

SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.  
NATIONAL GOVERNORS ASSOCIATION TRANSPORTATION COMMITTEE  
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## INTRODUCTION

- Thank you, Governor Thompson. I know all of you from my previous jobs. I've worked with you either as a state legislator or in my job at the White House. And I feel we can speak very frankly about two very serious challenges facing us today.

## GETTING ISTEA FUNDS INTO THE PIPELINE

- My first and highest priority is getting all the ISTEA funds obligated before the end of this fiscal year. That gives us less than two months.

- It is absolutely imperative that we get the money out into the pipeline and begin construction of highways and mass transit facilities as quickly as possible.

- The reasons are as urgent as they are obvious: to jump start the economy, to create jobs and to use our transportation system to strengthen U.S. competitiveness in the global marketplace.

- I've written all of you about this. I've called you and your state transportation officials -- in many cases more than once -- to see what I can do to help. We've had SWAT teams out there.



●We've worked closely with the EPA, the Corp of Engineers and anyone else necessary to break through barriers that have been delaying highway and transit construction.

●We've made real progress. But it's not good enough.

●As of July 28, the states had obligated \$11.9 billion of federal aid highway funds. That's 73.8 percent of 1992 funding.

●We must do better. In less than two months we must obligate more than 25 percent.

●We still have \$4.2 billion in "core" programs to obligate for 1992.

●In addition, we have \$363 million more for states to obligate this year as a result of House action last week to settle the Brooklyn Courthouse issue.

●Your challenge in the next couple of months is to go home and redouble your effort. Work with your departments of transportation and my people to obligate that money and do it on programs to help your own economies and create jobs.



## INTERMODALISM

- The second challenge we face together is to think anew. ISTEA is revolutionary. It requires all of us to think intermodally -- to tie in all modes of transportation into a seamless network.
- Two new words in the Intermodal Surface Transportation Efficiency Act tell the story -- intermodal and efficiency.
- At the Department we've created an Office of Intermodalism within the Office of the Secretary of Transportation. Robert Martinez is the new director.
- His charge is to be an instrument for me to help you transform the way we do business.
- ISTEA makes available \$3 million for the Secretary to make grants to states to develop model intermodal transportation system plans. You have a chance to be the laboratories of intermodalism, to make intermodalism a reality in the United States.
- Thirty-four states applied for grants which are not to exceed half a million in any state.



- In the next few days we will be evaluating these proposals to see how innovative they are, how broad is their scope, how good is their system for collecting data, how soon they can put their plans into action. We will also consider whether the states are willing to provide some funding of their own.

- We will be drawing from the strongest plans and, hopefully, I will be able to announce the grants by mid-September at the latest.

- We must learn and learn quickly to move people and goods in a way that reflects the marketplace. These nations that are the most efficient, competitive, and productive are those that transfer goods and people between modes of transportation with relative ease.

- We must be a leader in intermodalism.

#### FLEXIBILITY

- ISTEA gives you some new tools to get the job done. It allows transferring highway monies for transit programs and vice versa. It permits valuable state match waivers for capital highway projects. And similar local match waivers are available for capital projects on the mass transit side.



- Within flexibility is another vehicle for progress -- the soft match. New DOT guidance allows state capital expenditures on toll facilities to be used as credit toward the state/local share on federal highway, highway safety, or transit projects.

- Just last week we approved the first soft match project in the country -- in New Jersey. It created a line-of-credit for up to \$192 million of matching requirements that can be waived.

- These new tools require that you take an active leadership role to oversee, coordinate and set top level policy direction. The interests of the entire state are best represented by the governors.

- And you can be sure FHWA and FTA officials at the local level accept your new flexibility. This is policy in action down the line.

### 1993 BUDGET UPDATE

- Now, let me give you an update on the FY '93 budget. The President's '93 budget achieves needed federal aid highway spending without breaking the budget agreement. Our budget proposed total obligations of \$19.2 billion -- a 13 percent increase over the current \$17 billion.

Final House action was based on breaking the budget agreement and leaves no recourse to Presidential veto.



- Senate committee action, on the other hand, does not break the budget agreement, but funding of special earmarked projects in such areas as transit new starts has helped reduce the obligation limitations in highways by nearly \$1 billion below the President's budget.

- I'm hopeful that responsible Congressional action will ultimately result.

### CONCLUSION

- I've already talked beyond the time allotted for a good Sunday sermon, so let me say we may never again have the opportunity in transportation that we have today. Let's run with it.

- Now, I will take questions.

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