



U.S. Department of
Transportation

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NORTH CAROLINA LEAGUE OF MUNICIPALITIES
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In preparing to come here I thought about how things have changed in North Carolina since World War II. Our state has undergone a profound transformation. Poor transportation which limited North Carolina's growth in the early part of this century has given way to one of the most advanced networks in the country -- nearly 100,000 miles of highway and over 15,000 bridges criss-cross the mountains and Piedmont to the Atlantic shore -- linking cities and villages and farms and feeding a collection of airports as extensive and modern as any state in the union. I don't need to tell you that North Carolina continues to be one of the fastest growing states in the country -- at 4.6 percent, its growth last year surpassed the national average -- and good transportation has been a key to our state economy's dynamism.

The North Carolina Department of Transportation is doing an outstanding job and I am delighted to be on the program with Jim Harrington this morning. I want to say at the outset that Jim's "Roads to the Future" is the most comprehensive state transportation plan I have seen. It is a model

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of realism and self-reliance. It certainly complements the efforts we are making at the federal level.

The Martin Administration pushed a legislative package through this year which will provide an average of more than \$200 million a year for the highway network. It guarantees that our road system will keep pace with the state's economic growth and enhance the prospects for such growth. This is a major accomplishment.

This morning I want to spend a few minutes discussing what I consider to be the most important trend in national transportation policy -- the return of power to the people of this country and away from the federal government's central planners.

The Reagan Administration is committed to locating decision-making in transportation as close as possible to the people who use the services. This trend is not limited to transfer of responsibility between governments. It can also mean returning responsibility from the public to the private sector when the private sector can deliver services more efficiently. Whether we are talking about highway funding or privatization -- such as returning the federally-owned freight railroad Conrail to the private sector or contracting out city bus services -- or the future of Amtrak, the trend is away from federal control; and I expect the pace in that direction to quicken rather than reverse.

The reasons are simple. Transportation needs are changing. People are changing how they live and work and states, locales and private providers are better equipped to meet those needs. In every case, and I think Jim could cite some in North Carolina, you can get the job done much faster and at less cost if you do not have to deal with unnecessary federal regulations and so much red tape from Washington.

The wisdom and prudence of local and state officials is nowhere better exemplified than here in North Carolina. In 1985, for example, Harold Hall, the Mayor of Jamestown, refused federal funds for an unneeded transit van as his town's contribution toward reducing the federal deficit. I can only say that if all American citizens were as well served by their leaders as those of Jamestown, the federal deficit would be under control.

Our greatest victory in Washington to date has been final passage of the Conrail sale bill. When the public offering of Conrail stock is completed, it will be the biggest privatization exercise in U. S. history. Secretary Dole is especially pleased that the final bill addressed her very real concerns for the long term viability of the railroad. We don't want it back. Among other terms that will serve to assure it remains in the private sector, the bill allows Conrail to merge with another railroad one year after completion of the sale.

Secretary Dole and I are equally elated at our simultaneous victory for federalism -- the transfer of Washington National and Dulles Airports to a

regional commission. Various administrations have made eight attempts since 1949 to end federal control of these airports. Secretary Dole's is the only one that has succeeded.

Although victory is not yet won, we have made some progress in the highway and mass transit areas. In the 1986 Surface Transportation Reauthorization Act we sent to Congress earlier this year, for example, we took an important step toward giving the states and locales more flexibility in the highway and transit programs.

You will recall that the 1982 Surface Transportation Assistance Act had added some flexibility. It also included the five cent a gallon increase in the gas tax, which has financed the most massive highway and transit development programs in history. Fifty six billion dollars were allocated to the states in four years. You have not been able to take a trip anywhere in the United States without seeing bridges being rebuilt and asphalt being poured. North Carolina received \$1.2 billion of these federal funds for highway and bridge rehabilitation.

That act expired this year, and the legislation we proposed to renew the program would have given state and local officials the tools to make their own unique transportation investment decisions. Under the old program structure rigid formulas were still dominant. In a great many instances, the existence of federal aid categories has been the driving force behind investment decisions. States undertake projects principally because special categories of federal funds are available, and the use of the funds is limited to such projects. Receiving the maximum in federal funds, not meeting real world needs, drives too many of your decisions today.

We proposed to merge the Interstate construction, Interstate reconstruction and rehabilitation and primary programs into a single program. The states would decide the priorities and put the funds where they are most needed. Further, a highway and transit block grant program was one of the most important aspects of our proposal. At whatever level of federal funding we have, it makes no sense to tell state and local governments they must spend transit money for buses when bridge needs are not being met, or highway money for urban highways that cost too much. To our way of thinking, state and local governments should be able to base decisions on transportation needs, rather than choosing projects in order to maximize the availability of federal funding.

Along with more decision-making authority for the states, our bill sought to increase the purchasing power of state funds by reducing federal requirements. For example, we fought for revisions to the Davis-Bacon Act. Davis-Bacon requires that prevailing rates -- union rates -- be paid on certain federal aid projects including highway projects. We tried -- and in the Senate we succeeded -- to exempt small contracts of less than \$250,000 from this provision. We will continue to press for this reform when the Congress reconvenes next year.

We also endorsed reform of the 55 MPH speed limit...It is another case in which the states know best. Members of Congress from western states wanted the speed limit set at 65, while a number from the east were adamant about keeping it at 55. We say let the states decide.

As with any proposal for dramatic and sweeping change, we knew we would not get everything accepted at first blush. Congress likes to keep power in Washington, so we did not get all the reforms we sought this year.

In fact, the House of Representatives loaded the highway bill up with so many wasteful pork barrel projects that the entire bill collapsed. Since October 2, we have been unable to send the states a dime. When Congress returns in January, it must act quickly to pass a bill or highway projects all over the country will start running out of money and shutting down. Just before Congress adjourned last week, the Reagan Administration introduced and the Senate passed a bill to give the states complete flexibility to move highway money from one account to another on an interim basis to keep these vital projects going. The House of Representatives refused to act, unnecessarily creating a crisis that will hit all 50 states in the next few months.

On the brighter side, we are making tremendous progress at the Department of Transportation in an aggressive campaign to assist local governments in contracting out bus services to the private sector. We have established an office of private sector initiatives within the Urban Mass Transportation Administration and that office has been very successful in encouraging involvement of the private sector in transit to the maximum extent possible.

Again, North Carolina leads the way at the state level. We recently approved an \$87,028 grant to the North Carolina Department of Transportation to develop a program to encourage more private sector transit services. This was the first in nation and is another example of the outstanding work of Governor Martin's administration on transportation issues.

Secretary Dole's ruling encouraging the states to enact safety belt use laws is another way the Department has sought to include the states in the formulation of national policy. Now, this ruling has been a subject of many myths and misconceptions, and I welcome the opportunity to set the record straight. Some have wrongly believed we are going to withhold federal funds from states to encourage them to enact mandatory use laws. This is not true. The Department of Transportation has no authority to withhold funds if states do not adopt safety belt use laws nor do we intend to seek such authority. We are not threatening anybody.

The Secretary, in resolving an issue which had been in litigation and administrative debate for 15 years, issued a timetable for equipping automobiles with passive restraints pursuant to an order of the Supreme Court. Passive restraints can mean air bags or some kind of self-fastening belts. The deadline for equipping all cars is 1990. For the first time in

the history of federal regulations, however, she offered the American people a direct role through their state legislatures. She included a provision that said the federal rule would be rescinded if two-thirds or more of the American people were covered by seat belt laws that meet a few simple criteria. Again, it is not in any way tied to highway money. The choice is being left to the states and their people. To date, 26 states and the District of Columbia have enacted safety belt laws, and the federal court of appeals in Washington just upheld her approach. However, since the two-thirds threshold has not been reached, the first phase of the passive restraints rule took effect on September 1.

Now, I mentioned at the outset transportation progress has not been limited to highways, especially in North Carolina. Since deregulation in 1978, air service has undergone dramatic change -- more people are traveling to more places, and people who never thought they would have the means to fly are using the airways.

Air service to North Carolina has increased 93 percent since deregulation and total seat capacity has increased 120 percent. This 93 percent far exceeds the national average. Cities of all sizes are developing better air facilities as a means of economic development and transportation service. To support this development surge, North Carolina airports in fiscal years 1985 and 1986 received \$38 million dollars from the FAA's airport grant in aid program. For example, Wilmington received a \$2.2 million federal commitment in 1985 and about half a million dollars more in 1986.

The three North Carolina hubs -- Charlotte, Greensboro/High Point/Winston Salem, and Raleigh/Durham -- account for 84 percent of the weekly departures and 90 percent of the weekly seats and together have received over \$18.5 million in federal funding for improvements in the past two fiscal years.

To accommodate air traffic and to make air travel ever safer, we are implementing the National Airspace System plan, a program to provide completely new hardware and software for the air traffic control system that will serve us well into the 21st Century. We will spend \$12.2 billion in the next few years -- already being paid for by users of air services -- and generate more than \$63 billion in benefits for air travelers over the life cycle of the equipment that we are buying. Not surprisingly, North Carolina's world famous high-tech capabilities will play a major role in the development of the NAS Plan. AT&T has recently been awarded two contracts totaling about \$130 million to further develop and improve the communications capability of the air traffic control system.

Now, ladies and gentlemen, I began with the assertion that returning power to the states and locales is the most important trend in transportation. For much of this century, federal policies have reflected the attitudes of a single city -- Washington, D. C. No more.

change of all. In deregulating our economy, we are demystifying the process of government. In privatizing government functions best performed by the private sector, we are opening both government and the economy to a cleansing reform. In returning power to the states and localities, we are listening as well as leading; we are issuing fewer blanket orders, and more appeals for grassroots input.

We proved that we can put change to work. I am eager to work with you as we continue the Reagan Revolution.

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