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ASSOCIATED GENERAL CONTRACTORS
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Thank you for the introduction. Thank you for inviting me here to talk with you about transportation; specifically, how we're doing with the implementation of the new surface act, the Intermodal Surface Transportation Efficiency Act. Or, in the language of acronyms this town loves so much, ISTEA.

If I suddenly start getting off the topic of surface transportation and talking about traffic safety, aviation or trucking deregulation, I hope you'll forgive me. This is the start of a very busy week for me. At noon today, I talk to the American Coalition for Traffic Safety. Tomorrow, I testify on Capitol Hill in favor of trucking deregulation, and then its off to the Aero Club for an aviation speech. Not only am I preaching intermodalism, but when it comes to my speaking schedule, I'm practicing it, too.

As you know, I'm fairly new on the job. In fact, I've just completed my first month as Secretary of Transportation. Not only has it been a lot of fun, but it is deeply rewarding to be in a position that makes such a real difference, and I'm grateful to President Bush for that opportunity. Aside from putting me in charge of the best agency in government, he made me one of his

first lieutenants in the effort to jump start our economy. As you know all too well, infrastructure investment not only puts people to work today in real jobs, but it keeps future generations working too. I think President Bush said it best: "Mobility is the lifeblood of our economy."

I take over the Department at a terrific time, just as we're implementing this historic transportation act. And the implementation is already having a positive effect.

We all have seen the indicators showing an upturn in the economy. ISTEA has been an important stimulus. Just listen to this letter, recently passed on to me from a vice president at 3M, a major supplier of traffic control devices. Let me quote from his letter: "Our plants are running at all-time records ... the highway activity in this country appears to be moving strongly again and our weekly order intake for the last six weeks is showing excellent growth. A survey with our production people indicates we are planning for that growth to continue." End quote.

When the President signed ISTEA last December, he directed the Department to work closely with the states to accelerate the flow of dollars. Quick and responsible implementation of ISTEA was part -- a key part -- of his growth plan for our economy. And I'm pleased to

report that, in fact, the dollars are being spent quickly and responsibly.

My first day on the job I asked for a status report on how quickly states and localities are putting all of our federal transportation dollars to work. I'm getting such reports weekly. In total, our capital grant programs for highways, transit, aviation and rail have obligated almost \$8 billion.

More than six billion dollars of that has been invested under the Federal-aid highway program. Those \$6 billion translate into 390,000 jobs supported -- real, private sector jobs at work to rebuild and maintain our infrastructure. Beyond this, ten and a half billion dollars more are available for states to obligate this fiscal year. Obviously, we want every one of those dollars put to work, putting people to work, just as soon as possible.

Many of you are actively involved with transit projects. I'm pleased to report that by the end of this month -- tomorrow -- more than \$1.4 billion in formula grants will have been obligated. That represents 60 percent of what we have available to invest this fiscal year. By the way more than 75,000 jobs will be supported through FTA formula grants.

While I'm on a roll about jobs being generated by DOT, let me highlight another program that many of

you help implement that is also creating jobs and improving our economy. Our Airport Improvement Program has obligated some \$400 million in grants so far this year.

And there is more. A new program we're now implementing gives communities the authority to collect Passenger Facility Charges to help fund airport improvements. So far we've approved applications that will mean nearly half a billion dollars of new revenues for improvements at five airports. And we're processing 33 more applications for PFC supported projects right now.

Creating and supporting those jobs is a part of the President's growth plan for our economy. So is regulatory reform.

President Bush gave us all a great opportunity by announcing in his State of the Union address a 90-day moratorium on the regulatory process. At DOT and throughout government, we're looking for rules and regulations that should be revised or even rescinded if they are imposing undue harm on our economy. And we're not working in a vacuum. We're taking very seriously the comments received from the public -- already a two-foot stack of comments has reached DOT.

As President Bush announced at your annual convention last month, your industry has already benefited from the regulatory review process. The Department of Labor has given contractors like yourself greater flexibility to hire semi-skilled "helpers" for federally-funded construction projects. This will reduce construction costs and create more entry-level jobs in the building trades. It will also save taxpayers millions of dollars and allow them to get more for the dollars that are spent.

As I said at the outset, every week I receive a status report from my staff on how each state is doing at putting dollars to work. I have used those reports to call governors, either to thank them for moving the money through the pipeline quickly, or to find out what we can do to help them move the money through faster.

The Federal Highway Administration has set up a nationwide electronic bulletin board for states to use to get the information and answers they need to more quickly implement ISTEA. Additionally, I've sent a letter to every governor, letting them know where they stand and how they can take advantage of our offices to put their apportionments to work.

My experience in Intergovernmental Affairs, working with governors in every state stands me well. I know each state is different and chief executive authority varies. But I am making sure that every governor knows about the provisions in ISTEA that permit them to waive their matching share for highway projects for up to two years. Four states have been granted waivers so far. No others have applied for this tool to jump start their own economies, but I am ready to say "go" if others ask.

I'm also aware that there are frequently concerns of other federal agencies that must be addressed before ISTEA funds can be put to use. The Environmental Protection Agency, for example, and the Army Corps of Engineers, which issues Section 404 permits play a big role in project approval. We've opened the lines of communications with those federal agencies at both the federal and regional level.

We want to see every issue, every problem, addressed quickly and cooperatively. And I'd like your help in learning how we can bring greater efficiencies to the process of obligating federal transportation dollars.

Before I turn it back over to you for questions, let me say something about the Associated General Contractors. Your organization is highly respected in this town, and for good reason. You have been

instrumental in crafting and getting enacted every major surface bill in recent history. ISTEA, the most revolutionary surface bill since the Interstate system, features your handiwork throughout.

But if ISTEA is to work, we can't just implement this law in a business as usual fashion. We must be open to innovative approaches to contracting that will speed the process. And we look forward to your partnership in helping this along.

The President and I are at the front line in the battle to improve our economy, but you're right there in the trenches with us. We can write bills, enact laws, make phone calls and provide money, but you are the builders, along with others, who put the people to work and keep our economy moving ahead. Thank you.

I'll be happy to entertain questions.

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