the elderly and teenage populations -- pose increased traffic safety challenges.

In 1996, NHTSA issued a major regulation requiring improved braking on large trucks, recalled a near-record number of vehicles for safety defects, proposed new rules to make air bags safer for children and small-statured adults, and streamlined the State grant program to allow States to set their own highway safety goals.

Impact:

On Safety

Highway fatalities per 100 million vehicle miles traveled declined by 32 percent between 1985 and 1992 and have remained at 1.7 from 1992 through 1995.

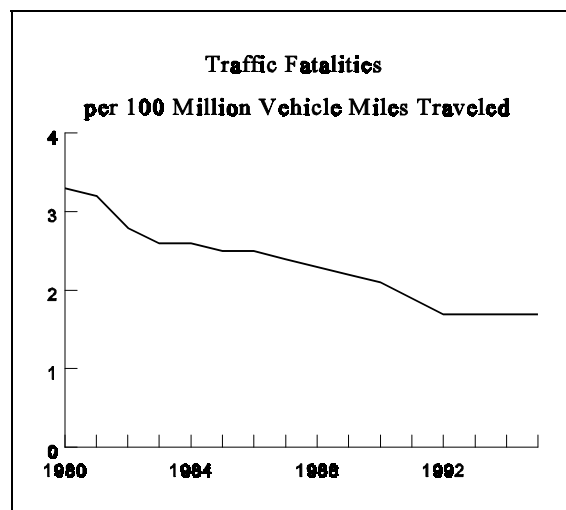
Safety belt use rose from 14 percent in 1983 to 68 percent in 1996. Our goal for 1999 is 80 percent. An 80 percent usage rate would mean approximately 2,900 fewer fatalities and societal savings of \$2.4 billion annually compared to the current rate.

Highlights of FY 1998 Budget:

- C \$185.5 million for **Highway Traffic Safety Grants**, up \$18 million from FY 1997. Included in this is \$34 million for Alcohol Incentive Grants that will continue to encourage States to pass strong anti-drunk-driving legislation and \$9 million for Occupant Protection Incentive Grants to encourage States to promote and strengthen occupant protection laws.
- C In FY 1999 and beyond, \$5 million will be proposed for a new grant program (being piloted in FY 1998) to encourage States to establish **pre-licensure drug test programs**. Additional funding beyond NHTSA's \$5 million for this new program will come from the Office of National Drug Control Policy.

- C \$45.1 million for **Research and Analysis**, including:
 - ~ \$20.2 million for the National Center for Statistics and Analysis, which is working to link crash and medical outcome data to determine the true cost of highway crashes;
 - ~ \$10.6 million for the National Biomechanics Research Center, which will advance the study of what happens to the human body in highway crashes, leading to safer vehicle design; and
 - ~ \$6 million to study “smart air bag” technology.
- C \$2.8 million for the **New Car Assessment Program** (NCAP), which provides consumers with information on vehicle safety performance. NCAP will continue frontal and side impact crash tests in FY 1998, and will establish a standard for frontal offset testing.
- C \$14.7 million for **Campaign Safe and Sober**, an ongoing public information, education and law enforcement program aimed at achieving the Department’s alcohol and safety belt goals.
- C \$2 million to educate the public about air bag safety.
- C \$1.5 million to maintain the capacity of the **Auto Safety Hotline** to handle growing consumer demand for traffic safety information.

- C \$1.6 million to initiate new **countermeasure research** for safety problems, including young drivers, increasing older drivers, and people who speed and drive aggressively.
- C \$2 million for a **pre-licensure drug testing demonstration program**, as part of the President’s Initiative on Drugs, Driving and Youth.
- C \$2.5 million to support NHTSA’s role as the focal point in DOT for the **Partnership for a New Generation of Vehicles** (PNGV), a public/private effort to develop a fuel-efficient, low-weight automobile. NHTSA’s research goal is to ensure that the overall crash and other safety attributes of the vehicles are not compromised.
- C \$25 million is included in the FHWA budget for NHTSA’s safety role in the Department’s **Intelligent Transportation Systems program**, as well as \$12 million for construction of the **National Advanced Driving Simulator**.



FEDERAL RAILROAD ADMINISTRATION

(\$ in millions)			
	FY1996 Actual	FY 1997 Enacted	FY 1998 Request
Amtrak Operating	305	364	344
Amtrak Capital/ NECIP	445	478	423
Railroad Safety	50	51	57
High-Speed Rail	24	25	20
Research & Development	24	20	22
Office of the Administrator	14	17	21
Other	11	76	10
TOTAL	872	1,031	896

The FY 1998 budget request for the Federal Railroad Administration (FRA) would advance high-speed rail research, continue a strong record of railroad safety improvement, and help eliminate Amtrak's dependence on Federal operating subsidies.

Safe, efficient passenger rail is an important part of the Nation's transportation system. In populous corridors, passenger rail helps to reduce highway and airport congestion and to improve air quality. In rural areas, passenger rail is often the only intercity common-carrier transportation for many people.

Higher-speed trains may yield enhanced user and public benefits compared to today's trains. FRA supports high-speed rail by assisting the development of affordable technology, promoting safety, assisting State initiatives, and extending high-speed rail service from Washington, DC, to Boston.

In 1996, FRA continued to improve safety inspector performance through automating field communication. FRA also furthered the development of advanced train control systems and non-electric, high-speed locomotives.

Impact:

On Passenger Service

The Department's goal for Amtrak is eliminating Amtrak's dependence on Federal operating subsidies. The Administration will work with Congress, Amtrak management and labor, State governments and other interested parties in the coming year to develop an affordable long-range plan to achieve this goal.

By the year 2000, high-speed service will extend from Washington, DC, to Boston. FRA is pursuing technologies, such as non-electric locomotives, grade crossing innovations, and radio-based train control systems that could, if successful, reduce the cost of high-speed rail systems to as low as \$2-3 million per mile--70 to 80 percent below the cost of the Northeast Corridor upgrade.



In FY 1996 Amtrak:

- C **Was voted the most improved transportation company in customer service by Knowledge Exchange, an independent financial analysis and publishing firm.**
 - C **Made a profit for the first time ever on its Metroliner service between New York City and Washington, DC, on a full cost basis.**
 - C **Ordered new high-speed electric trains and locomotives for use on the Northeast Corridor (with revenue service expected to begin in 1999).**
 - C **Began electrification of the New Haven to Boston segment of the Northeast Corridor to achieve 3-hour service between New York City and Boston.**
 - C **Continued to focus on specific markets through organizing into strategic business units. It also restructured its route system to emphasize those services that generate the greatest return.**
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On Safety

DOT announced a grade crossing initiative in 1994. Highway-rail crossing fatalities, which historically have been the largest rail-related fatality category, are down 20 percent for 1996 compared to 1995 (using projected 10 months of data).



Highlights of FY 1998 Budget:

- C \$344 million for **Amtrak** operating assistance, and \$423 million for Amtrak capital assistance, including a minimum of \$200 million for the **Northeast Corridor Improvement Program** (up from \$175 million for NECIP in FY 1997). All Amtrak funding would come from the Highway Trust Fund.
- C \$19.6 million for the **Next Generation High-Speed Rail Program**, funding technology development and demonstrations in several potential high-speed corridors.
- C \$21.6 million for safety-related **Research and Development**, up \$1.5 million from FY 1997. Ongoing research efforts would continue in the areas of human factors of train operations, advanced train control technology, and safety issues related to high-speed rail.
- C \$57 million for **Railroad Safety**, up \$6 million from FY 1997. Of the increased funding, \$3 million would be used to acquire a new automated track inspection vehicle. The vehicle inspects 27,000 miles of track per year.

FEDERAL TRANSIT ADMINISTRATION

(\$ in millions)			
	FY 1996 Actual	FY 1997 Enacted	FY1998 Request
Formula Programs	2,052	2,149	3,310
Access to Jobs and Training	-	-	100
Discretionary Fixed Guideway Modernization	666	760	-
Discretionary Bus	333	380	-
New Starts/ Major Capital Investments	666	760	634
Washington Metro	200	200	200
Other	133	134	139
TOTAL	4,049	4,382	4,382

The Federal Transit Administration (FTA) is focusing on ensuring that all Federal requirements, such as Clean Air standards, drug and alcohol testing, and compliance with the Americans with Disabilities Act, are mainstreamed throughout the transit program. The FY 1998 budget seeks to provide greater flexibility for local decision-making regarding the use of Federal funds, as envisioned by ISTEA and proposed in reauthorization legislation. The budget will also promote mobility and access to transit-dependent riders.

Transit provides crucial mobility for 80 million Americans who depend on it to get to jobs, health care facilities, schools, and other essential services.

Bus and rail transit also alleviate highway congestion in the Nation's major metropolitan areas.

FTA funds construction of facilities, purchase of vehicles and equipment, technology and service improvements, transportation planning, and maintenance of federally funded assets.

FTA also funds programs that meet the special mobility needs of the elderly, individuals with disabilities, and economically disadvantaged individuals.

Impact:

On Mobility

Transit adds to the commercial and residential viability of neighborhoods. In metropolitan areas, transit saves residents an estimated \$20 billion annually in automobile-related costs. In rural areas, over 1,100 transit systems serve 30 million elderly, working poor, and individuals with disabilities. Passengers value the basic mobility provided by transit nationwide at \$23 billion annually.

On Congestion

In urban and suburban areas, transit averts \$15 billion in congestion costs per year, by easing pressure on crowded roadways.

On Infrastructure

Each year, FTA funds support the purchase of about 5,400 urban buses and paratransit vans and 2,000 buses for elderly and disabled individuals. FTA funds, along with State and local funds, maintain 7,349 miles of track, 2,271 stations, 119 rail maintenance facilities, and over 15,600 rail cars, and extend rapid rail, busways, light rail, and commuter rail.

Recent FTA Accomplishments:

- C Executed 19 Full Funding Grant Agreements since 1993, committing over \$7 billion in Federal funds for major system expansions.
- C Introduced an Advanced Technology Transit bus that is light-weight, low-cost, and low-emission.
- C Brought 1,500 buses to the 1996 Summer Olympics in Atlanta to help accommodate 17.7 million passenger trips in 17 days.

Highlights of FY 1998 Budget:

- C \$3.3 billion for **Formula Programs**, available for any eligible transit purpose, including planning, bus and rail car purchases, facility repair and construction, preventive maintenance, and, in areas under 200,000 population, operating expenses.

Funds for the current discretionary programs of Bus and Bus-related equipment and facilities and Fixed Guideway Modernization are combined under Formula Programs. The Fixed Guideway Modernization funds are distributed according to current formulas, but recipients can use the funds for any purpose eligible under Formula Programs. This maximizes flexibility for transit operators and allows them to prioritize and target funds to their most important needs. These funds are critical to preserving mobility in our cities.

- C \$100 million for a new **Access to Jobs and Training** initiative to help ensure that efforts to reform welfare will be successful.

Governors and metropolitan planning organizations may apply for funds for planning, capital and operational support related to new or modified service to help current welfare recipients get to jobs or training needed to enter the work force.

- C \$634 million for **Major Capital Investments** to continue Federal funding for 15 new fixed guideway systems or extensions to existing systems. The systems are located across the Nation and are covered by signed or anticipated Full Funding Grant Agreements.
- C \$44 million for **National Transit Planning and Research Programs** to support the development of innovative transit technologies such as hybrid electric buses and fuel cell and battery-powered propulsion systems. This funding includes \$10 million to complete the Federal funding commitment to the Advanced Technology Transit Bus project, as well as funding for such programs as Transit Cooperative Research, the National Transit Institute, and University Transportation Centers.
- C \$48 million for grants to States for **metropolitan planning and statewide planning** activities.
- C \$200 million for the **Washington Metropolitan Area Transit Authority** to continue its “fast track” program to complete the 103-mile authorized Metro-rail system.

FEDERAL AVIATION ADMINISTRATION

(\$ in millions)			
	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Operations	4,643	4,880	5,036
User Fees	0	75	350
Facilities & Equipment	1,918	1,938	1,875
Research, Engineering & Development	186	208	200
Grants-in-Aid Ob Lim	1,450	1,460	1,000
TOTAL	8,197	8,563	8,461

The FY 1998 budget request for the Federal Aviation Administration (FAA) continues the strong commitment to a safe, efficient and modern aviation system. The request includes \$350 million in user fees, to be appropriated for the Operations account.

Impact:

On Aviation Operations

FAA's workload is projected to increase in FY 1998. From FY 1997 to FY 1998, commercial flights are estimated to increase from 25.3 million to 25.9 million, passenger enplanements from 632 million to 667 million, and general aviation flights from 36.6 million to 36.9 million.

On Safety

FAA has established a zero accident goal and is aggressively taking action to reach that goal. FAA performs more than 329,000 inspections and takes approximately 11,000 enforcement actions annually.

More than 1,000 airport grants are awarded annually to improve airport safety and infrastructure.

FAA promotes safety and increases capacity through the modernization of the national airspace system.

Highlights of FY 1998 Budget:

- C **Operations:** \$5.386 billion, which includes \$350 million in user fees. This is an 8.7 percent increase over FY 1997 and provides for mandatory cost increases and additional staffing.
- C FAA proposes to increase staff in several critical safety areas in FY 1998. The air traffic controller staff increases by 500 to 17,800; safety inspectors and certification work force by 273 to 4,135; and the security workforce by 173 to 1,182. The increases allow FAA to handle the growth in aviation activity and improve security at our Nation's airports.
- C \$35 million for technical training, which includes simulator training for air traffic controllers and pilot proficiency and currency training for safety inspectors.



C \$47 million to make operational the new air traffic control and aeronautical navigation equipment now being delivered as part of the modernization of the air traffic control system. The new equipment and facilities will improve services in communications, automation, surveillance, navigation and landing aids, and weather.

FAA will protect the traveling public by performing over 8,000 inspections of domestic and foreign air carriers, conducting over 7,000 inspections for hazardous materials, and inspecting over 1,150 airports in FY 1998.

C **Facilities & Equipment:** \$1.875 billion to continue to improve and modernize the infrastructure of the national airspace system. The request includes:

~ \$32 million to provide air traffic services to aircraft flying over the Pacific, Atlantic, and Arctic Oceans. This program would lead to the introduction of free flight in ocean airspace, and would increase capacity to meet future growth.

~ \$106 million for the standard terminal automation replacement system for low to medium terminal radar approach control facilities. This system provides a fully digital infrastructure to modernize terminal control facilities.

~ \$51 million for voice switching and control systems. This is an integrated air/ground voice communications system which replaces mechanical switches and improves controller-pilot communication channels.

~ \$153 million to continue procurement of the wide area augmentation initial operating system. This allows the Global Positioning System to be used in the national aviation system. The anticipated savings to the government and aviation users is approximately \$5 billion over the next 10 years.

~ \$203 million for display system replacement, an upgrade of controller work stations that increases capacity and reduces maintenance costs.

~ \$94 million for environmental and occupational safety projects.

C **Research, Engineering, and Development:** \$200 million, which includes \$25 million for continued research in aircraft structures and materials, and \$50 million for systems security research.

C **Grants-in-Aid for Airports:** \$1.0 billion for airport improvement grants. Grants to small airports would be maintained at the FY 1997 level. In addition to these grants, 262 airports have been approved to collect passenger facility charges (PFCs) totaling about \$1 billion in FY 1998. Revenues from PFCs are an important source of capital for many airports.



UNITED STATES COAST GUARD

(\$ in millions)			
	FY 1996 Actual	FY1997 Enacted	FY1998 Request
Operating Expenses	2,576	2,618	2,740
Acquisition, Construction & Improvement	362	375	370
Research	18	19	19
Retired Pay	580	612	646
Reserve Training	62	66	65
Environmental Compliance & Restoration	21	22	21
Other	51	56	0
TOTAL	3,670	3,768	3,861

The mission of the Coast Guard is to save lives, protect the environment, facilitate commerce in our ports and waterways, and protect U.S. interests in any maritime region as required to support the national security of the United States.

The FY 1998 budget request for the United States Coast Guard allows the Coast Guard to continue to aggressively target drug smugglers, and recapitalize aircraft and vessel fleets to meet the President's national security goals.

Impact:

On Safety

Saved over 4,700 lives (an average of one life every 2 hours), assisted 90,300 persons in distress, saved nearly \$2.3 billion in property, and protected \$3.5 billion in property in 1996.

On the Environment

Supervised nearly 800 federally funded oil and chemical spill clean-up operations in 1996.

On National Security

Intercepted over 9,100 illegal migrants before they reached U.S. borders in 1996.

Interdicted over 28,000 pounds of cocaine and 15 tons of marijuana in 1996, keeping them off America's streets and away from America's schools.

Provided Coast Guard cutters, aircraft, Port Security Units, training teams and other complementary naval resources supporting the National Military Strategy in the Persian Gulf, the Black Sea, the Mediterranean, Turkey, South Korea, Western Africa, South America, and Pacific Rim and Caribbean nations.

On Mobility

Maintained a buoy tender fleet and infrastructure to support a network of over 100,000 aids to navigation along U.S. coasts and on inland waterways to facilitate commerce, safe passage for mariners, and protection of the environment.

Provided vessel construction, design, and inspection services to ensure safe operation of domestic and foreign vessels transporting more than 95 percent of the Nation's imports and exports.

On Efficiency

Continued to identify multi-year savings and efficiencies under its streamlining plan. In the past four years and culminating in FY 1998, the Coast Guard will have achieved savings of \$361 million and eliminated 3,472 positions.



Highlights of FY 1998 Budget:

- C \$2.74 billion, including \$300 million in defense-related funding, for the continued **operation and maintenance** of a wide range of ships, boats, aircraft, shore units and aids to navigation.
- C \$379 million, including \$9 million from asset sales, to support the Coast Guard's **recapitalization** of vessel and aircraft fleets, information resource management systems, shore facilities and aids to navigation.
- C \$21 million to carry out the most urgent of a \$130 million backlog of the Coast Guard's **environmental compliance and restoration** responsibilities. Major clean-up projects required for enforceable regulatory agreements for FY 1998 are at Kodiak, Alaska; Elizabeth City, North Carolina; and Cape Cod, Massachusetts.
- C \$65 million to fully train, support and sustain a ready military **Selected Reserve Force** of 7,600 members, required to meet current commitments for direct support to the Department of Defense and provide surge capacity for responses to emergencies, such as clean-up operations following oil spills.

- C \$19 million for **research**, development, testing and evaluation. Funds will provide for technologies, materials, and human factors research directly related to improvement of Coast Guard mission performance and delivery of services to the public.
- C \$55 million for **Boat Safety grants**. Proposed legislation would convert State grants to a mandatory appropriation from the Aquatic Resources Trust Fund.
- C \$646 million for **retired pay**, which includes annuities and medical care for retired military personnel and former Lighthouse Service members and their dependents and survivors.
- C \$61 million for **spill clean-up and initial damage assessment**, available without further appropriation from the Oil Spill Liability Trust Fund. This includes \$10 million for the payment of claims of damages from oil spills, and \$1 million for the Prince William Sound Oil Spill Recovery Institute.



RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

(\$ in millions)			
	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Research & Special Programs	24	30	30
Emergency Preparedness Grants	7	7	7
Pipeline Safety	31	32	33
TOTAL	62	68	70

The Research and Special Programs Administration (RSPA) focuses on various safety programs, planning and training grants to States for emergency preparedness, and intermodal transportation research and technology.

Over 58 percent of the RSPA budget is funded by user fees, such as hazardous materials registration fees and oil and gas industry payments to the Pipeline Safety Fund and Oil Pollution Trust Fund.

Impact:

On National Security

Provides funds to train 130,000 to 200,000 emergency responders and to assist in the preparation of local emergency response plans.

Responds to emergencies, such as the blizzards and floods of the winter of 1996, ensuring timely transportation of critical Federal disaster relief to victims.

On the Environment

Works with States on “one-call” response systems and various compliance programs to decrease the risk and severity of pipeline spills.

Highlights of FY 1998 Budget:

- C \$13.5 million for a consolidated **State Pipeline Safety Grant Program**, including \$1.0 million for States to continue one-call response programs. One-call programs, "Call before you Dig" and "Ms. Utility," are a single source of information for excavators and others to use. External damage is the single largest cause of pipeline failures in this country.
- C \$2.5 million for **oversight of pipeline operators' oil spill response plans**, which mitigate the environmental and property damage resulting from pipeline spills. RSPA reviews and approves oil spill response plans, and conducts periodic exercises to measure the adequacy of those plans.



C \$1.2 million for **pipeline risk management**, which is a regulatory alternative that gives pipeline operators the flexibility to assign resources to areas that pose the greatest potential risk. To enhance risk management, the request includes \$1.6 million for pipeline safety information systems.



C \$15.3 million for the **Hazardous Materials Safety Program** to improve the safety of hazardous materials shipments, both domestic and international.

C \$1.0 million for a central **Emergency Transportation communications center** to support local emergency response centers during disasters and provide the Department with critical data with which to make timely and informed decisions on restoring transportation infrastructure.

C \$5.3 million for **transportation research, technology and training** in three areas: strategic transportation planning and transportation system assessment; coordinating and facilitating research; and intermodal research and education. An additional \$10 million for this research is proposed in the FHWA's Federal-aid Highways budget request.

C \$6.9 million for **Emergency Preparedness grants** to States. These grants are used to train hazardous materials responders and improve response plans.

MARITIME ADMINISTRATION

(\$ in millions)			
	FY 1996 <u>Actual</u>	FY 1997 <u>Enacted</u>	FY 1998 <u>Request</u>
Operations & Training	70	65	70
Maritime Security	46	54	54
Title XI Guaranteed Loans	40	41	39
TOTAL	156	160	163

The Maritime Administration (MARAD) aids in the development, promotion and operation of the U.S. merchant marine, and organizes emergency merchant ship operations.

Impact:

On Infrastructure Investment

Through FY 1996, MARAD has approved over \$1.8 billion of Title XI financing for 256 vessels and 4 shipyard modernization projects under the President's National Shipbuilding Initiative.



On National Security

The Ready Reserve Force (RRF) is a key element of strategic sealift, transporting military equipment and initial resupply for U.S. forces deployed anywhere in the world, during the critical period before commercial ships can be marshaled. RRF response time during the Bosnian peacekeeping effort averaged only 2 days.

Highlights of FY 1998 Budget:

- C \$54 million in support of the Department of Defense (DOD) to provide operating assistance to 45 vessels under the new **Maritime Security Program**. Expected carryover will allow obligations of \$90 million. Vessels supported by this program are committed to carry military cargo during war or national emergencies. In addition, participating carriers must make available to the DOD their intermodal service network.
- C \$39 million for the **Title XI program** to cover the subsidy costs of loan guarantees for U.S.-flag and export ship construction and for shipyard modernization and administrative costs in FY 1998. The appropriation will support \$500 million in loan guarantees.
- C \$70 million for support of the U.S. Merchant Marine Academy, State maritime schools, and agency operations.
- C The **Ready Reserve Force** is now managed by MARAD, but funded in the DOD budget. With the \$302 million requested by DOD, MARAD will maintain the current readiness level of the fleet and continue new acquisitions of Roll on/Roll off ships.

OFFICE OF INSPECTOR GENERAL

The FY 1998 budget request for the Office of Inspector General is \$40.9 million to support audit, inspection, evaluation, and investigative activities. This would be an increase of \$3.1 million from FY 1997, mostly related to rent payments, which are currently funded by the Office of the Secretary.

BUREAU OF TRANSPORTATION STATISTICS

The FY 1998 budget request for the Bureau of Transportation Statistics is for \$31 million, up \$6 million from FY 1997. The Department's proposed reauthorization of ISTEA continues Bureau funding as contract authority from the Highway Trust Fund.

The Bureau's work consists of compiling, coordinating, analyzing and publishing transportation statistics.

The Bureau plans to complete data collection in FY 1998 for the commodity flow survey. It will also produce analytical reports from the 1995 American travel survey (ATS) regarding passenger flow and make plans for the Year 2000 ATS. Compilation and analysis of State and metropolitan area transportation data will also continue.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

For FY 1998, \$11.2 million is estimated as the mandatory payment for the Saint Lawrence Seaway Development Corporation from the Harbor Maintenance Trust Fund. These funds, together with an estimated \$1.2 million in revenues and Corporation reserves, will finance the Corporation's FY 1998 activities, including the Great Lakes pilotage functions delegated by the Secretary.

The Corporation's total program will consist of \$12.4 million for the operation and maintenance of the U.S. portion of the St. Lawrence Seaway and for essential replacement and improvement projects.

The Corporation has been selected as a "performance-based organization" (PBO) candidate. Subject to Congressional approval as a PBO, the Seaway will be freed from the annual appropriations process and several governmentwide budget, personnel, and procurement rules, and allowed to restructure along the lines of private sector companies.



OFFICE OF THE SECRETARY

(\$ in millions)			
	FY 1996 Actual	FY 1997 Enacted	FY 1998 Request
Salaries & Expenses	54	52	56
Transportation Planning, Research & Development	8	3	6
Rent	135	127	11
Civil Rights/ Minority Business	10	10	10
Essential Air Service/Rural Airports	23	26	50
TOTAL	230	218	133

Highlights of FY 1998 Budget:

- C The overall level of funding for the Office of the Secretary (OST) is reduced by \$83.9 million below the FY 1997 level, primarily because rental payments to the General Services Administration for non-OST space will be shifted from OST to the various DOT Operating Administrations beginning in FY 1998.
- C \$56.1 million is requested for **Salaries and Expenses**, which would support a staff level of 498 Full Time Equivalent employees (FTE)--13 FTE below the FY 1997 level. Staff reductions reflect the Department's continued commitment to downsizing the Federal Government. The FY 1998 request includes funds to support the Department's new Chief Information Officer.

- C \$5.5 million is requested for the **Office of Civil Rights**, the same level as in FY 1997, to conduct the Department's internal employment discrimination complaint process. The funds would support staff at Headquarters and six regional offices.
- C \$6 million is requested for **Transportation Planning, Research, and Development**. The request includes \$4.3 million for studies to support the formulation of national transportation policies and \$1.7 million for systems development.
- C \$50 million in mandatory funds is requested for the **Essential Air Service/Rural Airports program**. The program is proposed to be financed through FAA user fees in FY 1998, consistent with 1996 authorization.
- C \$4.8 million is requested for **Minority Business Resource Center (MBRC)** activities, the same level as in FY 1997, including \$1.9 million to support a \$15 million short-term lending program to assist disadvantaged, minority and women-owned transportation related businesses, and \$2.9 million for the MBRC Outreach program, including a clearinghouse for national dissemination of information on transportation related projects and grants to minority educational institutions.
- C \$10.6 million is requested for GSA **rental payments** to cover OST's space needs. The request includes \$4.7 million for departmentwide enhanced facility security measures.

TRANSPORTATION ADMINISTRATIVE SERVICES CENTER

No separate obligation limitation is requested for the Transportation Administrative Services Center (TASC). TASC provides administrative services on a negotiated fee-for-service basis to DOT's Operating Administrations and other government organizations.

SURFACE TRANSPORTATION BOARD

The FY 1998 budget request for the Surface Transportation Board totals \$14.3 million, to be fully financed by user fees. The Board, established in 1996 by the ICC Termination Act of 1995, is responsible for the economic regulation of the rail industry, the transportation of commodities by pipeline other than oil and gas, and certain non-licensing regulation of motor and water carriers.

The Board is charged with promoting substantive and procedural regulatory reform in the economic regulation of surface transportation, and providing an efficient and effective forum for the resolution of disputes. During 1996, the Board exempted certain commodities and classes of transactions from regulation. It also adopted several rulemakings that eliminated unnecessary regulations, streamlined existing regulations, and provided for expedited procedures and deadlines to handle various adjudicative matters before the Board. In addition, it has processed various matters brought before the Board in a way that has promoted private sector negotiations and resolutions and facilitated appropriate market-based transactions.

**BUDGET AUTHORITY
(IN MILLIONS OF DOLLARS)**

ADMINISTRATION	FY 1996 ACTUAL	FY 1997 ENACTED	FY 1998 REQUEST
Federal Highway Administration /1	\$18,171	\$22,479	\$22,819
Bureau of Transportation Statistics /2	2	0	0
National Highway Traffic Safety Administration	241	303	379
Federal Railroad Administration	866	1,026	885
Federal Transit Administration	4,049	5,623	5,109
Federal Aviation Administration	8,244	9,258	9,808
United States Coast Guard /1	3,731	3,840	3,977
Maritime Administration	170	185	191
Saint Lawrence Seaway Development Corporation	10	10	11
Office of Inspector General	39	38	41
Research and Special Programs Administration	62	68	70
Office of the Secretary	223	217	133
Surface Transportation Board	15	12	0
SUBTOTAL	35,823	43,061	43,423
Deduct: Proprietary Receipts from the Public	(113)	(108)	(171)
TOTAL	\$35,710	\$42,953	\$43,251

NOTE : Includes mandatory and discretionary budget authority. Columns may not add due to rounding.

/1 Includes \$318 million supplemental request for FHWA and \$4 million for U.S. Coast Guard in FY 1997.

/2 BTS funding from the Highway Trust Fund totals \$17 million in FY 1996, \$25 million in FY 1997 and \$31 million requested in FY 1998.

**OUTLAYS
(IN MILLIONS OF DOLLARS)**

ADMINISTRATION	FY 1996 ACTUAL	FY 1997 ENACTED	FY 1998 REQUEST
Federal Highway Administration	\$19,986	\$19,882	\$20,287
Bureau of Transportation Statistics	2	0	0
National Highway Traffic Safety Administration	265	313	332
Federal Railroad Administration	1,005	911	1,017
Federal Transit Administration	4,373	4,465	3,881
Federal Aviation Administration	8,925	8,554	8,814
United States Coast Guard	3,663	3,622	3,845
Maritime Administration	309	398	219
Saint Lawrence Seaway Development Corporation	10	12	12
Office of Inspector General	36	40	41
Research and Special Programs Administration	52	71	71
Office of the Secretary	252	216	121
Surface Transportation Board	13	16	1
SUBTOTAL	38,891	38,499	38,642
Deduct: Proprietary Receipts from the Public	(113)	(108)	(171)
TOTAL	\$38,778	\$38,391	\$38,471

NOTE : Includes mandatory and discretionary outlays. Columns may not add due to rounding.

**FULL TIME EQUIVALENT EMPLOYMENT
(FTE)**

ADMINISTRATION	FY 1996 ACTUAL	FY 1997 ENACTED	FY 1998 REQUEST
Federal Highway Administration	3,656	3,733	3,656
Bureau of Transportation Statistics	39	60	60
National Highway Traffic Safety Administration	618	632	625
Federal Railroad Administration	709	726	723
Federal Transit Administration	494	517	517
Federal Aviation Administration	47,888	49,073	50,072
United States Coast Guard	41,583	42,330	42,298
Civilian	[5,539]	[5,686]	[5,677]
Military	[36,044]	[36,644]	[36,621]
Maritime Administration	1,029	1,003	987
Saint Lawrence Seaway Development Corporation	157	164	162
Office of Inspector General	417	440	440
Research and Special Programs Administration	830	882	872
Office of the Secretary	703	605	582
Transportation Administrative Service Center	259	325	305
Surface Transportation Board	105	134	132
TOTAL	98,487	100,624	101,430
Civilian	62,443	63,980	64,809
Military	36,044	36,644	36,621