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**TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
AMTRAK BLIZZARD REUNION TOUR 1996
WASHINGTON, D.C.
FEBRUARY 12, 1996**

- * Thank you, Tom [Downs]. Congratulations to you and to Amtrak's employees on a job well done. [On behalf of Secretary Peña and the Department of Transportation,] I'd also like to thank Peter Yarrow for helping to remind us all of why Amtrak is a national treasure.
- * During the most devastating blizzard in a generation, one which shut down highways and airports throughout the northeast, Amtrak -- like the Energizer Bunny -- kept going and going, once again proving how vital it is to our transportation system.
- * President Clinton understands this, and that's why he is committed to the future of rail passenger service. Amtrak has shown it can -- and *must* -- be part of the solution to America's mobility problems -- providing safe, reliable, environmentally-sound transportation. Once again, congratulations.

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
MARITIME TRADES DEPARTMENT, AFL-CIO
1996 EXECUTIVE BOARD MEETING
BAL HARBOUR, FLORIDA
FEBRUARY 15, 1996**

(Introduction to be made by Michael Sacco, President)

Thank you, Mike, for that introduction. Washington is a pretty cold place these days -- and I don't mean just the weather -- so it's nice to have such a warm reception.

I'm pleased to join you here at your annual meeting. I'm proud that you've invited me to speak about President Clinton's commitment to the maritime industry.

You give voice to the concerns of America's working men and women, and the President shares that commitment. Over the past three years he's fought for economic policies that have succeeded in improving the economic security and quality of life for American families.

Today, we have the lowest Misery Index -- the combined rates of unemployment and inflation -- in 27 years.

We have 8 million new jobs -- just as President Clinton promised we would have during his campaign four years ago -- and 400,000 of them are in transportation.

We have lower interest rates that have allowed more Americans to buy houses, lifting homeownership to a 15-year high. By year-end, in fact, it should be at an all-time high.

And exports have grown to their highest levels ever, something that's important to the future of the maritime trades as well as those who produce these products.

Things *are* better in America today than they were four years ago. Things *are* good for most Americans. But we all recognize that "good" isn't good *enough*.

We still face real challenges as we work to ensure that all Americans share in the successes of the past three years and as we seek to guarantee our future prosperity.

That's because -- in real terms -- more than half of all Americans earn the same or lower wages as they did a decade ago.

The working members in the average family spend more hours today on the job than they did a quarter-century ago, and -- in a time when our children need their parents more than ever -- that's troubling.

And as there is more downsizing and corporate restructuring, people feel less secure -- not just about their jobs but also about their health care, their retirement, and their children's futures.

It's a paradox that so much good news can coexist with so many challenges, and that a future brimming with opportunity is also a future which so many Americans are worried about.

The situation is like that which America went through a hundred years ago, as we went from being an agricultural society to an industrialized society. Now we're moving into an age dominated by information and technology and global markets.

This transformation is creating new opportunities, but it also challenges our ability to sustain traditional values and a sense of community.

President Clinton has laid out a comprehensive set of strategies to deal with these challenges. It begins with a balanced budget plan to do away with the deficit but still protects our obligations to our parents, to our children, and to our future through investments in Medicare, Medicaid, environmental protection, and education.

You've all read about the differences between the President and Congress, but what you don't hear about is how much there is in common.

The seven-year balanced budget plans proposed by the President and Congress now have in common about \$700 billion in savings -- more than enough to balance the budget, give a tax cut targeted to working families, and protect the priorities that the President has set out.

So at this point the issue isn't whether we can balance the budget, but whether we should sacrifice vital priorities just to satisfy an extremist agenda.

I think that would be wrong, and I believe that the American people do, too. They want clean air and water, good schools for their children, and a secure retirement for their parents.

Why shouldn't we agree on those savings we already have in common, pass a balanced budget plan, and move on to the other challenges we face?

We can do more to strengthen our families and to provide economic security to people who work hard but *aren't* getting raises and *don't* have access to health care or stable pensions or lifetime education and training.

The President's new balanced budget plan moves forward on all of these fronts.

He wants Congress to pass health insurance reforms that require insurers to be fair. Fairness means covering people who have lost their insurance because they've changed or lost their jobs, and not discriminating against people who have pre-existing conditions.

He wants to ensure that American workers can take their pensions with them when they change -- or lose -- their jobs, so they don't also lose the retirement security they've worked so hard to earn.

He wants to increase education opportunity by offering new tax deductions for the cost of tuition and training -- new merit scholarships for top students -- more loans for college and jobs training -- and universal availability of the computers and new technologies that are essential to today's learning.

He wants to improve conditions for lower-paid workers through a 20 percent increase in the minimum wage, which today is at a 40-year low in real terms. And he's also protecting the increase we gained in the earned income tax credit -- a program that has improved the lives of 14 million working Americans.

Those initiatives are designed to help *all* working Americans, but we also need strategies targeted to specific industries. I'd like to talk about some of the things we've done to support maritime transportation.

Over the past three years President Clinton has initiated -- and fought for -- a series of steps to revive American shipbuilding, to maintain a U.S.-flag merchant fleet, and to ensure that our ports can handle growing trade.

Four years ago, America's shipyards -- the keys to victory in World War II and the Cold War -- were suffering from declining naval orders, unfair overseas competition, and financial reverses that prevented them from upgrading aging facilities and technology.

Only one commercial ship had been built by an American yard in the previous four years, and none for export in forty years. Nearly 80,000 jobs had been lost since the 1980s.

The irony was that, with merchant fleets aging and new environmental and safety standards coming into place, a worldwide market of up to ten thousand ships was on the horizon -- if only American shipbuilders could take advantage of it.

Four years ago, candidate Bill Clinton understood that, and he promised America's shipbuilders that he'd develop a maritime strategy to help them help themselves -- and he kept his promise.

As President, he's developed a plan to revive shipbuilding by leveling the playing field through new international agreements that will end unfair foreign subsidies...

...by adapting new technologies to make our yards more efficient and more competitive...

...by cutting red tape and unnecessary regulations...

...by providing overseas marketing assistance...

...and by providing guarantees for long-term, fixed-rate loans to buyers of ships.

We're seeing the results of these strategies: just this week DOT and MARAD approved \$215 million in loan guarantees for the construction of five double-hull tankers by Newport News Shipbuilding. That's going to sustain between 700 and a thousand shipbuilding jobs, provide long-term employment opportunities for U.S. mariners, and put modern, environmentally-sound ships in our tanker fleet.

These are just the latest of more than a billion dollars in loan guarantees in the past three years, generating \$1.5 billion in new orders. American yards and American workers are proving that, given a fair opportunity, they can compete with anyone in the world.

The President also proposed the Maritime Security Program to maintain a modern U.S. merchant fleet that can serve our growing trade and maintain the sealift capacity that is so vital to our security.

He, Secretary Peña, and Admiral Herberger have been fighting hard to get this through the Congress -- and we are close.

The authorization bill that passed the House in December would support 47 vessels with payments of more than \$2 million annually over the next decade, helping them to make the transition to greater competitiveness.

The program will also provide a pool of well-trained U.S. merchant mariners to crew government and commercial ships when needed, as they were during Desert Storm and in Bosnia.

This bill will also give seafarers the basic reemployment rights that apply to armed forces reservists. Mariners have always responded in times of crisis, and this provides them with the protection they deserve. It's another step towards sustaining permanent, professional merchant crews for peacetime and wartime needs.

This bill is now before the Senate, and has garnered bipartisan support. In fact, the Congress has already supported appropriations to fund it. We're optimistic that it will be passed soon so that the President can sign it, and get on with signing the contracts.

Of course, many of the people in the maritime trades are neither shipbuilders nor seafarers. Thousands of workers are in the nation's ports, moving cargo on and off of vessels.

They're not going to be able to do their jobs, and our economy will stall, if our ports don't have the capacity to handle incoming ships. That's why President Clinton endorsed the National Dredging Policy, and why Secretary Peña formed a team of federal agencies to ensure that dredging is done quickly, cheaply, and in an environmentally-sound manner.

We also want ports to have the ability to move cargo off the docks. The connections to other modes -- especially trucks and railroads -- are too often the weak link in an otherwise strong chain of commerce.

We want to increase direct rail access to ports for double-stack trains, to provide separate access corridors for rail and highway freight -- much as we're trying to do in Los Angeles' Alameda Corridor -- and to expand ports and terminals by using unneeded military bases and other government facilities.

One of the best tools for carrying out these projects is what we call ISTEA -- the Intermodal Surface Transportation Efficiency Act, which authorizes federal highway and transit programs. Some of its funding can be directed to freight projects, and we've worked with ports to seize this opportunity.

For instance, the Port of Oakland is developing a joint intermodal cargo terminal that will improve access to the port for railroads and truckers.

ISTEA has already provided \$2.5 million for this terminal, and an application for another \$7 million is in the works. Projects like this will ensure that ports have the landside access they need for maximum competitiveness.

ISTEA expires at the end of fiscal 1997, and Secretary Peña has called for hearings this year on what its reauthorization should include. I hope that everyone who supports ISTEA's principles of efficiency and intermodalism will speak out in the coming months.

Each of these initiatives -- shipbuilding, merchant marine, port and landside access improvements -- is part of President Clinton's comprehensive commitment to America's maritime industry and its workers.

Over the past three years this President's initiatives have placed an important industry on a course to recovery, reclaiming our heritage as a maritime power and supporting our interests as the world's leading international trader. It's a return to our nautical traditions -- but also a key step for our future.

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

The Clinton Administration respects the long and proud tradition of standing with working Americans, and today's relationship between the labor community and this Administration builds on that history.

Over the past year we've stood together -- and turned back -- assaults on the Davis-Bacon Act -- on the 13(c) protections for transit workers -- and on the collective bargaining rights of Amtrak employees.

Even with the adverse circumstances we face, our success in protecting worker rights over the past year shows that we can still accomplish things if we work together -- just as it shows that there are risks if disagreements between us open wedges 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 create and to preserve workers' rights as America industrialized during the first half of the 20th century. It's that tradition which we look forward to sustaining as we move into the 21st century. Thank you very much.

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**TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
PORTLAND TRI-MET GRANT ANNOUNCEMENT
PORTLAND, OREGON
FEBRUARY 21, 1996**

(Introduction to be made by Congresswoman Elizabeth Furse)

- * Thank you, Congresswoman Furse. I also want to thank you for your strong support for transit here in Oregon.
- * Although Tom Walsh has already singled out for praise the local officials here in Portland for their contributions to this project, I want to take a moment to thank the members of Oregon's Congressional delegation besides Congresswoman Furse who are with us today: Senator Mark Hatfield and former Congressman Les AuCoin. They've both done much over the years to ensure that Portland's light rail system has received the support it deserves.
- * It's hard to think of a region anywhere with such forward-looking leaders -- local *and* national. That's why Portland has long been *the* national example for economic strategies that also respect this region's special character. We see that in the commitment to recycling, to conservation, to sustainable land use based on sound transport.
- * Portland's pioneering efforts in land-use planning provide a sound basis for travel alternatives. These strategies rest on

making mass transit a more vital component of this region's transportation system, and provide a viable alternative to the automobile.

- * Through your efforts to develop extensive bus service, bicycling, pedestrian facilities, ridesharing, and, especially your light rail initiatives, Portland has shown that transportation can be compatible with the environment.
- * Indeed, light rail seems to be *the* wave of the future in American transportation. From Buffalo to St. Louis to Los Angeles, it's *the* cutting-edge solution to the traffic congestion and smog which choke so many of our cities. Tri-Met's system is truly a leader in this field, and it's the inspiration for a new generation of mass transit programs from coast to coast.
- * That's why I'm especially happy today to carry out one of the more pleasant duties of my office: delivering funds. Today, I'm pleased to announce that the Federal Transit Administration is awarding more than \$158 million to Tri-Met for the Westside-Hillsboro Light Rail project.
- * This grant brings the total of federal funds provided for this project to \$466 million. And that's only part of a larger, multi-year full-funding grant agreement which will bring \$664 million in federal funds to expand Portland's light rail system. If you ask me, that's pretty powerful evidence of

the Clinton Administration's belief that, when it comes to transportation, Portland is on the right track.

- * Let me close by congratulating Tri-Met on its excellent progress to date. We in the Clinton Administration look forward to continuing our partnership, and commend you for serving as America's model transportation system for the 21st century.
- * And now, I'd like everyone up here to join me as I present this check to Tom Walsh. *(Tom, this is one time that you can spend it all in one place!)*

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3/19/96

**REMARKS FOR USE BY DEPUTY SECRETARY
DOWNEY
ANNOUNCING THE PRESIDENT'S BUDGET
PROPOSALS
FOR THE U.S. DEPARTMENT OF TRANSPORTATION
FOR FY 1997**

I am pleased today to present President Clinton's budget plan for the Department of Transportation for fiscal year (FY) 1997. The President's FY 1997 Budget for the Federal government achieves two key objectives: balancing the budget in seven years, and maintaining our commitments to economic growth while we invest in the American people.

This year our budget features strategic investments in infrastructure, safety, and technology. And it includes a major new innovative finance measure to stretch the Federal dollar by involving resources both in the public and private sector.

By making these strategic investments, the President's budget will continue to help grow our economy and improve the quality of life for all Americans.

At the same time, the President's budget calls for a smaller government - one that works better, costs less and puts us squarely on the path to a balanced budget.

The budget we are proposing to Congress totals \$37.54 billion for transportation programs, slightly higher than the current year. It keeps the level of infrastructure investment - as we have every year of this Administration -- at about \$2 billion above the last year of the Bush Administration. And we're making these strategic investments at the same time we're downsizing the government.

INFRASTRUCTURE INVESTMENT

Let me put our budget in perspective. As you all know, the Federal budget deficit has declined for three straight years -- for the first time since Harry Truman was President. And the economy has improved dramatically: unemployment inflation and long-term interest rates are down; while stock prices are way up.

Under President Clinton's leadership, our commitment to transportation infrastructure has increased by nearly 11 percent. We're investing more in highways, more in bridges, more in transit systems, and more in Amtrak. Over the last three years, our annual infrastructure investment averaged \$25.5 billion. That compares with \$23.1 billion in FY 1993.

Investing in transportation is a top priority for America. Efficient, safe, and cost-effective transportation is vital to any prosperous nation, especially in a globally competitive economy. While transportation costs in America have been

coming down in recent years, they are still a major component in our costs of doing business.

We are reminded just how vital our transportation network is to the economy and to people's daily lives when disaster strikes. When the Northridge earthquake hit California in 1994, highways blocked by debris and broken bridges caused critical transportation problems in Los Angeles. And, had it not been for mass transit, the region's transportation system would have been severely limited for many months as we rebuilt the freeways.

The FY 1997 Budget continues our record of investment: we propose \$24.9 billion in new investment in FY 1997.

As part of this strategic investment, we propose:

- \$19.3 billion for highway programs,**
- \$3.65 billion for transit capital,**
- \$1.35 billion for airport capital improvement grants,**

and

- **\$587 million for Amtrak and the Northeast Corridor capital programs.**

We're proposing \$200 million for the Northeast Corridor to support electrification of the New Haven to Boston Amtrak segment. And that work will begin this spring. We are also requesting \$80 million for the acquisition of high-speed trains and related maintenance facilities for the Northeast Corridor, as Vice President Gore announced last week. The \$800 million in FTA's budget for transit New Start projects will enable us to continue to meet our commitments to 11 projects underway today. And it will provide funds for new Full Funding Grant Agreements we intend to offer for projects in San Francisco, Sacramento, Denver, St. Louis, northern New Jersey, and San Juan, Puerto Rico. In fact, we signed the San Juan agreement last week.

INNOVATIVE FINANCE

We are always challenged to find new and better ways to meet our goals. Transportation is financed through a complex partnership of the Federal government, the States, local communities, and the private sector. The Federal government alone cannot meet all transportation investment needs. In an era of tight Federal budgets, this is more true than ever.

With President Clinton's support, we developed a new Partnership for Transportation Investment to find new ways to supplement Federal funds with private investment. We want to stretch the Federal dollar and invest it wisely. We also cut complex application procedures and other red tape. As a result, to date, 74 projects in 35 States with a total value exceeding \$4 billion are now underway. These projects have gotten under construction far sooner than if they had waited to accumulate funds from Federal grants. Thus, they will

cost less and will bring benefits to the economy much sooner.

The President's Budget requests \$59 million for the Alameda Corridor project in the Los Angeles area. This multi modal project shows the value that federal funds provide to leverage other public and private investment. The total cost of this project is estimated at \$1.9 billion. The \$59 million will support \$400 million in direct loan authority to help the project bridge its early years. The Administration strongly supports this type of innovative financing as a prototype for increasing infrastructure investment.

STATE INFRASTRUCTURE BANKS

Encouraged by this early success of our Innovative Finance program, we sought and won congressional approval in the National Highway System bill late last year to establish ten pilot State Infrastructure Banks. These "SIBs," as they are called, are an important new tool to leverage Federal dollars.

They allow States to create credit enhancement mechanisms and to support bond-financed programs that will bring more public and private investment into infrastructure improvement. As a result, they will accelerate construction schedules. Fifteen States have applied for the ten slots currently available, and we expect soon to be announcing the winners.

We want to build on this success. The FY 1997 budget includes \$250 million, above the core Federal highway program, to help capitalize SIBs.

INVESTMENTS FOR PEOPLE

The ultimate success of any transportation system is measured by the service it provides to people. Many Americans are dependent on transit for their daily travel, others choose to use it. Transit service is an essential lifeline in rural America just as it is for disabled Americans. To help

ensure that transit is available to all these riders, we are proposing \$500 million in transit operating assistance -- 25 percent more than the \$400 million Congress provided this year in this vital program. This request is consistent with the position we took last year to hold the line on any further cuts in transit operating assistance.

TECHNOLOGY DEVELOPMENT

President Clinton and Vice President Gore strongly believe that investment in technology is critical to America's well-being and economic growth. The Transportation Department is aggressively pursuing technological advances and putting them in the field to maximize the safety and economic returns of our investments. Building better roads, facilities, and equipment means serving America better.

For FY 1997, the President proposes to increase DOT Research and Technology funding to \$1.06 billion, a 24

percent increase over FY 1996.

A major feature of this research budget is \$337 million for further development of Intelligent Transportation Systems. Americans are frustrated at the increasing congestion they face each day on our Nation's highways and we are doing something about it. Operation Timesaver, funded at \$100 million in FY 1997, will encourage States and localities to install fully functional Intelligent Transportation Infrastructure in 75 of the largest metropolitan areas. It promises to cut the travel time of citizens in these areas by at least 15 percent.

Deployment of technology can pay off with real safety benefits. We were pleased last month to dedicate the new Doppler Weather Radar at Washington National Airport. National is the tenth airport at which this new radar has been put into operation -- and eventually 45 of the Nation's biggest airports will have it. Doppler Weather Radar

virtually eliminates the threat of undetected wind shears -- the number one killer of airline passengers. When wind shear is detected, controllers can reroute traffic, preventing accidents and limiting delays.

We are also promoting technology advances in the U.S. maritime industry. \$44 million is proposed within the Maritime Administration's budget to guarantee almost \$600 million in loans under MARAD's Title XI program. These loan guarantees are supporting construction of modern, competitive ships in U.S. shipyards, as well as modernization of U.S. shipyards to make them world-class competitors. This program is making a big difference. Since 1993, American shipyards have signed contracts with a total value of \$1.6 billion to produce 144 vessels, of which nine vessels will be for export, compared to none over the past 30 years. This means American jobs and the revitalization of American shipyards.

Loan guarantees are but one part of our strategy to revitalize the American shipbuilding industry. Another key point is MARITECH, a joint public-private technology program focused on manufacturing and information technologies used in ship design and production. This program -- managed jointly by DOD and MARAD -- will invest \$220 million in Federal funds between FY 1994 and FY 1998.

TRANSPORTATION SAFETY

America demands and deserves an efficient and a safe transportation system. Safety is always our number one priority.

The Nation, from one end to the other, has made great progress over the past several decades in improving transportation safety. Transportation accidents, injuries, and fatalities occur mainly on our highways where people drive 6 and ½ billion miles every day. But our highways can

be deadly: 94 percent of transportation fatalities occur in highway crashes.

The Transportation Department and many public groups have for years worked hard to reduce injuries and deaths on the highways. We have moved from over 54,600 highway fatalities in 1972 to a low of 39,250 in 1992. But, we are alarmed by the increase in highway deaths in the past three years.

We've increased direct safety spending across all modes. But, in light of the upturn in highway fatalities, we must do more, and we must look for new solutions. So, for FY 97, we propose \$2.6 billion in total direct safety programs -- an 8 percent increase over this year.

Because the Congress has delegated much safety responsibility to the States and because we believe that the

key to improving highway safety is community involvement, we are expanding our Safe Communities program, with a proposed sixfold increase -- to \$28.2 million. This National Highway Traffic Safety Administration grant program empowers communities to identify their auto crash injury problems, develop solutions, and evaluate the success of their countermeasures. We are also proposing \$10.5 million for the National Advanced Driving Simulator, which will take this “safety laboratory” from the design phase to construction. It will allow us to simulate driver behavior for both research and training efforts.

MODAL SPECIFICS

Now I would like to review for you some of our budget specifics by operating administration.

For the Federal Highway Administration, the Department will request a Federal-aid obligation limitation of \$17.7

billion. The obligation limitation we propose is essentially the same as the \$17.5 billion enacted in FY 1996 with the \$241 million bonus program included inside the limitation levels.

Mandatory highway obligations are estimated at \$1.3 billion. This is a decrease of over \$900 million from FY 1996, but is not all it appears to be. The main reason for the decrease is a proposed obligation ceiling of \$630 million on all demonstration projects.

In addition, the formula calculation of contract authority for the minimum allocation program has declined. As I noted, the bonus program is moved to another category. Lastly, the emergency relief program in FY 1997 is carried at the statutory level of \$100 million, as compared with estimated obligations of \$237 million in FY 1996.

I previously described the \$250 million request for State Infrastructure Banks and our \$337 million request for the Intelligent Transportation System total program.

Lastly, the Department is requesting \$85 million for the Motor Carrier Safety Grant program, a 10% increase over FY 1996. This increase will allow us to enhance border State truck safety and improve safety inspections in the 10 States with the highest truck accident rates.

For the Federal Transit Administration, I've already talked about transit new starts and our proposed increase in operating assistance. We also propose that transit capital formula grants remain at the FY 1996 level of \$1.6 billion and that discretionary funding for projects other than new starts total \$999 million (\$725 million for rail and \$274 million for bus).

For the Washington Metro, we propose \$200 million, which

will keep WMATA's fast-track construction on schedule to finish the 103-mile Metro system by the year 2001.

For programs administered by the Federal Railroad Administration, we include \$296 million for Amtrak capital; \$342 million for Amtrak operating assistance; \$200 million for the Northeast Corridor Improvement Program (up from last year's \$115 million); and \$80 million, as mentioned earlier, in new dedicated funding for the acquisition of high speed trainsets and maintenance facilities.

For railroad programs other than Amtrak, we propose \$26.5 million for the next generation high speed rail program, up \$2 million from FY 1996. This program advances technologies that can greatly improve our passenger rail service in the future. Our railroad safety programs are proposed at \$51.9 million, up \$2.2 million from FY 1996. The increase in railroad safety will allow us to continue recent improvements made to the efficiency of our work

force, as well as to fund the new Railroad Safety Advisory Committee.

For the Federal Aviation Administration, we propose \$4.9 billion for FAA operations, including \$150 million derived from new user fees. This operating budget is a 6% increase over FY 1996. The operations level includes increased staffing in several critical safety areas: controllers (up by 250), safety and certification inspectors (up by 258), and field maintenance personnel (up by 134). For FAA facilities and equipment, we propose \$1.8 billion, about \$100 million below FY 1996. As you all know, we inherited a very troubled program for modernizing the air traffic control system. It was 33 months behind schedule and \$2.7 billion over budget. Secretary Peña and Administrator Hinson made real management changes to get this program under control. We now have agreements for the delivery and installation of the equipment needed for safe and efficient operations. The FY 97 Budget includes \$164 million for Display System

Replacement, \$41 million for the Oceanic Automation System and allow free flight across the oceans, and \$74 million for the GPS-based Wide Area Augmentation System. The budget also includes \$1.35 billion for airport grants.

For the Coast Guard, we propose funding at about the same levels as FY 1996: \$2.6 billion for operations, about a 2.5% increase over FY 1996; \$412 million for capital investments; and \$20 million for research. The request includes an increase of \$6 million for its drug interdiction efforts, including \$1 million for three new Port Security Units, and \$5 million for additional aircraft and cutter patrol hours. \$118 million of the Coast Guard total budget is proposed to be funded from the Defense budget category.

For the highway traffic safety programs carried out by NHTSA, we propose increases in both the grant and operations programs.

Highway traffic safety grants would increase by \$38.5 million, to \$193.6 million in FY 1997. I've already discussed the main reason for this increase, which is the \$28 million proposed for the safe communities grant program, up \$24 million over the current year.

NHTSA's safety operations and research budget is proposed at \$158 million, up \$36 million from this year. Of this, \$10.5 million is proposed for the driving simulator; \$5 million for the President's Partnership for a New Generation Vehicle (PNGV) program, to assure that safety keeps pace with fuel efficiency in the new fleet; and \$11 million for research and analysis of the characteristics and causes of automobile crashes, both on the vehicle and the passenger.

For MARAD, we propose a total of \$222 million, up \$66 million over the levels contained in the current conference report. The main increase is for funding of the Maritime Security Program, which would go from the start-up level of

\$46 million we hope to see authorized and appropriated for the current year to \$100 million in FY 1997. The Maritime Security Program will enable use to enter into operating contracts with some 47 US-flag ships. The FY 1997 budget proposes that the Maritime Security Program be funded from the Defense budget category.

Funding for the Research and Special Programs

Administration is proposed at \$62 million, a \$7 million increase over FY 1996. Of the proposed increase, \$3 million is for pipeline safety grants and \$4 million is to support research on multi-modal transportation issues and applications.

We are also proposing \$21.9 million for the “Essential Air Service” program in FY 1997, with provisions to assure that Federal resources are only being used where there is a genuine need.

Lastly, funding for a new entity in the Department of Transportation, the Surface Transportation Board, is proposed at \$15.3 million, to be totally financed by proposed user fees.

GOVERNMENT EFFICIENCY

President Clinton has believed from the beginning that bigger government isn't the answer to the Nation's problems. He asked Vice President Gore to head up a National Performance Review to identify changes in the way the Federal government operates so that it could work better and cost less. The Vice President and his team, which included Transportation Department participants, produced a series of reports with recommendations for changing the way government works. We have already implemented more than half of its recommendations. For just one example, we are delivering Federal assistance faster than in the past: FHWA and FTA are now offering the States and transit

agencies “electronic signature” on grants, which can cut payment processing time from four days to one. And there is the potential to produce savings of up to \$5 million per year through this program.

And we are well along toward our goal of eliminating over 1,000 pages -- 13 percent -- of DOT’s external regulations, reinventing over 2,000 pages, and cutting our internal directives and orders by more than 50 percent.

Even though we’re doing more this year than we did in 1993, we’re doing it with fewer people -- specifically, some 10,000 fewer by actual head count. The previous Administration had let DOT’s workforce grow by nearly 10,000. This Administration has responded to the American people’s demand for smaller government. We expect an additional reduction of more than 600 positions during FY 1997, even as we add additional safety staff in FAA.

One of the best examples anywhere of the new way of doing business is the United States Coast Guard. They are pursuing an aggressive streamlining plan to restructure headquarters and the major field commands. They are cutting overhead expenses -- a cumulative \$400 million by 1998 -- and trimming their workforce by 4,000 people, even as they step up their efforts in safety, environment and drug enforcement.

SUMMATION

To sum up, this budget maintains President Clinton's record of investing more in infrastructure to keep our economy growing -- nearly 11 percent more -- and pursuing innovative ways to encourage public and private partners to play a larger role. It continues investment in technology development and deployment, particularly to address the growing problem of traffic congestion that frustrates so many Americans. It steps up our efforts to ensure a safe

transportation system. And it pays for these investments by continued downsizing of the Department and improvements in its efficiency.

This budget represents strategic investment to make America globally competitive, and to save lives. And it also means jobs as we build new projects and support a strong economy.

Above all else, the President's overall budget eliminates the deficit in seven years by cutting unnecessary government but investing where the country needs it most.

I look forward to working with Congress for timely passage of this budget for the Department of Transportation.

Thank you for your attention. My colleagues and I will be happy to answer your questions.



TRANSPORTATION TRENDS

**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
MAKING THE MOST OF ISTEA CONFERENCE
SEATTLE, WASHINGTON
FEBRUARY 22, 1996**

Thank you for that introduction, Janette. Before I begin, let me also thank FTA, GFOA, and APTA for their efforts in organizing this conference. ISTEA is revolutionizing transportation finance, and it's important that state and local transit officials and private investors be able to take advantage of those changes. This conference is intended to give you the basics to do exactly that.

You're hearing a lot today and tomorrow about the specifics of ISTEA financing opportunities from the other speakers, so I'd like to use my time to talk about the broader picture of transportation funding: how we're going to ensure we have the resources we need to keep America moving.

Let me start with the obvious: we continue to face growing travel demand, inadequate capacity, bottlenecks and poor connections between modes, an aging, and deteriorating infrastructure. We can't take that lightly.

Our recent report on the nation's surface transportation system performance didn't surprise anyone when it concluded that we -- federal, state, local, and private -- must invest nearly \$8 billion annually in our transit systems and services *just to maintain current conditions*: the aged buses and railcars and inadequate facilities that too many transit systems must make do with.

Let me qualify that a little. The \$8 billion number might have surprised the authors of some previous transit needs estimates who tried to convince us that a fraction of that amount was appropriate.

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Including flexible funds and carryovers, last year FTA -- listen to this -- obligated a total of \$6 billion -- that's \$6 *billion* for transit -- the most ever.

Our commitment goes beyond the greater use of flexible funds, important as that is.

We've announced a dozen new transit starts -- some in places with long histories of rail transit, like New York's Queens Connector and Boston's South Boston Piers Extension -- others in places with newer transit traditions, like Salt Lake City -- which will have a light rail line in place for the 2002 Olympics -- and Portland, where I delivered \$158 million yesterday to carry forward the light rail line.

More than \$4.6 billion has been committed to date for these Clinton Administration projects.

Even with our strong support for expanding transit, we haven't wavered on the basics: maintaining existing services. Under this administration, federal grants now help to purchase 8,000 buses and paratransit vehicles each year and to replace aging facilities and trackage in every rail city.

We've helped transit agencies control their operating costs by ending unnecessary requirements and regulations. Our new electronic grant-making system -- simplified procurement and Buy America guidelines and new 13(c) implementation guidelines -- and streamlined grantee certifications are all examples of bringing common sense to government.

We've given operators expanded flexibility in using capital funds for spare parts and bus overhauls so that they can make the most of their operating assistance to save service.

And, in a time when many want to zero out transit operating assistance altogether, we've fought for it and we've managed to preserve it -- and we'll fight for it again in the coming year's budget.

In sum, this is the most pro-transit administration ever -- and that's important in a time when transit's skeptics and outright adversaries are more aggressive than ever.

In this environment, we have to explore new sources of funding even as we seek to sustain our current ones. Congress and the President agree on the necessity of a balanced budget over the next seven years, and we will feel pressure on our funding.

That's why we see innovative financing tools to stretch our dollars as another way to respond to an era of limited federal funds.

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The 1996 transportation appropriations bill, finally enacted last November, spared most of us in DOT the trauma that plagued much of the rest of the federal government during the recent shut-downs.

In that bill we received an overall cut of about 4 percent from prior-year levels, so transportation also was spared the severe reductions seen in other programs -- although a disproportionate share of the cut went towards transit.

Ordinarily by this date we'd have proposed a 1997 budget to Congress -- and you'd be starting to lobby your Congressmen for more.

However, since the overall 1996 federal budget remains unresolved, we're in a rather unusual position, and I can't go into the detailed budget until it's released next month.

I can say to this audience, though, that you would be safe in postponing your St. Patrick's Day parties to Monday, March 18, to hold a budget celebration.

But if I can't speak about the details of the 1997 budget, I'd at least like to talk about the principles that guide it -- and I'd like to put the related issue of ISTEA reauthorization in the same context.

As you all know, ISTEA authorizes federal transit, highway, and safety programs through October 1997. We don't need to reauthorize them until late 1997, although some in Congress had wanted to consider it this year.

I think that would have been a mistake. Although we have good experience on how ISTEA is working, we can only benefit from the additional knowledge that another year will bring.

Moreover, many state -- and especially local -- governments have developed transportation programs based on ISTEA's running its full term, and shouldn't have their plans disrupted by a change this late in the game.

Finally, many of you took part in the national dialogue that shaped ISTEA -- as did I as part of APTA's Transit 2000 effort -- and I think you'd agree that process helped to produce a bill with extraordinarily broad support.

We need to reopen the dialogue, but going through reauthorization this year would have truncated it, to the disadvantage of all of us.

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It's important that reauthorization continue the progress towards intermodalism so that modal categories and competitions defined at the beginning of this century don't determine the transportation system of the next one.

As we move towards a 1997 budget and ISTEA reauthorization, it's vital -- whatever your views -- that we work together. Those of you who participated in ISTEA's creation will remember how important cooperation among a number of constituencies was to that process.

Cooperation and constituency-building is going to be even more important in the future as the federal government faces ever-tighter spending limits and state and local governments confront competing demands for their funds.

There will be some things that divide us -- especially when it comes time to debate funding formulas -- but if we bog down in that debate it's going work against all of our interests.

Everyone *here* recognizes transportation's importance to our economy and our quality of life, but getting the resources we need is not going to be easy as we compete against schools, law enforcement, health care, and other vital needs.

That's why we need to maintain -- and even expand -- the coalition of constituencies that gave us ISTEA.

We need to work together to establish a productive dialogue about transportation programs with the capability of generating broad support -- just as ISTEA did.

Most of you are involved with transit, but this is the same message that I'm carrying to highway departments, railroads, and all of the others with a stake in ISTEA's reauthorization.

As I said at the beginning of my remarks, this can't be a time for either/or decisions. It must be a time to find common ground. If we don't do so in an era of budget infighting, we risk losing the broad support that has sustained our programs so far.

We in the Clinton Administration want to help the transportation community reconcile its sometimes-conflicting agendas, build the type of consensus that gave us ISTEA, and put our programs on a sound basis for the 21st century. Secretary Peña and I look forward to working with you in that effort. Thank you.

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(In his remarks the Deputy Secretary referred to Janette Sadik-Khan, Associate Federal Transit Administrator for Budget and Programs.)