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AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS  
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CHARLESTON, SOUTH CAROLINA

## INTRODUCTION

- Thank you **Ray Chamberlain** (President from Colorado) ... **Wayne Muri** (V.P. from Missouri) and **Frank Francois** (Executive Director).
- When I think about the efforts of AASHTO and DOT, I am reminded of a story about Sir Winston Churchill.

Following one of his speeches, Mr. Churchill took comments from the audience. A lady from the Temperance Union said, "I've heard that if you put all the brandy you've drank in this room it would come up to your waist."

Mr. Churchill looked down at his rotund waistline, and then the floor, and thoughtfully said with a great sigh: "Ah, such progress." Then he looked up at the ceiling and said "And yet so far to go."

- I can't tell you how much I value working with AASHTO -- in fact, one of my first meetings as Secretary back in March, was with Ray and some of AASHTO's members.



- As I travel around the country -- ( just recently by rail no less) I've met many of you. And I hope that by the end of the next four years I will have met every single AASHTO member. I especially look forward to joining you and our host Dick Howard (South Dakota DOT Secretary) in Rapid City on October 5, 1992 at your annual meeting.

### ISTEA

- ISTEA --you know its revolutionary. You are where the revolution hits the streets. I'm especially interested in two aspects of ISTEA: Giving states flexibility and increasing the focus on intermodalism.
  - Flexibility: Transferring highway monies for transit programs and visa versa. Valuable waivers for capital highway projects. Also similar local match waiver for capital projects on the transit side.
  - Soft Match: New DOT guidance on provision allows states capital expenditures on toll facilities to count toward making up state/local share on federal highway or transit projects.
  - Intermodalism: Need to think creatively -- tie in all modes of transportation into seamless network. Newly created DOT Office of Intermodalism. Robert Martinez is new Director.



## GETTING FUNDS OUT OF PIPELINE

- As I promised back in March, we' ll do all we can to make sure ISTEA money is spend quickly and responsibly. In short, to get as much of it out of the pipe line as possible. Been busy calling and writing governors and others to get funds obligated.
- Let me give you a brief status report. As of July 21, the states had obligated \$11.6 billion of Federal-aid highway funds -- 72 percent of 1992 funding. Individual states range from virtually 100 percent (South Dakota) to about 35 percent (Hawaii).
- While South Carolina has obligated nearly 69 percent, 12 states have obligated over 85 percent. They include Arkansas, Indiana, Louisiana, Maine, Mississippi, Nebraska, Nevada, North and South Dakota, Wisconsin, Wyoming, and Puerto Rico.
- I know that the special circumstances in some states have made it difficult to take full advantage of ISTEA funds immediately. I renew my pledge to work with each of you to fill the pipeline.
- But spending money is not the only challenge -- need your help on developing National Highway System.



## ENVIRONMENTAL CONCERNS

- At that earlier March meeting, your colleagues expressed concerns about environmental regulations slowing down construction. We have responded to your needs.
- In May, we signed a memorandum with EPA Administrator William K. Reilly and Army Assistant Secretary Nancy P. Dorn smoothing the way for compliance with the Section 404 permit program.
- We took leading role with Army Corp of Engineers to develop the Red Book .
- We sent interagency SWAT Team to several states for an intensive review of environmental problems.

## CONGRESS AND THE BUDGET

- Now to what's happening on the Hill.
- House bill came up with required funding for highway programs -- but produced funding in a way that will damage the economy. House bill broke 1990 budget agreement -- we cannot let that action stand. Breaking the 1990 budget agreement gives clear signal to financial markets that it's business as usual in Washington.



- House bill knocks down "firewalls" or separate caps on domestic discretionary spending. House funded President's request for Federal-aid highways by spending "alleged savings" in the foreign aid budget category. As a result, House increases spending above what would otherwise occur under the Budget Enforcement Act. Adds to the deficit--that's not fiscal responsibility.
- House is breaking the budget agreement to:
  - Protect funding for highway demonstration projects of questionable value.
  - To increase funding for new rail transit projects that may not be cost effective.
- President's budget illustrates that there are responsible ways to achieve needed highway spending program without breaking the budget. Our budget proposed total obligations of \$19.2 billion -- a 13 percent increase over the current \$17 billion level.



- Untold Story: The House could only reach the President's spending level on infrastructure by breaking down fire walls. The House Transportation Appropriations Subcommittee **originally** recommended only \$17.4 billion for the highway program -- which was almost \$ 2 billion below the President's budget request.
- Senate Subcommittee expected to mark up DOT appropriations bill this week -- perhaps differences will be ironed out. If House language is adopted, President's senior advisors would recommend a veto.
- We will work aggressively to come up with a good bill the President can sign.
- I've spent enough time talking -- time to take Q&A.

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