

3-21

**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
AMERICAN ASSOCIATION OF STATE HIGHWAY AND  
TRANSPORTATION OFFICIALS WASHINGTON BRIEFING  
WASHINGTON, D.C.  
FEBRUARY 2, 1995**

*Opening*

Some of you may have heard that a couple of things have changed at the Department of Transportation since I last spoke to AASHTO a little over two months ago...

Well, as all of you probably know, Secretary Peña joined President Clinton and Vice President Gore six weeks ago to announce a restructuring of DOT.

We believe this restructuring is necessary to create the transportation system America needs for the 21st century.

Most of you are familiar with the broad outlines of that restructuring: consolidating DOT's 10 operating administrations into just three, streamlining our more than 50 funding programs into three, and downsizing the Department.

Today, I'd like to talk about one aspect of this restructuring: our consolidation.

We considered two options for the reorganized Department's three units: first, a model focused on missions of safety and infrastructure, with an independent Coast Guard; and second, a model focused on land, sea, and air functions.

Today, I want to tell you that we've made a decision.

We've selected a modified version of the latter option: an organization comprised of new intermodal transportation and aviation

agencies, with the Coast Guard continuing to serve the nation's maritime safety needs.

Now, I'd like to talk about three things.

First, why we needed this restructuring.

Second, what the Department would look like under our proposal.

Third, the reasons for our decision -- especially the benefits for our partners and our customers.

### *Past restructuring proposals*

Restructuring DOT isn't a new idea -- Secretaries of Transportation have proposed reorganizations almost since the Department's creation in 1967.

The late Secretary John Volpe explored reorganization just a few years later. Secretary Bill Coleman, who led DOT under the Ford Administration, called for consolidation of its surface transportation agencies and programs.

Brock Adams, Secretary when I served at DOT during the Carter years, said that DOT agencies speak with different voices in their dealings with state and local governments, and advocated a unified surface transportation administration.

Sam Skinner, Secretary under President Bush, echoed that during ISTEA's development several years ago, and the bipartisan National Commission on Intermodal Transportation did the same in its report just last year.

Each of them reacted to the fact that -- while DOT was created to consolidate transportation agencies scattered throughout the federal government -- this goal was only *partly* achieved.

### *DOT's current structure outdated*

DOT wasn't formed as an integrated unit, but as a holding company. Indeed, Secretary Coleman compared it to the giant business conglomerates of the 1960s and '70s.

Well, those conglomerates couldn't respond well to the drive for efficiency and customer service which swept corporate America during the 1980s, and now government faces the same pressures in today's rapid-changing world.

As ridiculous as it sounds, people in the *same building* at DOT can't communicate because they have different E-Mail programs -- at least that's what they *say* is the reason.

This divided structure hinders coordinated policy-making -- a major problem since we *must* make intermodalism a priority by better and more efficiently linking different forms of transportation.

It's hard to get 10 separate administrations to agree on *anything* -- especially if they're conditioned to thinking of themselves as advocates of a particular form of transportation, rather than as part of a team whose purpose is moving people and goods safely and efficiently.

We've made some strides towards partnerships -- such as the Joint Intelligent Transportation Systems Office we created last year.

That office has made extraordinary progress in a short time. For example, last week they laid the foundation for the multi-modal transportation system of the future by awarding a contract to define and select a basic ITS system architecture -- the transportation equivalent of the human genetic system.

Those contracts -- with the Loral Federal Systems Group and Rockwell International -- will form the foundation for a system that is "open," accessible -- and flexible enough to adapt to change and to accommodate new technological advances.

**It will guide the evolution of surface transportation in America -- and it's the result of the kind of intermodal cooperation that our restructuring will make part of our daily operations at DOT.**

***Restructuring to make government work better***

**Having 10 administrations within DOT also results in wasteful duplication -- in everything from personnel to procurement. It also means duplication for our customers as they're forced to deal with multiple agencies for regulatory compliance, grant approvals, and other matters.**

**Yet all of that duplication hasn't even assured us compatibility -- in things ranging from our own computer programs to how we interpret regulations for our customers.**

**That inefficiency is unacceptable today, when we face unprecedented demands and limited resources.**

**It doesn't work for us...**

**...it doesn't work for you, or for any of our partners in state and local government...**

**...and it doesn't work for the American people.**

**The first round of Vice President Gore's reinventing government effort has already ended many of the inefficiencies we found when we took office -- *but we need to do more.***

**So the second round of reinventing government challenges us not only to make our operations more efficient, but to justify *why* we're doing certain things *at all.***

***Restructuring to empower business  
and state and local governments***



As President Clinton has said, we need to find those things that the federal government *shouldn't* do -- or *can't* do well -- and let other levels of government or private business do them if they need to be done at all.

The Clinton Administration understands that decisions made in Washington *can't* be as effective as those made by you and other state and local officials.

You're more accountable than federal officials, and have a better sense of your own communities' needs.

We need to pass along the authority and the flexibility to make decisions about transportation needs -- and trust the process to make the best choices for people.

We want to let you tailor programs and projects to meet *your* needs, and not *our* requirements.

And American businesses have the competitive drive to efficiently provide some of these transportation services, or to serve as partners with government in funding, developing, or operating them.

*Restructuring to make the most of taxpayer dollars*

Our restructuring will not only make government work better, but also make it cost less.

It will do that by eliminating waste and duplication here in the federal government...

...by reducing the time and energy you spend on meeting federal mandates and requirements...

...and by cutting red tape to attract private investors, reducing the need for government spending to meet America's transportation needs.

You've already seen the first results of that strategy.

On Tuesday, Secretary Peña announced that we've entered into agreements for 35 projects in 21 states -- involving nearly \$2 billion in public and private funds -- without using any new federal funds.

We did that by reinventing the way that the DOT does business. We gave states and localities greater flexibility, more authority, and the ability to access private capital as they build the roads, transit systems, rail lines, and airports that they need -- and that America needs.

Our restructuring will make the innovative financing concepts announced on Tuesday part of our permanent way of doing business.

That's essential, because we have to reduce the cost and scope of government if we're going to complement our investment in infrastructure with investment in other critical areas, such as the education and training Americans need to compete in the global economy -- and that the President's Middle-Class Bill of Rights will provide.

#### *The decision*

For these reasons, we need to dramatically restructure DOT.

And so we're proposing an organization comprised of new intermodal transportation and aviation agencies, with the Coast Guard continuing to serve the nation's national security maritime needs.

Most of the functions currently carried out by the FHWA, FTA, FRA, NHTSA, and the Maritime Administration, will be included in a new intermodal transportation administration, together with the safety-related responsibilities of the Research and Special Programs Administration.

This will integrate *all* of our surface transportation and maritime functions -- reducing bureaucracy, streamlining programs and requirements, and giving our you one-stop shopping.

The revamped aviation administration would include the Federal Aviation Administration's safety, development, and regulatory functions

and our commercial space transportation responsibilities -- everything other than the air traffic control system.

As we've said in the past, corporatizing the air traffic control system will free it of the burdensome personnel, budget, and procurement restrictions which hinder the effective use of resources and the deployment of the new technologies we need to safely handle the massive travel growth expected in coming years.

We also want to make the St. Lawrence Seaway Development Corporation an independent entity.

The SLSDC -- created to build the Seaway during the 1950s and now charged with operating it in partnership with the Canadian St. Lawrence Seaway Authority -- is a self-sustaining organization that can independently serve its customers without an additional layer of oversight.

Finally, the Coast Guard would continue essentially in its present role, serving the nation well as it has done for two centuries.

Now I'd like to take a few minutes to tell you why we believe that this is the best decision.

#### *How we made our decision*

The choice of this structure resulted from extensive analysis by DOT staff, including 50 of our most senior and experienced people, who worked full-time on a task force in which every element of DOT was represented.

We also consulted with Congress, with the nation's transportation industry, with many of you, and with the all of our customers in a series of town meetings across the country.

All of these discussions led us to our decision to select the proposed structure. There were many reasons for it, and I'd like to talk about some of the strongest.

#### *Why this is the best decision: serving safety*

**In December, the Secretary said that he wanted to focus this Department on our core missions of safety, infrastructure investment, and national security.**

**The organization we're proposing does this well, and better than any other configuration we tested.**

**First, safety -- the single most important factor in our deliberations. We determined that there was a tremendous synergy between safety and infrastructure -- so much that breaking them into separate areas didn't make sense.**

**Our own safety experts concluded that there's a very close connection between highway safety and infrastructure issues such as highway design and construction.**

**Similarly, there are trade-offs and choices among various safety strategies -- construction, education, regulation, and enforcement.**

**This reality outweighs the possible synergies that you might derive from merging highway safety and, for example, airline safety.**

**Splitting up safety and infrastructure would only have made it more difficult to coordinate these critical concerns -- to the possible detriment of public safety.**

**We also wanted to maintain the distinct safety technical expertise within our various operating administrations -- and certainly there's no value in trying to retrain truck inspectors to perform airplane safety inspections. This structure lets us protect that expertise.**

**The safety of the traveling public and transportation industry workers has always been our highest priority -- and we'll ensure that it continues to receive the highest level of attention by establishing sub-units focused on safety, and having them report *directly* to the heads of each of the three administrations.**



Safety will have equal standing with investment at every level of the Department -- giving us the best feature of the safety-infrastructure organization model.

### *Improving customer service*

Once we determined which structure best served the goal of safety, we looked at other major considerations.

Our second reason for selecting this proposed model is that it preserves many of our traditional customer links -- so that the many state and local agencies which are focused on a single form of transportation can have "one-stop shopping" for their needs at the federal level.

We also recognized that our proposal to streamline and simplify the more than 50 separate federal funding programs into three wouldn't work without consolidating the operating administrations as well.

We couldn't have unified intermodal funding programs with our current structure of agencies focused only on highways, or transit, or rail.

And, although we considered creating a separate infrastructure agency to streamline our investment programs, we found that fully 94 percent of our infrastructure funds would be channeled through an intermodal transportation agency -- achieving virtually full consolidation without *any* sacrifice of the connection between safety and infrastructure.

### *Promoting intermodalism*

We also want to promote intermodalism -- and, while adopting unified safety and infrastructure agencies did have some appeal, we found that we could achieve huge progress by unifying surface, port, and maritime transportation functions alone.

We also need to improve the connections between air and other forms of transportation at land-based access points -- airports.

**We'll do that through a greater emphasis on airport access under the new aviation administration and through coordination provided by the intermodal administration.**

*The benefits for our customers*

**We believe that this choice is the best for you, too. As I said earlier, the land-sea-air model preserves intact many of our traditional customer relationships with the transportation industry, and that offers you a high degree of continuity.**

**You and private businesses will finally know whom to deal with on issues such as highway safety -- which currently is split among FHWA, NHTSA, and RSPA.**

**Or for hazardous materials transport -- where responsibilities are now split between FHWA and RSPA.**

**This option emphasizes safety and infrastructure, but also ensures that other concerns -- such as the environment, or innovative intermodal projects -- don't fall between the cracks -- a fear that we heard from many of our constituents.**

**Most importantly, you'll receive better service from an organization that has fewer hurdles for you, that's less bureaucratic and more flexible -- and more responsive to community needs.**

**As we define the design of our funding program, we want it to reflect less federal interference, fewer strings on spending, fewer mandates -- and more flexibility and opportunity.**

**The President has called our future structure a "performance partnership," and we will be working with you to define its goals.**

*What's next*

**The decision on organizational structure was a critical one for us, but it's only one step. Our next key step will be the President's budget**

submission to Congress on Monday, which will out some numbers on our restructuring.

We're also preparing more detailed organizational plans as part of the legislative proposals we will submit to Congress early in March.

Over the coming weeks and months, we'll work with Congress -- with you, our partners in state and local government -- and with the transportation industry -- to ensure that this restructuring allows all of us to better serve our customers: the American people.

# # # # #



**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
USDOT FY 1996 BUDGET INDUSTRY BRIEFING  
WASHINGTON, D.C.  
FEBRUARY 6, 1995**

***INTRODUCTION***

**From his first days in office, President Clinton has been committed to a strong economy -- one which gives us the means to invest in the skills and education of the American people.**

**That is how they can meet the challenges of global competition and build their own American dreams -- for themselves and their families**

**He has worked consistently to make this government deliver more effective service to the people who pay for it.**

**The President is delivering on all of these commitments -- and these programs are working.**

**They have cut the deficit by more than half a trillion dollars, sparking an economic recovery that has created 5.6 million new jobs -- and the President has launched an effort -- led by Vice President Gore -- to reinvent this government -- to make it work better and cost less.**

**Right from the beginning, the Department of Transportation has played a lead role in "reinventing" government by cutting red tape and seeking every way we can to save taxpayers' money while delivering essential services to the American people.**

**Last week, as part of that on-going effort, we announced the most sweeping restructuring of this Department in its 28-year history.**

**We are consolidating 10 operating Administrations into three:**



- \* a new Intermodal Transportation Administration that will manage the vast majority of investment in transportation infrastructure, research and development;
- \* a streamlined Aviation Administration; and,
- \* the Coast Guard.

This month, we will be introducing legislation to transfer FAA's current air traffic control services into a new corporation free of government red tape and ready to meet the challenges of future aviation growth.

In effect, the DOT is reducing its work force by more than 50,000 positions -- fulfilling a promise of leaner, more effective government.

With today's budget, President Clinton builds on the accomplishments of this Administration.

The President's budget proposes no new taxes.

*Instead*, it delivers \$144 billion worth of new reductions in spending.

\$81 billion goes to reducing the deficit while \$63 billion in new tax cuts go to raise middle-class opportunity and incomes.

The President's Middle-Class Bill of Rights will enable working Americans to invest in their childrens' educations, in their own job training, or in pre-tax retirement savings.

To do our part in keeping these commitments, we at the Department of Transportation are making tough, but vitally needed choices in formulating our own FY 1996 budget and in positioning ourselves to meet the challenges of the next century.

***THE 1996 BUDGET: CUTTING BUREAUCRACY,  
ENHANCING SAFETY, AND  
SUSTAINING TRANSPORTATION INVESTMENT***

**For the first time since this Administration came to office we have had to make some cuts -- \$2.3 billion worth -- in federal spending for highways, transit systems, and airport construction.**

**That's why this year's budget request -- \$36.9 billion -- is a net \$2 billion lower -- about 5 percent -- than the \$38.9 billion actually enacted for fiscal 1995.**

**We have proposed to terminate programs such as Local Rail Freight Assistance and Essential Air Service and to cut operating subsidies for transit and AMTRAK.**

**These savings are a hefty downpayment on the total of \$6.4 billion in reduced outlays that we promised the President we would achieve through the reinvention of DOT -- savings that we have now built into our five-year budget forecasts through fiscal year 2000.**

### ***A VISION FOR AMERICA'S 21ST CENTURY TRANSPORTATION NEEDS***

**But these efforts are far more than just a matter of reorganization and cost-cutting -- as valid as these goals are.**

**We believe that we must also reposition this Department so that it can meet the new transportation challenges that America faces on the eve of the 21st century -- just as we did decades ago by building the Interstates and other systems that linked our nation together.**

**The nation's new challenge is:**

- \* to integrate all forms of transportation into a unified system -- both within our borders and beyond to our global trading partners;**
- \* to maximize the efficiency of our transportation system by deploying the technologies of the future;**

- \* to increase the safety and security of our transportation systems and infrastructure; and,**
- \* to form new partnerships with states, localities and the private sector to generate the increased investments needed to reduce congestion, break through gridlock and protect America's environment.**

**In the context of limited public resources -- and rapidly rising travel and shipping demands on our existing systems -- this requires us to pick federal priorities with a clear strategy in mind.**

**It requires us to divide responsibilities wisely between levels of government and with private industry.**

**And it challenges us to find ways to leverage the resources that we bring to this task.**

**Both our internal restructuring -- and this budget -- are designed to enable us to propel our country forward -- under dramatically different circumstances -- well into the next century.**

**To do that, we are cutting our bureaucracy in half, while enhancing safety and sustaining transportation investment under very tight budget conditions. Let's talk about those three objectives.**

### ***CUTTING BUREAUCRACY***

**From a base of 109,600 military and civilian employees just two years ago, we have already cut more than 4,700 by last October 1.**

**By October 1, 1996 we will reduce full-time positions by an additional 3,000 -- taking us two-thirds of the way toward our 1999 target of a 12 percent civilian personnel downsizing.**

**As you can see on the chart, we have already taken DOT's civilian staff down from 70,419 to 64,422 and are targeting a reduction to 62,311 by FY 1999.**

Comparable efficiencies are planned in our military staffing.

Our ATC reform proposal will further cut bureaucracy. *We urge this Congress to act on it with dispatch.*

Because with the transfer of 40,000 air traffic personnel to an independent corporation we will reduce DOT's total civilian work force by more than two-thirds -- 68 percent -- by 1999.

### ***ENHANCING SAFETY***

The second objective that this budget accomplishes is to strengthen our commitment to: safety.

- \* It includes \$2.1 billion for direct safety programs, and it not only maintains safety inspection staffs in all modes but provides substantial growth in many areas.

For example, we will add 253 aviation safety inspectors -- in addition to the 300 we hired last year.

- \* Direct safety grants to states will rise by 20 percent -- \$56 million -- for a total of \$347 million -- with increases in Highway Traffic Safety, Motor Carrier Safety, and Pipeline Safety grants.

Railroad safety spending is raised 7 per cent above last year's levels.

Finally, the reorganization of DOT itself (including the ATC Corporation) reinforces our commitment to safety because each of our three core units -- the new Intermodal Administration, the Aviation Administration, and the Coast Guard -- will have a *specific, comprehensive* safety office reporting directly to each Administrator.

In short, this budget reflects a continued -- indeed enhanced -- commitment to the key federal responsibility of ensuring the safety of the travelling public.



*We will accept no compromise on saving lives.*

### ***SUSTAINING TRANSPORTATION INVESTMENT***

**The third objective this budget and our restructuring will do is to sustain total investment in our nation's transportation infrastructure -- even while direct federal spending is reduced by \$2.3 billion.**

**We believe that wise investment in transportation infrastructure and technology is vital to equipping the American people to compete -- and to win -- in the 21st century global economy -- by improving mobility and eliminating the gridlock facing so many of our communities.**

**But the simple fact is that we cannot afford to fill the national infrastructure investment "deficit" through increases in federal government spending alone.**

**We must spend what we can afford more wisely -- strategically.**

**For example, a bigger transportation system is not necessarily better - but a smarter system is *essential* for the operational savings transportation needs in times of leaner budgets.**

**That's why we are significantly increasing investment in the next generation of transportation technology and operational innovations.**

**Our proposed 1996 budget for research and technology is \$956.5 million -- 28 percent greater than last year's amount.**

**And we will compensate for reductions in direct federal outlays by providing more flexibility to our transportation partners: states, localities, and private industry.**

**Just last week, for example, we announced nearly \$2 billion worth of transportation projects made possible by a new Partnership for Transportation Investment led by DOT.**

**To do that we used financing techniques common in private business and formed partnerships with states, localities, and most importantly, private businesses and investors.**

**Together, we got projects underway that could never have been launched under our old ways of doing business.**

**This sort of creative finance and this kind of public-private partnership will be part of an ongoing strategy by the new DOT.**

**Our new budget, in fact, proposes \$2 billion a year to fund the creation of State Infrastructure Banks.**

**Such new financial tools will enable states and localities, over time, to increase total transportation investment even while federal dollars decline.**

### ***THE UNIFIED TRANSPORTATION INFRASTRUCTURE INVESTMENT PROGRAM***

**Because we are proposing a dramatic change in our past programs and funding mechanisms, let me now detail for you the elements of the new program and funding consolidation embodied in this budget -- our Unified Transportation Infrastructure Investment Program, or "UTIIP."**

**I will then discuss three critical funding categories within UTIIP in more detail -- the Unified Grant Program, State Infrastructure Banks and the Federal Discretionary Fund.**

**In the broadest terms, what this budget does is reflect our organizational streamlining by consolidating more than 30 or so current transportation infrastructure-related programs and sub-programs into a single broad account.**

**This account contains about two-thirds of our budget.**

**This Unified Transportation Infrastructure Investment Program proposes no new taxes.**

**It will be funded through a transportation trust fund, supported by existing revenue sources such as motor fuel and passenger ticket taxes.**

**UTIIP totals \$24.4 billion to support investment in our nation's transportation systems.**

**But because it is structured differently than any previous DOT budget, direct line-by-line comparisons are complicated -- even impossible.**

**For example, because one key element of UTIIP gives states and localities full discretion over a \$10 billion fund, no one can now give you definitive numbers on how they will divide these funds between -- say -- highway and transit investments.**

**I can, however, give you an overview of UTIIP as a whole -- with the caveat that some of the details may change as we draft legislation to implement the program.**

**UTIIP includes State and locally-initiated activities totalling \$21.65 billion. These consist of:**

- \* A \$10 billion unified grant program -- to be provided directly to states and localities to enable them to decide which transportation investments best meet their needs.**

**This program will have maximum flexibility and a minimal number of targeted performance measures for states and localities to achieve.**

- \* \$2 billion for State Infrastructure Banks -- to stretch taxpayers dollars by "leveraging" federal seed money in partnership with local governments and private business.**
- \* \$8 billion for 159,000 mile National Highway System, which includes the Interstates.**

**States will be expected to use these funds to maintain the Interstates and other NHS roads up to federal standards, with some flexibility to meet state needs.**

**States will, in addition, have some flexibility to meet other transportation needs.**

- \* \$500 million for Transit Operating Assistance.**

**This is down from \$710 million in FY 1995 but we are proposing that transit authorities be allowed to use capital funds for asset maintenance, such as major bus renovations, as a way to ease this adjustment.**

- \* \$1.14 billion to honor existing commitments for airport letters of intent, to cover our commitments to full-funding agreements for new transit starts, and for our obligations to the Washington Metropolitan Area Transit Authority.**

**UTIIP also includes \$2.74 billion for federal activities:**

- \* \$1 billion in a Federal Discretionary Fund, to be used to directly finance projects of regional or national significance that states, or even groups of states, cannot finance without federal coordination.**

**We will also use these funds to mitigate congestion and improve air quality in urban areas.**

- \* \$442 million for the Federal Lands highway program which includes the public access roads of the National Forest System, the National Park System, and Native American Reservations.**

- \* \$1.035 billion for rail programs, including:**

**\$750 million for AMTRAK operating and capital programs -- with \$100 million to support AMTRAK's current restructuring.**



**\$ 235 million for Northeast Corridor improvement projects.**

- \* Ongoing administrative costs and surface transportation R&D will be covered through take-downs from this fund -- as they are today.**

**The R&D component of the UTIIP is \$509 million, including \$356 million for Intelligent Transportation Systems.**

**Now let me discuss three of the most central elements of UTIIP in more detail.**

### ***THE UNIFIED GRANT PROGRAM***

**The first is the \$10 billion Unified Grant Program to be provided directly to states and localities.**

**The vast bulk of these funds will be available for investment in whatever transportation improvements states and localities believe are most needed.**

**Indeed, this program will build upon and expand the flexibility of ISTEA by increasing options.**

**Instead of having to shoe-horn transportation strategies into more than 30 federal funding categories, state and local governments will be able to use the vast majority of these funds entirely at their discretion.**

**At the same time, however, we will secure essential federal interests by requiring that some significant portions of these unified grants be set-aside for critical areas of national concern, such as:**

- \* transportation investment in urbanized areas, and**
- \* investment in safety in all forms of transportation.**

**We believe that these set-asides reflect clear federal priorities.**

**This Administration is committed to the health of our nation's cities and metropolitan communities, which play such a vital role in our economy and in interstate commerce.**

**We are also committed to reducing traffic congestion and improving air quality -- problems that are clearly most acute in metropolitan areas.**

**We will work with states and metropolitan areas to set reasonable, result-oriented measures for the performance for urban transportation programs -- such as reduced congestion.**

**The same principle holds for safety set-asides.**

**We will ask states to devote a part of their unified grants to safety programs -- with mutually-agreed on targets -- such as lowering overall fatality rates and especially drunk and drugged driving fatalities.**

**To maximize flexibility, we will allow states and localities that reach or surpass performance measures to redeploy funds to support any other transportation investments they believe are critical.**

**This concept is the essence of the President's vision for "performance partnerships" in domestic programs.**

**In transportation, we will bring together federal, state, and local interests to establish common goals for using federal funds in new ways.**

**We will stress outcomes instead of rigid rules and funding categories.**

**We will substitute trust and accountability for micromanagement and paperwork.**

**As I've said before, what we are doing at DOT is not just downsizing: it is creating a new culture, one which is about building bridges, not bureaucracies.**

## ***STATE INFRASTRUCTURE BANKS***

**The State Infrastructure Banks that we propose in this year's budget take this principle of local choice even further -- especially by involving private businesses and investors in transportation finance.**

**With initial federal seed money of \$2 billion, to be provided annually -- these banks are designed to institutionalize public-private partnerships and provide the specifically-tailored finance they need to build projects.**

**They can, for example, become state revolving funds specifically designed to finance transportation projects that don't fit easily into old program standards.**

**Like the projects we announced last week, we expect the SIBs to attract private partners.**

**Most of the projects they finance will generate revenue streams that can be used to support bond issues or bank loans.**

**We are asking Congress to join us in breaking with business-as-usual, in opening up new opportunities for private investment in transportation -- and in empowering states and localities.**

**They can achieve all three of these goals by approving our SIB proposal.**

### ***FEDERAL DISCRETIONARY FUNDS***

**A smaller, but still critical element of our program is the \$1 billion federal discretionary fund.**

**This fund is targeted at strategic projects of national or regional significance -- such as high-speed rail or national freight corridors -- that states and localities cannot get underway without federal coordination or supplementation of UTIP formula resources.**

**We believe that it is essential to retain such a discretionary fund at the federal level in order to advance national projects that might otherwise be stymied -- either by the lack of adequate local resources or by the**

inability of multiple jurisdictions to resolve their differences without federal aid and incentives.

### ***OTHER ASPECTS OF THE BUDGET***

Let me now turn to other aspects of our budget.

As I stated at the onset, safeguarding America's national security is a key aspect of the federal role in transportation.

DOT responds to that duty through the operations of the US Coast Guard and through our maritime programs.

### ***NATIONAL SECURITY***

For maritime programs, Ready Reserve Force (RRF) funds of \$359 million for Operations and Maintenance and fleet acquisition will be requested in the Department of Defense's FY 1996 budget -- but DOT will continue to manage the program.

Our own budget proposes a Maritime Security Program with annual payments of \$100 million per year over 10 years to support 50 U.S. flag ships to be available, when needed, for national defense.

Our Title XI request of \$52 million will support a loan guarantees of \$1 billion -- significantly above current levels based on our legislative proposal to increase filing fees.

We will continue our success in reviving the American commercial shipbuilding industry.

This is something that President Clinton promised to do in 1992 -- and it is a promise we are proud to have kept.

For the Coast Guard, we propose a funding level of \$3.74 billion -- about 2.1 percent above FY 1995, to carry out its growing responsibilities.



**This is a tight budget, with \$2.62 billion in operating funds -- essentially frozen at FY 1995 levels -- requiring some significant Coast Guard streamlining to achieve efficiencies and maintain its service levels to the public.**

**But we do call for an 18 percent increase in capital spending (to \$428 million).**

**We mean to provide the vessels, aircraft, boats, shore facilities and information resources the Coast Guard needs to carry out its missions and enforce our laws at sea, on the Great Lakes, and along our major rivers.**

**We are determined to see that America's Coast Guard has the equipment it needs to remain "Always Ready."**

**Finally, even as we seek to corporatize the air traffic control services currently run by FAA, we are proposing an increase of \$121.5 million in this year's FAA budget -- to \$4.7 billion -- and an 8 percent increase in flight standards and safety inspection staff.**

### ***CONCLUSION***

**Let me conclude by saying that in all our efforts over the past year -- including our restructuring and this budget -- what we have sought to achieve is to realize the promise of the 1991 Intermodal Surface Transportation Efficiency Act.**

**The principles of ISTEA remain our principles. Its goals -- to give states and localities more choice between forms of transportation, to give communities a greater voice, to link forms of transportation into a single, seamless web to serve the nation -- remain our goals.**

**ISTEA's preamble envisages a "National Intermodal Transportation System... of all forms of transportation in a unified, interconnected manner... to reduce energy consumption and air pollution while promoting economic development and supporting the Nation's pre-eminent position in international commerce... to create the wealth of the Nation for the 21st century."**

***This vision remains *our* vision... the budget that we propose is designed to make that vision real.***

**Thank you.**

**#####**

REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
FHWA UNIT MANAGERS MEETING  
WASHINGTON, D.C.  
FEBRUARY 8, 1995

*Opening*

Good morning. I'd like to thank Rodney for that introduction.

I'd also like to thank him for not invoking General Roy Stone *during* this introduction.

I say that jokingly, of course. Rodney *does* talk about General Stone a lot.

And also about other former Federal Highway Administrators -- men like Chief MacDonald, Frank Turner, and the others who made this among the most effective and respected agencies in government.

Rodney has a deep respect for the past -- and that has helped to make him a visionary leader for the future.

I'd like to say what you all know: that Rodney Slater is among the finest leaders the FHWA has *ever* had. We're fortunate to have him at the helm in these times of change.

## *FHWA and the restructuring*

That change may make some of you may wonder why you're here today -- meeting to develop an FHWA National Strategic Plan when Secretary Peña has said that there won't *be* an FHWA in the future.

While there won't be an FHWA, there *will* be a continuing federal interest in building and maintaining the safe, efficient road system that is the backbone of America's transportation system.

And there will always be federal professionals dedicated to that task -- among them the men and women who now make up the FHWA's work force.

We're going to need a strategic plan to guide our efforts. Indeed, today's rapidly-changing environment makes the work you're doing today and tomorrow even *more* important than it might have been, as we manage change to achieve our long-term goals.

I suppose the question this raises is: why change at all? After all, we have an important role, a corps of highly-regarded professionals who get the job done, and good relationships with our partners in state DOTs. So why restructure the Department of Transportation?

Today, I think it is important that we talk about why we've made this decision, and how today's FHWA fits into tomorrow's DOT.



## *The restructuring*

As you know, Secretary Peña joined President Clinton and Vice President Gore in December to announce a restructuring of DOT.

We believe this restructuring is necessary to create the transportation system America needs for the 21st century, but restructuring isn't a new idea. Secretaries of Transportation have proposed reorganizations almost since the Department's creation in 1967.

The late Secretary John Volpe explored reorganization just a few years after DOT's establishment. Secretary Bill Coleman, who led DOT under the Ford Administration, called for the consolidation of its surface transportation agencies and programs.

Brock Adams, Secretary when I served at DOT during the Carter years, said that DOT agencies speak with different voices in their dealings with state and local governments, and advocated a unified surface transportation administration including FHWA and UMTA.

And Sam Skinner, Secretary under President Bush, echoed that during ISTEA's development several years ago. The bipartisan National Commission on Intermodal Transportation, which ISTEA mandated, did the same in its final report just last year.

Each of them reacted to the fact that -- while DOT was created to consolidate transportation agencies scattered throughout the federal government -- this goal was only *partly* achieved.

### *DOT's current structure outdated*

DOT wasn't formed as an integrated unit, but as a holding company. Indeed, Secretary Coleman compared it to the giant business conglomerates of the 1960s and '70s.

Well, those conglomerates couldn't respond well to the drive for efficiency and customer service which swept corporate America during the 1980s, and now government faces the same pressures in today's rapid-changing world.

As ridiculous as it sounds, people in different DOT agencies within the Nassif Building can't communicate because they have different E-Mail programs -- at least that's why they *say* they can't communicate.

This divided structure hinders coordinated policy-making -- a major problem since we *must* make intermodalism a priority by better -- and more efficiently -- linking different forms of transportation.

It's hard to get 10 separate administrations to agree on *anything* -- especially if they're divided up into specific modes, rather than being part of a team whose purpose is moving people and goods safely and efficiently.

**We've made some important strides towards the partnerships we need, and you should be proud of your work.**

**For example, under Chris Johnson's leadership, the Joint Program Office for Intelligent Transportation Systems we created last year has made extraordinary progress in a short time.**

**Just two weeks ago they laid the foundation for the multi-modal transportation system of the future by awarding contracts to define and select a basic ITS system architecture.**

**Those contracts -- with the Loral Federal Systems Group and Rockwell International -- will form the foundation for a system that is "open," accessible -- and flexible enough to adapt to change and to accommodate new technological advances.**

**They'll guide the evolution of surface transportation in America.**

**And they're the result of the kind of intermodal cooperation that our restructuring will make part of our daily operations at DOT.**

**Those relationships are crucial to making the most of the increased investment we're making in transportation technology -- with our 1996 technology budget request being the highest ever.**

*Restructuring to make government work better*

**Having 10 administrations within DOT also results in wasteful duplication -- in everything from personnel to procurement. It also means duplication for our customers as they're forced to deal with multiple agencies for regulatory compliance, grant approvals, and other matters.**

**Yet all of that duplication hasn't even assured us compatibility -- in things ranging from our own computer programs to how we interpret regulations for our customers.**

**It wastes *your* time and energy, and it makes it harder for *you* to do *your* jobs.**

**That inefficiency is unacceptable today, when we face unprecedented demands and limited resources.**

**It doesn't work for us...**

**...it doesn't work for our partners in state and local government...**

**...and it doesn't work for the American people.**

**The first round of Vice President Gore's reinventing government effort has already ended many inefficiencies -- *but we need to do more.***



So the second round of reinventing government challenges us not only to make our operations more efficient, but to justify *why* we're doing certain things *at all*.

*Restructuring to empower business  
and state and local governments*

As President Clinton has said, we need to find those things that the federal government *shouldn't* do -- or *can't* do well -- and let other levels of government or private business do them if they need to be done at all.

The Clinton Administration understands that there are some decisions made in Washington that *can't* be as effective as those made by state and local officials.

That's not a slander on us: it's a recognition that they are more directly accountable to the public than we are, and have a better sense of their own communities' needs.

When potholes open up every winter, or when traffic patterns change and bottlenecks develop, people complain to the mayor's office or to the governor's office -- not to us here in Washington.

That's reality (*and something for which we probably should be thankful!*).

**But all too often -- and with the best of intentions -- the federal government has limited state and local officials' flexibility and discretion in meeting their own needs.**

**That may have been justified a generation ago, when close federal oversight was necessary because state and local governments lacked the resources to ensure that taxpayer dollars were well-spent.**

**That's changed: they now have the technical ability to do the job.**

**And so, we need to pass along the authority and the flexibility to make decisions about transportation needs -- and trust the process to make the best choices for people.**

**We want to let them tailor programs and projects to meet *their* needs, and not *our* requirements.**

**This devolution isn't limited to government. American businesses have the competitive drive to efficiently provide some of these transportation services, or to serve as partners with government in funding, developing, or operating them.**

***Restructuring to make the most of taxpayer dollars***

**But, our restructuring must not only make government work better -- it also make government cost less.**

**It will do that by eliminating waste and duplication here in the federal government...**

**...by reducing the time and money state and local governments spend on meeting federal mandates and requirements...**

**...and by cutting red tape to attract private investment, reducing the need for government spending to meet America's transportation needs.**

**You've already seen the first results of that strategy.**

**Last Tuesday, Secretary Peña announced that we've entered into agreements for 35 projects in 21 states -- involving nearly \$2 billion in public and private funds -- without using any new federal funds.**

**We did that by reinventing the way that the DOT does business, and I appreciate your commitment to making this program work.**

**We gave states and localities greater flexibility, more authority, and the ability to access private capital as they build the transportation projects that they need -- and that America needs.**

**Our restructuring will make the innovative financing concepts announced last week part of our permanent way of doing business.**

**And private business will have a major role in this. Indeed, proposals such as State Infrastructure Banks are intended in great part to attract their participation.**

**That's essential, because we *have* to reduce the cost and scope of the federal government if we're going to complement our investment in infrastructure with investment in other critical areas, such as the education and training Americans need to compete in the global economy -- and that President Clinton's Middle-Class Bill of Rights will provide.**

### ***The decision***

**For these reasons, we need to dramatically restructure DOT.**

**We considered two options for the reorganized Department's three units: first, a model focused on missions of safety and infrastructure, with an independent Coast Guard.**

**Second, a model focused on land, sea, and air functions.**

**We've selected a modified version of the second option: an organization comprised of new intermodal transportation and aviation administrations, with the Coast Guard continuing to serve America's maritime national security needs.**



**Most of the functions currently carried out by the FHWA, FTA, FRA, NHTSA, and the Maritime Administration, will be included in the new Intermodal Transportation Administration, together with the safety-related responsibilities of the Research and Special Programs Administration.**

**This will integrate *all* of our surface transportation and maritime functions -- reducing bureaucracy, streamlining programs and requirements, and giving our state and local partners one-stop shopping.**

**The new Federal Aviation Administration will include the FAA's safety, development, and regulatory functions and our commercial space transportation responsibilities -- everything other than the air traffic control system.**

**As we've said in the past, corporatizing the air traffic control system will free it of cumbersome personnel, budget, and procurement restrictions.**

**Those constraints hinder the effective use of resources and the deployment of the new technologies we need to safely handle the massive travel growth expected in coming years.**

**We also want to make the St. Lawrence Seaway Development Corporation an independent entity that can serve its customers without an additional layer of oversight.**

**Finally, we saw no reason to make major changes to the Coast Guard, and so it will continue essentially in its present role, serving the nation well as it has done for two centuries.**

**Now I'd like to take a few minutes to tell you why this is the best decision.**

### ***How we made our decision***

**The choice of this structure resulted from extensive analysis by DOT staff, including 50 of our most senior and experienced people, who worked full-time on the Organization task force created to develop our proposal.**

**That task force included seven FHWA staff -- Bob Betsold, Dave Gendell, Mike Vecchietti, Kevin Heanue, Mike Trentacoste, Al Santiago, and Gene Cleckley.**

**I'd like to say how much I appreciate their work, and that of the FHWA staff who served on the other task forces: Jane Garvey, who chaired Program Design; Cindy Burbank, Jerry Poston, Julie Cirillo, and Tommy Beatty, who worked with her on that effort.**

**Jack Basso, who represented FHWA on the Budget committee.**

**And Gloria Jeff, Susan Slye, Frank Calhoun, and Trish Day, who served on the Outreach/Legislation work group.**

**Their efforts shaped our proposal over a very short time frame, and we literally couldn't have done it without them. *(Let's give them a round of applause.)***

**Our proposal was shaped by our own staff, but it also reflected input from others affected by it.**

**We consulted with Congress -- with the nation's transportation industry -- with state and local officials -- and with the all of our customers in a series of town meetings and other forums across the country.**

**All of these discussions led us to our decision to select the proposed structure. There were many reasons for it, and I'd like to talk about some of the strongest.**

***Why this is the best decision: serving safety***

**In December, the Secretary said that he wanted to focus this Department on our core missions of safety, infrastructure investment, and national security.**

**The organization we're proposing does this well, and better than any other configuration we examined.**

**First, it addresses the single most important factor in our deliberations: safety.**

**We determined that there was a tremendous synergy between safety and infrastructure -- so much that breaking them into separate areas didn't make sense.**

**Our own safety experts concluded that there's a very close connection between highway safety and infrastructure issues such as highway design and construction.**

**Similarly, there are trade-offs and choices among various safety strategies -- construction, education, regulation, and enforcement.**

**This reality outweighs the possible synergies that you might derive from merging highway safety and, for example, airline safety.**

**Splitting up safety and infrastructure would only have made it more difficult to coordinate these critical concerns -- to the possible detriment of public safety.**

**We also wanted to maintain the distinct safety technical expertise within our various operating administrations.**

**Certainly, there's no value in trying to retrain truck inspectors to perform airplane safety inspections.**

**This structure lets us protect the expertise built up over the years -- not only in safety, but in all areas.**

**The safety of the traveling public and transportation industry workers has always been our highest priority.**

**And we'll ensure that it continues to receive the highest level of attention by establishing sub-units**



comprehensively focused on safety, and having them report *directly* to the heads of each of the three administrations.

Safety will have equal standing with investment at every level of the Department -- giving us the best feature of the safety-infrastructure organization model.

### *Improving customer service*

Once we determined which structure best served the goal of safety, we looked at other major considerations.

Our second reason for selecting this proposed model is that it preserves many of our traditional customer links -- so that many state and local agencies can have "one-stop shopping" for their needs at the federal level.

That's a step forward. State DOTs won't have to deal with FHWA, FTA, FRA, NHTSA, and so on -- but simply with the ITA.

We also recognized that our proposal to streamline and simplify the more than 50 separate federal funding programs into three wouldn't work without consolidating the operating administrations as well.

We *couldn't* have unified intermodal funding programs with our current structure of agencies focused only on highways, or transit, or rail.

**And, although we considered creating a separate infrastructure agency to streamline our investment programs, we found that fully *94 percent* of our infrastructure funds would be channeled through an intermodal transportation agency.**

**That will achieve virtually full consolidation of our investment programs without *any* sacrifice of the connection between safety and infrastructure.**

**It also will give us extra efficiencies in our own grant-making and financial operations.**

### ***Promoting intermodalism***

**We also want to promote intermodalism -- and, while adopting unified safety and infrastructure agencies did have some appeal, we found that we could achieve huge progress by unifying surface, port, and maritime transportation functions alone.**

**We also need to improve the connections between air and other forms of transportation.**

**We'll do that through a greater emphasis on airport access under the new aviation administration and through coordination provided by the new intermodal administration.**

## ***Improving internal partnerships at DOT***

**The increased focus on intermodalism is something that has been building for many years, and which was given special impetus by ISTEA and the 1990 Clean Air Act Amendments -- both of which require extensive interagency coordination.**

**In order to meet the goals of this legislation, we have to work together more closely. Indeed, improving our internal partnerships was a critical reason for this reorganization.**

**The new Intermodal Transportation Administration in many ways formalizes working relationships that have been developing for years.**

**When Tom Ptak's people review state and MPO plans, they don't do it in isolation -- they work in close cooperation with Bob McManus at FTA.**

**When Denny Judycki's group works to make our highways safer, it does so with Mike Brownlee at NHTSA.**

**And when George Reagle's staff tries to improve hazardous materials transport, it cooperates with Alan Roberts at RSPA.**

**The restructuring is going to do much more than simply put people in the same agency -- it's also going to**

**forge more effective working relationships, and eliminate unnecessary duplication.**

***The benefits for our customers***

**We also believe that this choice is the best for our customers. As I said earlier, the land-sea-air model preserves intact many of our traditional customer relationships with the transportation industry, and that offers them a high degree of continuity.**

**Other levels of government and private businesses will finally know whom to deal with on issues such as highway safety -- which currently is split among FHWA, NHTSA, and RSPA.**

**Or for hazardous materials transport -- where responsibilities are now split between FHWA and RSPA.**

**This option emphasizes safety and infrastructure, but also ensures that other concerns -- such as the environment, or innovative intermodal projects such as the Alameda Corridor -- don't fall between the cracks -- a fear that we heard from many of our constituents.**

**Most importantly, state and local officials will receive better service from an organization that has fewer hurdles for them, that's less bureaucratic and more flexible -- and more responsive to community needs.**



**As we define the design of our funding program, we want it to reflect less federal interference, fewer strings on spending, fewer mandates -- and more flexibility and opportunity.**

**The President has called our future structure a "performance partnership," and we will be working with you to define its goals.**

***What's next***

**The decision on organizational structure was a critical one for us, but it's only one step.**

**We're also preparing more detailed organizational plans as part of the legislative proposals we will submit to Congress early in March.**

**Over the coming weeks and months, we'll work with Congress -- with our partners in state and local government -- with the transportation industry -- and with you, our employees, to ensure that this restructuring allows all of us to better serve our customers: the American people.**

**In closing, let me again thank you for your effort and your dedication to our goals.**

**# # # # #**

3.75

**SUGGESTED INTRODUCTORY REMARKS  
FOR USE BY ADMIRAL COLLINS  
STATE OF TRANSPORTATION ADDRESS  
BOLLING AIR FORCE BASE, WASHINGTON, D.C.  
FEBRUARY 9, 1995**

**Good afternoon. I'm Admiral Tom Collins, President of the Coast Guard Officers Association. On behalf of the Association, I'd like to welcome you to the DOT State of Transportation address.**

**Secretary Federico Peña will provide that address. I don't need to offer anything in the way of a biographical introduction, since you're familiar with the Secretary's record as a civil rights lawyer, a state legislator, Mayor of Denver, and a businessman.**

**However, I do want to say that we in the Coast Guard have the highest respect for the Secretary. We regard him as a pragmatic visionary -- an agent of positive change for the Department of Transportation.**

**We also deeply appreciate the attention he pays to the issues that matter for us -- maritime safety, marine environmental protection, maritime law enforcement, and national maritime security.**

**But, most of all, we appreciate the support he's given us in so many ways. He's been there to support us wherever we've served -- whether it's Gitmo, or Key West, or Houston, or any of a dozen other places.**

**He's been there to show his concern for the men and women of the Coast Guard -- and I can't tell you how much it means to our young crewmen and women -- exhausted from hard missions like the ones we carried out in the Caribbean last year -- to see the Secretary there. It means the world to them to know that someone really cares.**

**We know that Secretary Peña cares about us and our mission, and that's why we not only respect him -- but why we admire him.**

**Ladies and gentlemen, it's my proud privilege to introduce Secretary Federico Peña.**

# # # # #



3, 15

**TALKING POINTS PREPARED FOR  
DEPUTY SECRETARY OF TRANSPORTATION MORT DOWNEY  
BLACK HISTORY MONTH OBSERVANCE  
WASHINGTON, D.C.  
FEBRUARY 14, 1995**

**Thank you, Frank (Weaver) for that generous introduction.**

**I'm delighted to welcome all of you to our Black History Month observance at the Department of Transportation.**

**Black History Month has a powerful meaning for all of us at DOT. Secretary Peña and I believe that this Department should serve as a model for equality, fairness, and diversity in the work force. And we are very proud that President Clinton's Administration has brought more diversity to the executive ranks than any other in the history of the Department. We honor all employees of all ethnic origins -- because diversity makes the Department of Transportation strong.**

**But this month of February traditionally belongs to a special celebration of Black History and a tribute to the contribution that African Americans have made to every aspect of American life.**

**During this month, we remember the battles fought, the freedoms won and the doors of opportunity opened for a great people.**

**We pay tribute to the men of history such as Frederic Douglass, the great abolitionist, W.E.B. DuBois, the civil rights advocate who planted the seed that led to the NAACP, and Booker T. Washington, the educator and leader, who taught young people to take pride in and develop their own skills. These three men are featured in the 1995 National Black History Month theme -- Reflections on 1895 -- because they changed the course of American History.**

**I invite all of DOT to attend all the programs, enjoy the art displays, the cultural exhibits, the music, the ethnic food and the final program on February 28th, which features Olympic athlete Malvin G. Whitfield. I urge you to take part in and share this tribute to a heritage that all Americans should know and celebrate.**

**But let this month be more than a reflection on past accomplishments. It's also a time to renew our hope and reignite our vision and launch into the future. DOT employees today care about economic empowerment and leadership in the future. This is the focus of today's program, featuring George Fraser, the author of "Success Runs in Our Race."**



**George expresses the opinion that, in the 21st century, the leveraging of black economic resources and intellectual capital can have the same impact that the civil rights movement brought to the 20th century. And I'm sure he will give us some good tips on polishing "networking" skills and becoming the driving force of collective intellectual capital.**

**George also makes one point that I want to borrow for all DOT. He says "each one must reach one and teach one. We've got to connect and work together -- because we have no other choice!"**

**In this age of tight resources, of growing international competition and growing competition for every job, we must use every skill and resource of every employee. This is an era in which we vow to: "Let no talent, no idea go to waste." That's what we are doing when we create a diverse work force to meet the needs of America's future.**

**We're committed to that here at DOT because it's good for America, and because Secretary Peña has always believed that we need all of the talents of all of our people in public service. And from the creation of this Department to the present, African Americans have given their labor and their leadership and their vision to all that we do.**

**So today, as we celebrate Black History Month's heritage of suffering and struggle and the courage that did overcome -- let's remember that we're also celebrating our fellow employees.**

**Thank you very much.**

**###**

3.74

**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
TRANSPORTATION TRADES DEPARTMENT  
(AFL-CIO) EXECUTIVE COMMITTEE MEETING  
BAL HARBOUR, FLORIDA  
FEBRUARY 16, 1995**

*Opening*

I'd like to thank you for inviting me to speak here today about the new world in Washington. It's a world we're all still learning to live in -- and it's *very* good to escape it for a day in the *real* world.

Of course, given the nature of this new world, the relationships that we've built over the years are more important than ever.

The Clinton Administration puts high on its list of relationships the long and proud Democratic tradition of standing with working Americans.

We share -- and seek -- a common goal: the prosperity and security of America's working families.

Achieving these goals has never been easy, and now it's gotten harder. We've got to work together if we're going to provide working American families with the opportunities they need to succeed.

*DOT's commitment to working Americans*

You've seen this Administration's commitment to working Americans in the transportation industry -- in our restoration of vital shipbuilding, airline, and aerospace industries that were in various stages of collapse -- preserving tens of thousands of high-wage American jobs.

You've seen it in our commitment to initiatives such as the just-announced Partnership for Transportation Investment, which cuts red tape to speed up more than \$2 billion in construction projects.

**That will provide immediate jobs and long-term growth in the communities they serve.**

**You've seen it in our approach to labor relations. We rolled up our sleeves a year ago to intervene in the flight attendants' strike at American Airlines to ensure a fair settlement.**

**You saw it again just a couple of weeks ago when the first group of rehired PATCO air traffic controllers began training as we put the past behind us.**

**And our commitment will continue as we meet new challenges.**

***The challenges we face in transportation***

**In December, Secretary Peña joined the President and Vice President Gore to announce a major restructuring of DOT, and last week he announced the Department's 1996 budget proposal.**

**These expand the reinvention of government that the Vice President began two years ago, and they're designed to position us to meet the challenges we face on the eve of the 21st century. Three such challenges need immediate responses.**

**First, steadily-rising transportation demand — on our highways, at airports, and on railroads — is straining the capacity of our existing system.**

**No one knows that better than truck drivers crawling through congested traffic, or pilots sitting on crowded runways awaiting clearance.**

**Second, there's a growing need for efficiency — whether by businesses relying on prompt deliveries for "just-in-time" manufacturing or by commuters making connections to get home.**

**That places pressure on carriers to make deliveries ever faster, even though congestion is growing.**



**Third, federal transportation funding is going to be limited in the future as we seek to control the budget deficit and provide for such critical initiatives as tax relief for working Americans.**

**We're just not going to have all the money we would like to invest in the roads and bridges and other facilities America needs.**

**These new conditions pose additional challenges to us at a time when the estimates of our investment needs to repair or replace America's existing transportation infrastructure are as much as \$350 billion.**

**So we *must* find *new* ways to meet our transportation needs -- and to meet them smarter.**

### ***DOT's restructuring***

**Our restructuring of DOT does that by focusing us on fundamental missions of safety, infrastructure, and national security.**

**We want to streamline DOT's 10 operating administrations into three: a new Intermodal Transportation Administration, the Federal Aviation Administration, and the Coast Guard.**

**That will end the artificial distinctions between different forms of transportation, and end wasteful duplication and incompatibility in our operations.**

**It also will offer opportunities to coordinate our modes and provide for smarter uses of technology.**

### ***The new DOT structure***

**The new Intermodal Transportation Administration will integrate *all* of our surface transportation and maritime functions -- reducing bureaucracy, cutting red tape, and giving our customers one-stop shopping.**

**It's also going to bring our safety-related agencies together to better emphasize our goals of reducing deaths and injuries.**

**The Federal Aviation Administration will maintain its safety, development, and regulatory functions – everything but air traffic control, which will be transferred to a new government corporation.**

**Finally, the Coast Guard – which is undergoing its own streamlining – will continue protecting and serving the nation as it has for two centuries.**

### *Air traffic control*

**I'd like to talk about the proposed government corporation for air traffic services because it underscores our pragmatic approach to reinventing government.**

**Our current air system carries 500 million passengers annually, a number that's projected to climb 60 percent over the next decade – to 800 million a year.**

**We welcome that growth for the jobs it will bring to our aerospace and airline industries...**

**But that welcome growth will place additional pressure on our antiquated air traffic control system. That system functions safely today in spite of its 1960s-vintage technology – but only because of its dedicated workforce.**

*But we can't ask that system or that workforce to meet tomorrow's growth with yesterday's equipment.*

**We'll never compromise on safety, so using outdated technology to handle higher levels of traffic means that we'd have to compromise on system efficiency.**

**That could mean fewer flights and more delays – to the detriment of passengers and industry.**

**Our solution is a non-profit government corporation free of cumbersome federal procurement, budget, and personnel red tape.**

**That will allow it to buy the high-technology it needs...**

**...to develop reliable budgets and access private capital funding...**

**...and to deploy resources and people where we need them.**

**As we do this, I want to assure you that – although we want the new corporation to have flexibility – its success isn't going to be at the expense of its employees.**

**We'll protect them through a new, flexible personnel system that will be driven by values such as appropriate compensation and a respect for the collective bargaining process.**

**Employees transferred from the FAA to the new corporation will have employment and pay protection for *three* years. And – after three years – employees would retain their existing retirement and equivalent health benefits.**

**This model protects the corporation's workers without sacrificing the operational benefits for which it's being established in the first place. We think it holds promise as a model for other areas as we reinvent government to meet new challenges.**

**And now, I'd like to turn to our 1996 budget proposal.**

#### ***DOT's 1996 budget***

**Our budget proposal for 1996 is leaner than this year's – \$36.9 billion *versus* \$38.9. That's a big piece of the \$6.4 billion in outlay reductions over the next five years that we promised the President.**

**Those savings let us continue controlling the budget deficit. They'll also provide tax cuts for working Americans so they can get the education and job training they need through the President's Middle-Class Bill of Rights.**

**But while this budget reduces spending, we believe it also better focuses our resources on priorities of safety and investment.**

**It provides \$2.1 billion for direct safety programs, and it not only maintains safety inspection staffs in all modes but provides for substantial growth in many areas – for example, adding 253 *more* full-time aviation safety inspectors – in addition to the 300 we hired last year.**

**It also commits about \$1 billion – the highest level ever – for new transportation technologies.**

**That accelerates development of Intelligent Transportation Systems to make vehicle travel safer and more efficient, and deployment of satellite-based Global Positioning Systems to improve airplane landings and to track goods movement.**

**This budget also focuses investment in transportation infrastructure – the roads, bridges, transit lines, and other facilities America needs to keep transportation affordable and our economy competitive.**

**We propose new infrastructure programs such as...**

**...flexible Unified Grants allocated directly to states and localities without red tape...**

**...state infrastructure banks to leverage additional private sector and state and local investment using federal seed money...**

**...and discretionary grants for projects of regional or national significance.**

**These new programs will build bridges, not bureaucracy. They're designed to create jobs now, and lay the foundation for long-term economic competitiveness in the future.**

**And new methods of doing business – such as the Partnership for Transportation Investment – will stretch federal funds further.**

**The Partnership – which the Secretary announced just two weeks ago – will reduce the hurdles to building projects and introducing the common-sense innovative financing strategies already common in the business world.**



### *Transit operating assistance*

I know that some of you might be disappointed with parts of our budget -- notably mass transit operating assistance and AMTRAK -- and I'd like to talk about them.

Our 1996 request for transit operating assistance is \$500 million. That's \$210 million less than this year.

*But it's \$500 million more than many people in Washington wanted -- or thought was possible.*

Secretary Peña heard your concerns, and fought hard for the continuation of this program in the Administration's budget deliberations.

The Secretary also worked to make bus rebuilding and overhaul costs eligible for capital assistance -- which will help properties to make the most of operating dollars.

We're going to continue *to fight* for operating aid as Congress works on the budget over the coming months.

### **AMTRAK**

We're also fighting to protect AMTRAK, which faced a cash emergency last year and now faces calls for its termination or -- as *some* put it -- "privatization" -- which is basically the same thing.

This Administration continues to believe in the importance of national passenger railroad service.

AMTRAK is critical in the nation's urban corridors, where highways and airports are already congested, and where major capacity additions are prohibitively costly.

It's also important to America's small towns, where it provides an alternative form of transportation.

**That's why we've proposed continuing AMTRAK capital and operating assistance in 1996 -- although at levels consistent with budgetary constraints -- basically a freeze at 1995 levels.**

**AMTRAK is doing its part by proposing a dramatic restructuring that eliminates or cuts back less-used services and introduces business-like thinking into its operations plans.**

**We want to continue our support for AMTRAK, and help it get on its feet to provide the intercity passenger service America needs. AMTRAK's leadership is trying to do this, but more reforms may be necessary.**

**We hope that AMTRAK's unions will be able to help keep AMTRAK -- and its jobs -- alive.**

### ***Fostering partnerships***

**That collaboration between management and labor is something we're trying to foster.**

**Within the federal government itself, 53 percent of all employees now have their workplace issues debated within one of the partnership councils that the President initiated 15 months ago<sup>1</sup>.**

**In the broader transportation field, our efforts seek cooperation between the federal government, labor, and management on issues of real concern.**

**For example, the Federal Railroad Administration has created safety partnerships to bring affected parties together without confrontation.**

---

<sup>1</sup> Two different things are being compared. As noted, 53 percent of unionized employees belong to bargaining units represented on partnership councils; the DOT number is about 40 percent. However, when it came to interdepartmental comparisons, the *Post* article didn't use the percentage of employees represented, but the percentage of *bargaining units* represented. DOT's 8 percent share is indeed the lowest of those shown, and is at least partly attributable to the fact that we have about 80 unions, many of them quite small. So, while few of our unions are on partnership councils, proportionately far more of our employees belong to the unions that are represented. Mary Lou Batt is following up on this.

**We've resolved issues from the Brotherhood of Railroad Carmen's complaints on Southern Pacific's air brake tests to an innovative assessment of Conrail accidents in Ohio.**

**The Federal Transit Administration has pioneered labor-management cooperation in such areas as a standardized bus operators' training program and maintenance worker training, and has set aside the mandatory privatization reviews of the past.**

**We're confident that efforts such as these are the future of labor-management relations in the transportation industry, and we'll do everything we can to support these relationships.**

### ***13 (c)***

**In addition to what I've already said, I also want to touch on a couple of other issues that directly affect workers.**

**First, the 13 (c) provision for mass transit and comparable protection of intercity rail workers. We understand the importance of these protections, and are committed to the collective bargaining process they embody.**

**We also have to recognize the pressures that operators face, and are working with the Department of Labor to identify ways to streamline the operations of the 13 (c) process in ways which still protect workers' rights.**

### ***NAFTA partners***

**Some of you also are concerned about the impact on transportation of our new NAFTA trading partners – and especially the impact on highway safety.**

**We've been raising our sights on safety performance for American motor carriers for years now – and the result has been greater safety for everyone.**

**These requirements are going to be the same for *all* drivers – including those from the other NAFTA nations. Although freer, more**

efficient goods movement is important to us, it doesn't supersede safety, our highest concern.

I want to assure you that, throughout our negotiations on international issues, we're going to seek to protect American workers and to ensure a level playing field for American companies<sup>2</sup>.

### *Maritime security*

Finally, I want to speak about our continuing fight to maintain an American merchant marine – because that affects not only our economic security but also our national military security

For generations, America's maritime trades unions have been steadfast in their patriotism – and thousands of merchant mariners have given their lives in this nation's wars.

This *isn't* ancient history – just a few years ago our merchant marine stepped forward to provide critical links in the Persian Gulf War.

Our ability to carry out military actions abroad depends on our sealift capabilities – and we can be confident of that capability *only* if we have American ships manned by American crews.

Last year we fought for a long-term plan to sustain our merchant marine. We didn't win that fight...but we're going back again this year, and we'll keep going back, because it's vital to America's security.

We look forward to your support in this fight.

### *Commitment to working Americans*

As with everything else we do, the initiatives I've talked about today have in common their commitment to working men and women.

---

<sup>2</sup> Levine is in Mexico on issues related to small-package delivery rights for U.S. companies (FedEx, UPS, et al.). Given the nature of these companies, it might not be good to refer to this particular trip before a union audience. This is a substitute paragraph.



As I said earlier, the Clinton Administration is the heir to a long and proud tradition of standing with working Americans, and so I'd like to close by saying a few words about today's relationship between the labor community and the Clinton Administration.

I know you're not happy with some of the stands this Administration has taken on issues that are important to you.

But these disagreements shouldn't overshadow the progress we've made together -- and the things we can still accomplish -- or the risks we create if any disagreements open opportunities for those who would roll back generations of progress.

The ways in which we sustain the prosperity of America's workers are changing as we make the transition from a heavy-industry economy to a high-technology, information-based, global economy.

We can't turn back the tides that are changing our world -- but we *can* make the passage smoother for working Americans.

That's in the best tradition of organized labor -- a tradition that fought to preserve workers' rights in a shift from craftwork and agriculture to industrialization during the first half of the twentieth century -- and as we do the same.

It's that tradition which we look forward to working with you to sustain. Thank you<sup>3</sup>.

#####

---

<sup>3</sup> Suzanne Sullivan is preparing your Q&As separately.

**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
NATIONAL CAPITAL AREA CHAPTER OF  
THE AMERICAN SOCIETY FOR PUBLIC ADMINISTRATION  
FEBRUARY 21, 1995  
WASHINGTON, D.C.**

**As a career public official and a 30-year veteran of ASPA, I especially look forward to speaking to people who are interested in the substance of government — and not just in viewing it as a spectator sport.**

**That's why I'm happy to be here today. The American Society for Public Administration has built a well-deserved reputation as an assembly of serious and thoughtful professionals committed to making government work.**

**And making government work *better* is my topic today. I'd like to talk about our piece of a dramatic and ambitious initiatives in government: the Department of Transportation's vision for the future that Secretary Peña announced in December as part of the Administration's restructuring initiative.**

**This restructuring carries to a next level the work that the Department has been doing for the past two years under Vice President Gore's National Performance Review.**

**That effort of reinventing government has been highly successful at DOT. We've cut costs, reduced our workforce, *and* set in motion a series of projects to provide improved service to our customers.**

**But we came to understand that we needed to go beyond simply making things more efficient, which was the focus of the first round of Vice President Gore's reinventing government.**

**We must ask *why* we need to do certain things — or whether other levels of government or private business can do them if they need to be done *at all*.**

**That's because the challenges we face in the transportation sector on the eve of the 21st century are great, but in some ways are different than those of past decades.**

**Transportation is a trillion dollar-a-year industry in America that directly employs four million people and affects *all* of us.**

**Those effects are often complex, and go unnoticed until well into the future. But sometimes we *can* see the future now...**

**We can see that steadily-rising transportation demand -- on our highways, at airports, and on railroads -- is straining the capacity of our existing system.**

**We can see that there's a growing need for efficiency -- whether by businesses relying on prompt deliveries for "just-in-time" manufacturing or by commuters making connections to get home.**

**We can see that federal transportation funding is going to be limited in the future as we seek to control the budget deficit and provide for such critical initiatives as tax relief for working Americans.**

**We're just not going to have all the money we would like to invest in the roads and bridges and other facilities America needs -- nor can we put all of these facilities in place and still meet our environmental obligations.**

**These conditions pose additional challenges to us at a time when the estimates of our investment needs to repair or replace America's *existing* transportation infrastructure are as much as \$350 *billion*.**

**So we *must* find *new* ways to meet our transportation needs -- and to meet them smarter.**

**For us, that meant focusing on the Department of Transportation's core missions of safety, investment, and national security.**

**We examined those missions, and decided that we needed to do three fundamental things.**

**First, we have to change our beliefs about transportation systems and how they're financed and developed.**

**We must look towards a single, integrated system that unifies *all* forms of transportation.**

**Second, we in DOT have to change our organization.**

**We no longer can afford to be only advocates of individual modes -- but instead must adopt the *best* ways of moving people and goods -- irrespective of modes.**

**That means ending the artificial distinctions promoted by our current structure of 10 separate operating administrations.**

**We also have to streamline our organization to eliminate the duplication that comes from having not *two* of everything -- like Noah's Ark -- but *10* of everything -- from counsel's offices to public affairs to procurement.**

**Third, we in DOT must change our policies to reflect new realities.**

**We must move towards full partnerships with state and local governments.**

**We want to make the most of our own limited resources and empower those who are most directly accountable to the American people.**

**After all, *they* have the best grasp of local needs.**

**We also have to adopt new ways of paying for and operating our systems, and make the most of the resources and efficiencies that the private sector can bring.**

**This is why Secretary Peña proposed a major restructuring and downsizing of the Department, and that's why we've crafted a 1996 budget that focuses us on our fundamental missions of safety, investment, and national security.**



**The restructuring of DOT is the result of work by task forces comprised of 200 senior DOT officials – both career and appointed.**

**We also received extensive recommendations from many other DOT employees – through outreach meetings, hot lines, and letters and inquiries to DOT TALK, a special, twice-weekly newsletter.**

**It also reflects input from well over a hundred meetings with constituent groups, Members of Congress and their staffs, and the public.**

**That extensive outreach gives us confidence that our decision is fundamentally sound, even though there are people out there who disagree with some aspects of it.**

**Our reorganization proposal would streamline DOT from 10 operating administrations to three: a new Intermodal Transportation Administration, the Federal Aviation Administration, and the Coast Guard.**

**The Intermodal Transportation Administration will integrate all of our surface transportation and maritime functions – reducing overhead, cutting red tape, and giving our customers one-stop shopping for solutions that *aren't* modally-driven.**

**The Federal Aviation Administration will maintain its safety, development, and regulatory functions – everything but air traffic control, which will be transferred to a new government corporation.**

**That will give us an air traffic control system free of the cumbersome personnel, budget, and procurement restrictions that hinder the efficiencies and new technologies we need to safely keep pace with future travel growth in an expanding economy.**

**Finally, the Coast Guard -- which is undergoing its own internal streamlining -- will continue in its present role, serving the nation well as it has for two centuries.**

**Similar restructurings have been proposed by Secretaries of Transportation almost since DOT's inception in 1967.**

**That's because DOT was created not as an integrated unit but as a holding company, like the giant business conglomerates of the 1960s and '70s.**

**Well, those business dinosaurs weren't nimble enough to cope with the drive for efficiency and customer service that swept corporate America during the 1980s.**

**Now, the federal government faces the same pressures in the 1990s.**

**The reorganization that we are adopting positions us to meet today's pressures -- and then move on to develop tomorrow's transportation systems.**

**Our new structure ensures coordinated, intermodal policy-making.**

**It'll also move us towards the Clinton Administration's target of a 12 percent civilian workforce downsizing by 1999, while improving customer service.**

**And our air traffic control plan will transfer an additional 40,000 employees to an independent government corporation, reducing DOT's civilian workforce by over one-half within five years.**

**The reorganization also supports our plan to streamline and simplify DOT's funding programs -- something that wouldn't work without consolidating DOT's operating administrations as well.**

**DOT now has more than 50 different grant, loan, and subsidy programs and sub-categories -- each with its own rules, forms, and criteria.**

**That places an unreasonable burden on our partners in state and local government and private business.**

**We want to consolidate those programs beginning with our 1996 budget.**

**That budget integrates scores of programs into a new Unified Transportation Infrastructure Investment Program -- or UTIIP.**

**UTIIP will be financed through today's transportation trust funds, which collect revenue from such existing sources as motor fuel and passenger ticket taxes, with greater flexibility in how they can be used.**

**It's designed to cut red tape and give state and local governments far greater authority and flexibility.**

**They'll be able to use these funds to meet *their* needs, and not waste time and money meeting *our* requirements.**

**UTIIP's funds will be channeled through just three new sub-programs: the Unified Allocation Grant Program, State Infrastructure Banks, and the Federal Discretionary Fund.**

**These new programs are at the heart of our drive to revamp federal transportation funding.**

**The Unified Allocation Grants will send funds directly to states and localities and let *them* decide which transportation investments best meet their needs, within some very broad parameters.**

**State Infrastructure Banks will use federal seed money to leverage additional investment from state and local governments and the private sector to finance revenue-producing facilities.**

**Finally, the Federal Discretionary Fund will directly fund projects of regional or national significance -- such as high-speed rail or nationally-significant freight corridors -- that states, or even groups of states, can't finance or coordinate by themselves.**

**These new initiatives sustain total investment in our nation's transportation infrastructure by increasing flexibility and cutting red tape.**

**That's something we've already begun through the Partnership for Transportation Investment that Secretary Peña recently announced.**

**That program cuts red tape and pioneers innovative financing techniques that -- in the first round alone -- will speed up \$2 billion in new transportation construction projects.**

**These strategies will lower costs and attract new investment -- and help to compensate for DOT's share in lowering federal outlays in coming years.**

**These efforts -- our restructuring, the 1996 budget -- seek to realize the promise of ISTEA -- the Intermodal Surface Transportation Efficiency Act. ISTEA's principles remain our principles.**

**Its goals -- giving states and localities more choice between forms of transportation, giving communities a greater voice, linking forms of transportation into a single, seamless web to better serve the nation -- remain our goals.**

**And now we are broadening them to encompass not only surface transportation, but all forms of transportation -- land, sea, and air.**

***That* will give us the transportation system we need for the coming century.**

**Public administrators at all levels of government -- federal, state, and local -- have helped to build the finest transportation system in the world, and must be part of changing that system to meet the challenges of the future.**

**After all, it is our responsibility, as the poet Wordsworth wrote, "to live, and act, and serve the future hour."**

**Thank you.**

**#####**



ORAL STATEMENT

MORTIMER L. DOWNEY  
DEPUTY SECRETARY OF TRANSPORTATION  
BEFORE THE  
SENATE ENVIRONMENT AND PUBLIC WORKS  
COMMITTEE  
SUBCOMMITTEE ON TRANSPORTATION AND  
INFRASTRUCTURE  
FEBRUARY 23, 1995

THE NATIONAL HIGHWAY SYSTEM  
AND  
DOT's FY 1996 FEDERAL-AID HIGHWAYS BUDGET

Good afternoon, Mr. Chairman and Members of the Committee. I am very pleased to be here today to discuss three top transportation priorities for the Clinton Administration --consideration of our FY96 budget requests, designation of the National Highway System (NHS), and reinvention of the Department of Transportation. These three initiatives go hand-in-hand; for as our Department moves to transform itself for the next century, the NHS will play a key role in advancing our core missions of safety, infrastructure investment, and national security. The NHS will, in fact, be a strong and integral part of our increasingly intermodal approach to transportation.

Secretary Peña regrets that he is unable to be here today, but, at your request, I am glad to appear with three of

the Department's modal Administrators: Federal Highway Administrator Rodney Slater; Federal Transit Administrator Gordon Linton; and National Highway Traffic Safety Administrator Ricardo Martinez. I think this also shows our support for intermodalism and for strengthening the links between safety and infrastructure.

Mr. Chairman, I ask that my longer statement be submitted for the record. I will briefly touch on a few highlights of my testimony and then my colleagues and I will be happy to answer your questions.

#### DESIGNATION OF THE NATIONAL HIGHWAY SYSTEM

Mr. Chairman, we have today an historic opportunity, similar to the one we faced in the 1950s when the Nation debated the creation of the Interstate Highway System. We seized the moment then, and the varied parts of our country were brought together as never before in our history. Designation of the National Highway System presents us with the next great opportunity. We now have the chance, by completing designation of the NHS, to address the intermodal transportation needs of the American people and the American economy as we enter the new century. If we should fail, over six billion dollars in Federal highway funds will be frozen as of October 1, and the Nation will lose a powerful tool in its efforts to maintain its preeminent position in the world economy.

We continue to strongly support a National Highway System bill that furthers progress made by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). This Committee is to be commended for its role in developing truly visionary legislation in ISTEA. The NHS is a critical part of that vision. We note your continued leadership with the introduction last week of S. 440, a simple, straightforward bill that would designate the NHS network, allow the Secretary, in cooperation with States and local officials, to make any needed system changes in the future, and, in the spirit of ISTEA, allow some additional program flexibility.

Investment in the NHS will provide nearly all Americans with improved access to work and markets, to ports, airports, transit and rail stations, to our national parks, and to other countries. By providing intermodal connections, the NHS will greatly increase the efficiency of our whole transportation network. The NHS thus represents an investment strategy that will provide our entire transportation system with the flexibility needed to cope with the changing "economic geography" for the 1990s and beyond. This is strategic investment and the benefits of such investment are clear. In my longer statement I cite both the progress that has been made in economic productivity through better transportation, and the opportunities that will be created for future improvements because of the wide reach of the NHS.

Its 160,000-miles are the cornerstone of our future highway network and the backbone of a national transportation system. I look forward to working with you on moving an NHS bill forward and I hope that bill will be as straightforward as possible.

### REINVENTING DOT

Now, Mr. Chairman, I would like to turn to another of the Administration's top transportation priorities -- reinvention of the Department of Transportation. This issue is part of the larger debate over the proper role of government and how to make government work better and cost less. In December, President Clinton announced proposals to redefine how five agencies, including DOT, deliver their services. All the other agencies of the federal government are now undergoing the same type of scrutiny. The President said: "We have to change yesterday's government and make it work for the America of today and tomorrow." To achieve this, we must examine how we have done things in the past and reinvent our mission in a more effective way, reducing government functions when they are no longer needed and streamlining those that are essential. Our challenge -- one in which we seek your help -- is to examine long-held ideas and be ready to change long-established practices when they have outlived their usefulness.



We believe that at DOT we have done just that. The FY 1996 budget proposes major changes for DOT. At the same time, it contains funding which is essential to making our transportation system truly intermodal. The Congress, in passing the ISTEA, laid the foundation for flexibility and responsibility in State and local transportation decisions. The FY 1996 budget proposal takes ISTEA to its next level, giving States and localities more latitude to make their own infrastructure decisions. It will reinforce the importance of planning and intermodal cooperation and it also provides the resources to support DOT's safety and national security missions.

The Department of Transportation's reinvention plans include consolidation of categorical infrastructure and operating assistance grant programs and related research and development and administrative costs into a performance partnership program we call the Unified Transportation Infrastructure Investment Program (UTIIP). This reinvention also includes a reorganization of the Department into a streamlined structure.

While the details of the plans are still being developed, the overall approach has been announced. The President's proposal would structure the new UTIIP in two parts-- Federal activities and State and local activities -- reflecting the Administration's commitment to shifting programs towards State and local decisionmaking. All activities of the UTIIP will be funded from a new Transportation Trust

Fund, which would combine the Highway Trust Fund and Airport and Airways Trust Fund but maintain separate surface and aviation accounts. This proposal also underscores our emphasis on highway and motor carrier safety by including separate allocations in this area. With regard to transit, the programs of the Federal Transit Administration would be funded by the UTIIP.

As a reflection of the national interest in the National Highway System, the restructured program dedicates funds to the NHS to ensure that the condition and performance of the NHS is maintained. NHS funds will retain their flexibility, too, allowing States to transfer NHS funds according to ISTEA guidelines.

Under the proposal, the States will have the opportunity to use Federal transportation funds to leverage investment from the private sector. The State Infrastructure Banks (SIBs), which will be funded at a \$2 billion level, have been proposed to encourage innovative infrastructure financing and to encourage private investment. It is estimated that an additional \$2 to \$4 billion will be leveraged by the SIBs. We believe many needed highway and other transportation projects will be built as result of the SIBs.

Finally, our proposal includes a \$1 billion discretionary program for transportation projects of national or regional significance.

In reinventing ourselves, we will build on the successes of ISTEA-- its flexibility, innovative investment strategies, and enhanced planning. We will also build on the Department's National Transportation System (NTS) effort under which we conducted extensive outreach to the transportation community. The NTS has led to our better understanding of how transportation functions as an integrated network. In our view the continuation of these NTS activities is entirely consistent with and supportive of the restructuring which we have proposed. The development of system performance measures will play an integral role in the transportation performance partnerships and will help us to select the best uses for discretionary funds.

## SAFETY

Before I conclude, Mr. Chairman, let me say a word about safety. We encourage you to continue supporting a strong Federal role in highway safety, as enacted in ISTEA and in legislation pre-dating ISTEA. Provisions such as those encouraging States to adopt minimum drinking age laws, safety belt and motorcycle helmet laws, and sensible speed limits have helped save countless lives and dollars annually. We estimate that these safety programs save the American people approximately \$18 billion every year. If these savings are eroded -- as would clearly occur if Federal leadership in these areas is diminished -- injuries and

fatalities will unfortunately increase as will the costs of health care, welfare, and public assistance programs. We would oppose efforts to weaken these laws.

#### CONCLUSION

That concludes my remarks, Mr. Chairman. My colleagues and I will be happy to answer any questions you may have.

####



3.72

**REMARKS AS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE  
ALEXANDRIA, VIRGINIA  
FEBRUARY 27, 1995**

*(Introduction to be made by Maury Hannigan, General Chairman,  
IACP Division of State and Provincial Police)*

**Thank you, Maury, for that introduction. I'm happy to join you at your mid-year conference. It's an opportunity for us to strengthen the bonds between transportation and law enforcement.**

**Those ties have become closer in recent years as we recognize how closely our interests coincide.**

**Increasing amounts of your time and energy are devoted to issues directly related to transportation: enforcement of traffic and motor vehicle laws, highway safety, drunk and drugged driving, and more.**

**At the same time, we in transportation recognize how vital law enforcement is to the safe and efficient operation of our transportation systems.**

**We need to expand our cooperation so that we can more effectively solve the problems that confront all of us. There are many ways of doing that: one is through presentations such as the one I'm making today. Safety is our number one mission at DOT, and we need your help.**

**Another is for each of us to bring his or her perspective and experience to the other's work.**

**We're trying to do that at the Department of Transportation by bringing in active police officers to help us on law enforcement-related issues.**

**For example, the National Highway Traffic Safety Administration has had 21 officers from around the country work in Washington in recent years.**

**Our most recent arrival is with us today. He's Sergeant Don Hatch of the California Highway Patrol. (*Sergeant Hatch, could you stand?*)**

**He's on assignment here in Washington with the Federal Railroad Administration, working on a variety of issues – especially our CEASE Program – Combine Enforcement and Safety Efforts.**

**CEASE is intended to increase enforcement of highway-grade crossing and railroad trespass prevention laws – helping to reduce the thousand unnecessary and totally preventable deaths a year that these violations cause.**

**Sergeant Hatch's detail is the type of transportation-law enforcement partnership we want to see more of – not only at the federal level, but also at the state and local levels.**

**I hope that you'll be working closely with him in the future in his new capacity at FRA – and encourage you to look for similar partnerships. We'll all be winners if we can do that.**

**Today, I'd like to talk about several of the issues that we face -- and then talk briefly about the restructuring of DOT that Secretary Peña and I recently proposed.**

**First, I'd like to talk about safety.**

**All of you have seen first-hand the pain and suffering caused by transportation-related deaths and injuries.**

**We've taken action to improve safety on a wide variety of fronts ranging from air travel to boating to railroad trespassing.**

**But by far the greatest cause of transportation-related death is the motor vehicle. And — while every death brings its share of grief — none are more senseless than the ones caused by drunken driving.**

**In recent years we've made great progress. Few movements have drawn such broad public support as the alliance between government, law enforcement officials, and citizens to get drunk and drugged drivers off the road.**

**Fewer still have had such great success — a success measured in lives saved and injuries prevented.**

**Just a dozen years ago, 57 percent of all fatal crashes involved alcohol — killing more than 25,000 people a year. In great part because of *your* work, that rate has dropped steadily since then.**

**Two years ago, Secretary Peña set a goal of reducing alcohol-related traffic fatalities to only 43 percent of the total by 1997, and increasing safety belt use to 75 percent.**

**We've met the alcohol goal — *two full years ahead of schedule*, in spite of growing travel on our roads... and we're on our way to meeting the safety belt goal as well.**

**We've accomplished much — but we still face big challenges. After all, last year there were still about 17,000 people who died in alcohol-related crashes.**

***That's unacceptable.***

**What makes these deaths more frustrating is the fact that we've *already* reached so many millions of Americans who understand that drunk driving is wrong.**

**Future progress is going to be made by reaching those who may be more resistant to that message: problem drinkers who won't stop; teenagers who believe they're immortal; and young adults whose drinking stems from peer pressure.**



And so, when it became apparent last December that we would achieve the 1997 alcohol goal early, Secretary Peña called for us to set new goals and new strategies to reach them.

We want not to pursue small, incremental improvements – but to set *ambitious*, long-term goals that would *dramatically* reduce deaths and injuries.

Last week, at a national forum at which Dave Tollett of the IACP played a leading role, we set a *new* goal of reducing alcohol-related traffic deaths to 11,000 annually within a decade from now.

That's almost 6,000 fewer deaths than last year. And when achieved, that would reduce intoxicated driving fatalities to about 30 percent of the total.

It's an ambitious goal, and also a *different* type of goal. It concentrates on the absolute number of alcohol-related deaths, rather than just on their share or percentage of total traffic fatalities.

Although the percentage goal we'd set previously is an important indicator of progress, this new goal focuses us even more directly on the true bottom line: saving lives.

That makes it tougher, because we'll be trying to reduce the number of alcohol-related deaths even as our population grows and more people drive.

Our progress so far tells us we *can* achieve this goal – but *not* by the strategies that worked so well in the past.

Yes, we've got to continue the strategies that have brought us this far. Strategies like...

...public education...

...continued strict law enforcement...



...and the adoption of tough laws that we know do work – such as point-zero-eight (0.08) blood alcohol limits, administrative license revocation laws, age 21 drinking minimums, and zero tolerance for drivers under the age of 21.

But if we do *only* these strategies, the progress we have made so far will stall out. We've *got* to adopt new strategies.

First, we need to target those individuals who are at the greatest risk.

We need to help problem drinkers overcome their disorder through effective alcohol screening and treatment programs.

Next, we must reach out to young adults by using a whole range of media – and connect not just to them, but to others in their lives – their friends and families.

Then, we have to protect our youth – not only through education in our schools, but through graduated licensing and similar strategies.

And we must send a *powerful* message to repeat offenders who put themselves and all of us at risk when they ignore the consequences of their actions.

Tough penalties – starting with license suspensions, increasing to vehicle impoundment, and continuing through jail terms – are a way of demonstrating the pain that drunk driving causes, and showing that we're going to do something about it.

Our second group of strategies revolves around expanding our efforts to include new partners, because this is a fight that affects *everyone*.

We need to bring in more groups with a direct stake – such as employers, especially at the community level, building on the success of groups such as NETS – the Network of Employers for Traffic Safety.

**We applaud the involvement of the alcohol beverage industry – and want to involve others from this community, such as retailers and state alcohol regulators.**

**And we want to increase the involvement of the health care community, which now incurs \$5 billion in annual costs to the care of injuries from alcohol-related crashes. There's an opportunity to take a big bite out of health care costs.**

**You've been closely involved in this fight: I ask that you help us in reaching out to these new partners.**

**Our final group of strategies involves the creation of what we're calling safe communities.**

**Intoxicated driving – ultimately – is a *local* problem – even though it's one that affects every locality in the nation.**

**So the solutions ultimately must be local, and every state and locality must choose the strategies that work best for them.**

**That means building safe communities by having a comprehensive group of partners pulling together – business, government, schools, community activists, health providers, police and sheriffs.**

**They must identify the real and unique problems in each individual locality – and then adopt appropriate solutions.**

**The federal government *will do its share* – sponsoring research – supporting safety partnerships – and providing funding.**

**Indeed, the President's proposed 1996 budget requests – *for the first time, and in a very tough budget year* – full funding of NHTSA's Section 402 program – which finances Safe Communities – to build the kinds of coalitions that are needed to meet our new and very ambitious goals.**

***That's a commitment we plan to sustain.***

**The strategies I've just outlined are innovative ideas that will save lives.**

**Over the coming months we'll work in cooperation with you -- and many others in communities across America -- because the partnerships we've formed are absolutely critical to making progress on reducing intoxicated driving, increasing safety belt use, and controlling speed on our roads.**

**When we reach our goal -- *and we will* -- it will be due in great measure to the work of people such as yourselves, who are fighting for safety every day.**

**And now, I'd like to turn to my second topic: our research and development efforts on what we call Intelligent Transportation Systems, and their possible opportunities for the law enforcement community.**

**Intelligent Transportation Systems, or ITS, is a term that encompasses a wide range of activities, ranging from in-vehicle travel information to crash avoidance systems to fully-automated highways.**

**These are only a few of the uses. Others have specific law enforcement or emergency services potential.**

**For example, "Mayday," or emergency notification systems, can improve emergency service response by giving immediate and exact directions to the scene of a crash -- and possibly even data about the severity of the crash itself.**

**Impairment alert sensors could assess the condition of both the driver and the vehicle, something that could appeal to commercial truck companies.**

**ITS can increase the efficiency of traffic law enforcement by providing the aggregate information necessary to target resources -- such as identifying which highways attract large numbers of speeders.**

**And vehicle tracking systems – advanced forms of Lo-Jack – could greatly reduce car theft.**

**All of these are ways of improving safety and traveler convenience, and of increasing the efficiency of our current highway and transit systems.**

**Towards this end, we've proposed including \$356 million in our 1996 budget – a significant increase over this year's amount in a year in which we expect overall federal transportation spending to drop.**

**Clearly, ITS offers a wide range of opportunities. It's important that you -- the nation's law enforcement leaders -- be involved as these issues are discussed.**

**So I strongly encourage you to participate – through ITS America – through the International Association of Chiefs of Police – and through your state and local transportation agencies – in all of these discussions.**

**And now I'd like to turn to my third topic: the Department of Transportation's restructuring.**

**In December, Secretary Peña joined President Clinton and Vice President Gore in announcing a restructuring of DOT.**

**That's necessary because the transportation challenges we face on the eve of the 21st century are not only greater than, but in some ways very different from, those of the past. These future challenges are already taking shape...**

**...steadily-rising traffic that strains the capacity of our existing highways, airports, and railroads...**

**...growing demands for efficiency – from businesses relying on prompt deliveries for "just-in-time" manufacturing to commuters making connections to get home at night...**



**...and less federal transportation funding than we would like as we seek to control the budget deficit and provide for such critical initiatives as tax relief for working Americans.**

**These conditions increase the demands on us at a time when it's estimated that we need over \$350 billion just to repair or replace America's *existing* transportation infrastructure. So we *must* find *new* ways to meet our transportation needs.**

**Secretary Peña is doing that through a restructuring of DOT that focuses us on our core missions of safety, investment, and national security and positions us to help develop the transportation systems of the 21st century.**

**Our proposal would streamline DOT from 10 operating administrations to three: a new Intermodal Transportation Administration, the Federal Aviation Administration, and the Coast Guard.**

**The Intermodal Transportation Administration would integrate all of our surface transportation and maritime functions – reducing bureaucracy, cutting red tape, and giving our customers one-stop shopping.**

**It also ends the artificial distinctions between modes promoted by our current structure.**

**The Federal Aviation Administration would maintain its safety, regulatory, and development functions – everything but air traffic control, which will be transferred to a new government corporation.**

**Finally, the Coast Guard – which already is undergoing its own internal streamlining – would continue in its present role, serving the nation well as it has for two centuries.**

**Each of these administrations would have a safety office as a major sub-unit – with its director reporting straight to the administrator.**

**That will ensure that safety receives the highest level of attention in every form of transportation. I want to assure you of that, so you**

**understand that our restructuring will not lessen our commitment to safety or to law enforcement.**

**This restructuring will allow us to meet the challenges of the future, and develop the transportation systems we need to ensure continued national prosperity.**

**As we carry it out, we'll coordinate closely with groups such as the IACP to make sure that your concerns are addressed.**

**I'd like to close now by thanking you for inviting me to speak today, and for inviting several of our administrators as well. We in the transportation and law enforcement communities have many concerns in common, and I want to make clear our continuing devotion to working closely with you.**

**Thank you.**

**#####**