

DEPUTY SECRETARY OF TRANSPORTATION  
MORT DOWNEY  
1995 SPEECH LIST

**\*SPEECH WAS RELEASED IN FINAL FORM**

01/09/95	Conference On The Future Of The Transportation Industry Washington, D.C.
01/12/95	White House Conference On Trade And Investment In Central And Eastern Europe Cleveland, Ohio
01/26/95*	1995 Transportation Research Board Meeting Building Bridges, Not Bureaucracy: Restructuring The Department of Transportation Washington, D.C.
01/26/95	University Transportation Centers Program Fourth Annual Student Of The Year Awards Washington, D.C.
01/27/95	The Preston Law Firm Washington, D.C. (Talking Points)
02/02/95	American Association Of State Highway And Transportation Officials Washington Briefing Washington, D.C.
02/08/95	FHWA Unit Managers Meeting Washington, D.C.
02/14/95	Black History Month Observance Washington, D.C. (Talking Points)
02/16/95	Transportation Trades Department (AFL-CIO) Executive Committee Meeting Bal Harbour, Florida
02/21/95	National Capital Area Chapter Of The American Society For Public Administration Washington, D.C.
02/27/95	International Association Of Chiefs Of Police Alexandria, Virginia

03/06/95 Forum On Future Directions On  
Transportation Research And Development:  
Welcome And Introductory Remarks  
Washington, D.C.

03/06/95 Forum On Future Directions On  
Transportation Research And Development:  
The Federal Research And Development Strategy  
Washington, D.C.  
**(Talking Points)**

03/10/95 National Academy Of Public Administration  
Washington, D.C.

03/14/95 APTA Olympic Bus Event  
Washington, D.C.  
**(Talking Points)**

03/15/95 ITS America  
Washington, D.C.

03/16/95 ITS America Annual Meeting Recognition  
Luncheon  
Washington, D.C.  
**(Talking Points)**

03/23/95 FHWA/FTA South African MOU Signing Ceremony  
Washington, D.C.  
**(Talking Points)**

03/27/95\* American Association Of Airport Executives/  
Airports Council International - North America  
Legislative Issues Conference  
Washington, D.C.

03/30/95 Andover Alumni Abbot Association Of  
New England  
Boston, Massachusetts

04/05/95 Regional Railroads Of America  
Washington, D.C.

04/06/95 DOT Restructuring Legislation Press Briefing  
Washington, D.C.

04/07/95 National Press Club  
Washington, D.C.

04/21/95 Earth Day  
Washington, D.C.

04/26/95	Greater Cleveland Rapid Transit Authority Harvard Bus Garage Dedication Cleveland, Ohio (Talking Points)
04/26/95	Boston Society Of Civil Engineers Boston, Massachusetts
04/27/95	Oklahoma City Memorial Washington, D.C. (Talking Points)
05/04/95	The Municipal Forum of New York New York, New York (Talking Points)
05/05/95*	UTC Transit Conference Rutgers University New Brunswick, New Jersey
05/10/95*	International Conference On Communications-Based Train Control Crystal City, Arlington Virginia
05/15/95	ARTBA/USAID Russian Agreement Signing Ceremony Washington, D.C. (Talking Points)
05/15/95	Federal Bar Association Transportation Law Section Washington, D.C. (Talking Points)
05/17/95*	Operation Lifesaver 1995 Congressional Appreciation Awards Washington, D.C.
05/18/95	Commercial Space Transportation Advisory Committee Washington, D.C.
05/19/95*	Greater Miami Transportation Summit Miami, Florida
05/22/95	ENO Transportation Foundation, Inc. Transportation Policy Education Conference Washington, D.C.

05/30/95	Washington, D.C. Chapter Of The Association For Transportation Law, Logistics, and Policy Washington, D.C.
05/31/95	Child Safety Conference Reception Crystal City, Virginia (Talking Points)
06/05/95	1995 Procurement Performance Measurement Symposium Washington, D.C.
06/08/95	American Society For Public Administration Meeting New York, New York
06/14/95	FAA Regional International Briefing Session Washington, D.C. (Talking Points)
06/15/95	New York Association Of Consulting Engineers New York, New York
06/21/95	National Student Congress Leadership Seminar Washington, D.C.
06/22/95	Administrators' Reception For The Summer Transportation Internship program For Diverse Groups Washington, D.C. (Talking Points)
07/11/95	Roundtable With Congressman Mineta For Summer Transportation Internship Program For Diverse Groups Washington, D.C. (Talking Points)
07/13/95*	Teleconference On The Congestion Mitigation And Air Quality Improvement Program (CMAQ) Raleigh, North Carolina
07/25/95	American Society For Public Administration Annual Meeting San Antonio, Texas



08/15/95	US DOT Administration Employees Conference Washington, D.C.
09/18/95	ITS Ohio Annual Meeting Reception Columbus, Ohio (Talking Points)
09/18/95	American Transportation Technology At Risk - Op-Ed
09/19/95	Design For Transportation National Awards Program Washington,
09/19/95*	ITS Ohio Annual Meeting Columbus, Ohio
09/20/95	William M. Benkert Award Ceremony Washington, D.C.
09/22/95	FTA Bus Industry Summit Washington, D.C.
09/27/95*	Ministers' Forum On Infrastructure Development In the Asia-Pacific Region Osaka, Japan
10/11/95	Illinois Rural Transportation Bloomington, Illinois (Talking Points)
10/11/95*	Mitsubishi Motor Manufacturing Millionth Car Bloomington, Illinois
10/18/95*	American Road And Transportation Builders Association's 7th Annual Public-Private Ventures In Transportation Conference Washington, D.C.
10/26/95*	Challenges And Opportunities For Global Transportation In The 21st Century Conference Cambridge, Massachusetts
10/27/95	Credit, Travel, And Fraud Conference Orlando, Florida

11/07/95\*      Railway Age's Passenger Trains  
On Freight Railroads Conference  
Washington, D.C.

11/01/95      National Transportation System  
Performance Measurement Conference  
Washington, D.C.

11/07/95      Introduction of Professor Marvin L. Manheim  
At BTS Seminar Series  
Washington, D.C.  
**(Talking Points)**

11/09/95      Meeting On The National Working  
Group On Deployment Of ITS Services  
Washington, D.C.  
**(Talking Points)**

11/09/95      RSPA Employee Recognition Ceremony  
Washington, D.C.  
**(Talking Points)**

11/14/95      National Quality Initiative Seminar:  
Partnerships For Quality: Initiatives  
In Action  
Alexander, Virginia

11/14/95      Transportation Research Board Presentation  
To The National Research Council Governing  
Board  
Washington, D.C.

11/15/95      Meeting On ITS With FHWA/FTA Regional  
And Divisional Staff  
Alexandria, Virginia  
**(Talking Points)**

11/16/95      DOT Employees On Federal Shut-Down  
Washington, D.C.  
**(Talking Points)**

11/16/95      Advisory Council On Transportation  
Statistics Meeting  
Washington, D.C.  
**(Talking Points)**

11/16/95      WMATA Potomac Yard Signing Ceremony  
Potomac Yard, Virginia  
**(Talking Points)**

3.81

**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
CONFERENCE ON THE FUTURE  
OF THE TRANSPORTATION INDUSTRY  
WASHINGTON, D.C.  
JANUARY 9, 1995**

**Good morning. On behalf of Secretary Peña and the Department of Transportation, I'd like to welcome you to this conference on the future of the transportation industry.**

**Obviously, predicting the future isn't easy, and failed prophets litter the landscape. Indeed, about the time that the Interstate Commerce Commission was created, a brave soul projected that New York City would soon be six feet deep in horse droppings. Well, my fellow New Yorkers know that he was a bit off: today, it's the *potholes* which are six feet deep.**

**But the uncertainty of the future must not stop us from trying to forecast it so we can develop the systems we will need. And that's what we will do today.**

**This conference originated as part of a study of the ICC mandated by Congress. Needless to say, recent events have made an important meeting even more significant.**

**Three weeks ago today, Secretary Peña joined the President and the Vice President to announce a major restructuring of DOT – an expansion of our effort to redefine what the federal government does in transportation and how it does it.**

**This restructuring meets the public's demand for government which not only works better but also costs less – in a time when our transportation systems are being challenged by increasing travel, deteriorating infrastructure, inadequate capacity, and poor connections between modes.**



**Simply preserving the extraordinary transportation system built during the 20th century – much less making the improvements we need to safely and efficiently move people and goods in the 21st century – is going to be difficult.**

**But it can be – indeed, *must* be – done. There is no other choice if we are to maintain the mobility that sustains our economic competitiveness and our quality of life.**

**I think that the American people understand this, and are willing to pay for the transportation system they need. But they also want – *and deserve* – the assurance that their tax dollars are being well-spent.**

**And that is what our restructuring of DOT will do: position us to give America the cost-effective transportation system it needs.**

**We're focusing on three strategies to do this.**

**First, consolidation: simplifying DOT by reducing the current 10 operating administrations to three, and converting what has been a federal agency holding company into a rationally-structured vehicle to serve the public.**

**Second, streamlining: reducing more than 30 funding programs down to three – a unified block grant program giving state and local governments more flexibility and authority, State Infrastructure Banks to leverage private investment, and a federal discretionary fund for projects of regional or national significance.**

**Third, downsizing: eliminating redundancies, cutting red tape and unnecessary regulations, introducing business-like efficiencies, and responsibly reducing DOT's workforce.**

**None of this will be easy, of course, and all of it requires a clear-eyed understanding of where we need to go – what our transportation needs are, and the best ways of meeting them.**

**That's why today's conference is *doubly* important.**



**Our focus will be on a long-term vision of surface transportation goods movement and of the appropriate economic regulations -- if any -- that will best serve that industry.**

**Congress has required that DOT examine the ICC's role and identify which of its functions could be eliminated and which should be continued -- whether under the ICC or through some other means.**

**We're holding this conference as part of that study because we thought it important to start from a clean slate -- as if the Interstate Commerce Act didn't exist. And then, with the transportation systems of the future as laid out for us in the papers to be delivered this morning, identify how best to ensure their efficiency.**

**This conference's summary, together with the larger study now being prepared, will give Congress and the Administration the critical information they need to make decisions about future economic regulation generally, and the ICC specifically.**

**Our goal is to publish a draft of the full study in the *Federal Register* next week, with a 20-day comment period, and then submit the final study to Congress in February.**

**This material will also be invaluable to us as we restructure DOT. It's important for us to be able to hear the opinions of experts from outside the federal bureaucracy about what our transportation systems could look like in a generation, and to hear how the federal government can have a positive effect on them.**

**And so today I urge you to be bold and provocative in your comments, and to offer your opinions freely. We'll all benefit from it as we work to manage the change which we all know is coming.**

**As President Kennedy said, "change is the law of life, and those who look only to the past or the present are certain to miss the future." I can't think of a better thought with which to guide us as we begin a conference on the future of transportation.**

**Now, I'd like to turn the platform over to Porter Wheeler of Apogee Research, who will be moderating today's program.**

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**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
WHITE HOUSE CONFERENCE ON TRADE AND INVESTMENT  
IN CENTRAL AND EASTERN EUROPE  
CLEVELAND, OHIO  
JANUARY 12, 1995**

**Good afternoon. I'd like to bring you greetings from Secretary Federico Peña and the U.S. Department of Transportation, and welcome you to the transportation industry workshop of our Conference on Trade and Investment in Central and Eastern Europe**

**In his visit to Europe last winter, President Clinton articulated a vision of a community of free and prosperous European nations, growing more secure and more united into the next century.**

**Your nations are undergoing the transformations that will propel them towards this goal. Through this process, you will produce higher standards of living for your peoples, and ensure the long-term economic growth that helps to sustain democracy. And, since democracies compete peacefully, the growth of freedom increases the security of all nations.**

**Today, I'd like to talk about the role of transportation in sustaining economic growth – and about the partnerships we hope to form with you to develop the transportation systems needed for that growth.**

**Efficient systems to move people, goods, and information are essential to improving the overall productivity of any nation's economy and its linkage to the world's markets.**

**That is why the United States is committed to extensive new investment in our own physical capital – our roads, our mass transit systems, our railroads, our airports, and – increasingly – in our communications systems – the new "information highways" of the future.**



**Such investment is critical to maintaining efficiency in the economy through an ability to move people, goods, and information quickly and cheaply.**

**Indeed, the availability of an extensive and efficient transportation system has been the backbone of American economic competitiveness for generations – from the days of regional canals, to transcontinental railroads, to Interstate Highways.**

**To cite just one modern example of the continuing benefits of this system, first-rate highways and economically-competitive railroads have allowed American industry to introduce "just-in-time" manufacturing techniques.**

**In effect, American manufacturers have turned the stream of containers moving to factories by truck and rail into "warehouses on wheels," saving billions of dollars of inventory costs.**

**This sort of society-wide return on investment that transportation investment makes possible is difficult to quantify – but it is clearly substantial and well worth doing.**

**Similarly, while it is impossible to define some absolutely "correct" amount of investment in transportation, virtually all economists and businesspeople agree that sound, well-maintained infrastructure is essential to sustained economic growth.**

**Competitive nations all over the world understand the link between transportation investment and long-term economic growth.**

**This worldwide movement to create modern, efficient highways, ports, airports, and railways – with efficient links between them – presents every nation with a simple choice: consistently improve your transportation system or fall behind.**

**Transportation development is like riding a bicycle: the basic rule is that you can't stand still.**



**In fact, *any* nation that wants to foster industrial and commercial investment – whether from domestic or global enterprises – must provide the modern transportation links such enterprises need.**

**It has been estimated that Central and Eastern European nations need \$40 to \$60 billion in highway construction alone over the next several years, with billions more required to improve railways, airports, and waterways.**

**If the promising systems under consideration in your nations are well-designed, adequately financed, and linked effectively to each other, then they will sustain economic development in Central and Eastern Europe well into the next century.**

**Well-planned investments will integrate national economies with each other from Albania to Estonia, deepen the ties between peoples – and better link all the nations of Central and Eastern Europe to world markets.**

**Such links are very important, as we Americans have learned from our experience with the North American Free Trade Agreement that links the economies of the U.S., Canada, and Mexico.**

**I believe that we in the U.S. have a wealth of experience to share – not only in planning and building transportation systems, but in the means of financing them, maintaining and upgrading them, and improving their safety and capacity with new technologies. That knowledge provides the basis for the mutual opportunities that this conference is expected to further.**

**Such cooperation is not a new idea. Indeed, it is similar to the role America played after World War II, when it helped to rebuild the economies of Germany and Japan.**

**But one significant difference, and the reason we are here this week, is the greater reliance on the private sector. Whereas after World War II the rebuilding of Western Europe under the Marshall Plan was funded essentially by the U.S. government, fiscal realities today dictate a greater role for business.**

**We look to private companies from the United States and throughout Europe to make this happen – and to make it happen *efficiently*. These companies have the knowledge, the skills, and the experience to help you move forward.**

**And, although I have focused on infrastructure, the challenges you face are not limited to that alone. Your nations have needs in other areas that can be met by American companies.**

**For instance, American businesses produce much of the finest equipment in the world – airplanes, motor vehicles, rail rolling stock, and the apparatus which sustains them – everything from radar to rail signals to maintenance-of-way equipment.**

**We also can help by providing training, computer software programs, and consulting services in fields as varied as the rationalization of unnecessary transportation connections, air traffic control systems, and stevedoring.**

**The capabilities of the private sector do not diminish the role for government as a catalyst for change. In fact, we in the U.S. government seek an active role in bringing about new opportunities.**

**Together with the traditional economic development arms of the U.S. government – such as the Trade and Development Agency, the Agency for International Development, and the Export-Import Bank – the Department of Transportation is lending its technical expertise to support sustained development in Eastern and Central Europe and to strengthen trade ties between our nations.**

**We're organizing these efforts through the Trade Promotion Coordinating Committee, which brings together 19 federal agencies to further international commerce.**

**Our efforts go beyond trade promotion, and aim to support the investment your nations need.**

**For example, we're encouraging international institutions, such as the European Bank for Reconstruction and Development, to support transportation-related investment.**

**We want to work more closely with your governments and with American and European companies and financial institutions to put together total packages for major transportation projects.**

**That means planning and engineering, financing, construction and construction management – and even facility operation.**

**In order to identify potential projects of mutual interest, we have encouraged U.S. embassies to obtain better information on transportation needs in Europe and to communicate them to the Commerce and Transportation departments in a timely fashion.**

**And the Commerce Department is assigning its embassy officers to prepare Country Commercial Development Strategies, to identify specific investment, product, and service needs abroad.**

**We also want to provide support by targeting Department of Transportation technical assistance funds to pay for project feasibility studies as a means of laying the groundwork for necessary projects.**

**To make such cooperative projects a reality, we want to overcome the barriers that can arise in international activities.**

**One example we see is working with our counterparts overseas to develop construction and equipment standards that are compatible with ours. This compatibility will not only foster greater trade and business opportunities, but can also increase travel safety.**

**Compatibility is institutional as much as technical, so we also have encouraged foreign government decision-makers and businesspeople to visit the U.S. for study tours to see first-hand how our market-responsive transportation system works – and how our public and private sectors cooperate – much as many of you are doing on this visit.**



**And, while we are interested in short-term results, we also want to keep our eye on building long-term benefits.**

**That means focusing on institution-building efforts such as assisting in standards development, establishing procurement and contracting procedures, organizing efficient public sector transportation departments, and establishing market-oriented regulatory policies.**

**We see building your transportation infrastructures and your economies as being mutually beneficial. You will gain the basis for the long-term economic security needed to sustain your democratic institutions.**

**We will benefit from new trading partners, and from the opportunities created for American businesses – opportunities we strongly encourage them to pursue, and in which we will support them.**

**In closing, I want to reiterate our commitment to working closely with you to further develop the links between our nations. Many Americans are the sons and daughters of Central and Eastern Europe, and we have deep ties to your nations.**

**These Americans have dreamt of the return of freedom to the lands of their forebears for a generation. Now that it is a reality from the Baltic to the Mediterranean, we look forward to cooperating with you to sustain it.**

**And now, I would like to turn the platform over to the working group of transportation experts, so that they can offer their perspectives on these issues.**

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16-5-1

**GENERAL TALKING POINTS FOR PRESENTERS  
REGIONAL PRESENTATIONS ON DOT RESTRUCTURING  
JANUARY 17-20, 1995**

***OPENING***

- \* Last month Secretary Peña joined President Clinton and Vice President Gore in proposing a bold restructuring of the U.S. Department of Transportation to make it better serve the American people. Today, I'd like to tell you about that restructuring -- and the thinking behind it -- and then hear your ideas so I can take them back to the Secretary.
- \* **DOT's fundamental mission is unchanged: to help develop a transportation system that meets America's mobility needs in the 21st century and that keeps our economy globally competitive.**

***CHANGED CONDITIONS***

- \* What *has* changed are the conditions that affect how we carry out our mission. First, there is a **clear consensus that the federal government has to reassess its mission and role in the 21st century.**
- \* That isn't new: Vice President Gore's reinventing government effort already is cutting red tape and reducing the federal work force -- by about 100,000 employees to date, with firm plans for nearly 200,000 more.

- \* However, the first round of reinventing government focused on how to make the federal government more efficient. We've had many successes, and they have given us the confidence to do even more.
- \* Now, we are asking such basic questions as: *Should the federal government be doing all of these things?* At DOT, that has meant looking at each program and asking: *Does it need to exist?* And -- if yes -- *Is there a better way?*
- \* As President Clinton said, we want to stop doing things that government doesn't need to do or doesn't do very well. We have to change yesterday's government to make it work for tomorrow's America.
- \* **Second, we need to limit federal spending, both to give hard-working middle-class Americans the tax relief they need and to reduce the deficit. We can do this by redoubling our commitment to reinventing government.**
- \* Under this Administration, federal transportation investment has been increased to the highest level ever, but fiscal realities mean that future growth in federal spending is going to be difficult, if not impossible.
- \* We already have a "hard freeze" on domestic discretionary spending -- everything from the Coast Guard to the FBI to the National Park Service -- and Congress is talking about major new cuts.

- \* **Third, we recognize that policy imposed from Washington can't be as effective as decisions made by those who best understand the needs of the American people: state and local officials and communities. As the Vice President said, we will replace Washington interference with local opportunity.**
- \* **When we went through this initial set of questions last month, we concluded that we needed to focus on the core federal role in transportation: (1) to ensure the safety of the traveling public and of transportation industry workers and (2) to provide -- and promote -- investment in America's transportation infrastructure.**

### ***RESTRUCTURING'S THEMES***

- \* **Restructuring DOT and its programs offers the best means to achieve our goals, both for our nation's transportation systems and for government-wide change.**
- \* **In proposing the restructuring, Secretary Peña set forth three themes which capture his vision of what it must accomplish.**
- \* **First, he wants to increase total investment in transportation by cutting red tape and leveraging scarce federal resources through partnerships with state and local governments and private business.**
- \* **Second, he wants to make DOT more cost-effective by eliminating waste and duplication, as so many**

American businesses have done, giving it a rational structure, and responsibly reducing its size -- chiefly through corporatization of the air traffic control system.

- \* Third, he wants to return authority and flexibility to state and local officials, and make their lives easier by eliminating unnecessary procedures and simplifying requirements.

*[If using the Secretary's video, presenters have the option of going directly to the closing on page 7, but are strongly encouraged to review the strategies to reinforce them.]*

### **STRATEGIES: 1 - CONSOLIDATION**

- \* The Secretary has set three general strategies to accomplish these goals.
- \* First, he proposed consolidating DOT's 10 operating administrations into just three. When DOT was created in 1967, it was formed by taking transportation agencies from around the government and combining them into what was basically a holding company.
- \* That approach inhibited the coordinated policy-making we need, especially as we promote intermodalism. It also means both duplication -- in everything from personnel to procurement -- and incompatibility -- in things ranging from policies to computer programs.
- \* We have not yet made any decisions about the exact structure of DOT, but we are looking at two main



options. First, one targeted at missions: agencies focused on infrastructure and on safety, together with an independent Coast Guard. Second, one targeted at modes: surface, maritime, and air.

### ***STRATEGIES: 2 - STREAMLINING***

- \* Our second strategy is streamlining our programs. We currently have 30 different federal transportation funding programs -- each with its own requirements and regulations.
- \* That burdens state and local officials, and it also distorts decision-making, because projects are sometimes built not because they make sense but because the money just happens to be available. Other distortions occur when states go to Congress for "demonstration projects" when their particular needs don't fit into one of the categories.
- \* We want to combine those 30 programs into just three -- and simplify everything from applications to regulations along the way.
- \* First, we propose unified allocations of funds to state and local governments, with far greater flexibility and far fewer strings attached.
- \* Second, we want to go beyond traditional federal grants and establish State Infrastructure Banks, which would use federal seed money to attract both private capital and additional state and local investment. We already

are cutting red tape in transportation financing, but we want to go further in promoting ingenious, innovative techniques already common in the business world.

- \* **Third, we propose to use a smaller fund for federal discretionary grants for projects of regional or national significance.** For example, some projects affect the movement of people or goods through many states, but can't reasonably be funded by any one state.

### ***STRATEGIES: 3 - DOWNSIZING***

- \* **The Secretary's third strategy is downsizing -- and that's a natural result of consolidating agencies, streamlining programs, and redesigning systems and processes. We're proposing to reduce the DOT workforce by more than 50,000 from its peak level.**
- \* **DOT has already made a downpayment on this reduction as part of the first phase of the Vice President's reinventing government effort, and we're 1,100 employees ahead of that goal.**
- \* **Much of the remaining reduction will come from the up to 40,000 air traffic control employees. They would be in a new, corporatized entity free of the inflexible restrictions which hinder common-sense procurement and personnel policies and the deployment of advanced technology.**

- \* The result will be a leaner and more efficient department, with bureaucratic trivia slashed and more employees serving our customers on the front lines.

## ***CLOSING***

- \* This is an ambitious undertaking, and it will create a DOT which will better meet the nation's transportation needs. I've only given you a brief overview of what this entire process is about, and there are still a lot of decisions to be made.
- \* We have about 200 senior DOT staff -- from all modes and other units within the department -- working on this in task forces, developing the legislative and budget packages we need to carry out our proposals.
- \* We'll be making a lot of major decisions over the coming months, and especially by February 6, when the President will submit his 1996 budget to Congress.
- \* Between now and then, and even well beyond, we want to have the advice of the people who best know our nation's needs. That's why we're here today. Now, I'd like to show you a video of a presentation on the restructuring that Secretary Peña recently made to senior DOT staff. After that, I'd like to hear your ideas and bring them back to Secretary Peña.

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U.S. Department  
of Transportation

# **TRANSPORTATION TRENDS**

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**REMARKS AS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
1995 TRANSPORTATION RESEARCH BOARD MEETING  
BUILDING BRIDGES, NOT BUREAUCRACY:  
RESTRUCTURING THE DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.  
JANUARY 26, 1995**

As Secretary Peña said in his remarks, we've developed a series of strategies to carry out DOT's restructuring. We're currently in the process of refining them, addressing the multitude of issues that they raise, and building specific legislative proposals to go to Congress this year.

Today, I'd like to expand upon the three general strategies that guide us as we seek to accomplish our goals: consolidation, streamlining, and downsizing.

First, we've proposed consolidating DOT's 10 operating administrations into just three.

That's something that has been considered by Transportation Secretaries almost from the Department's inception in 1967 -- usually as they are leaving office. Many of you will recall that DOT was formed by taking transportation agencies from around the government and simply combining them into what was basically a holding company.

Such unwieldy conglomerates may have been the wave of the future in both government and business during the 1960s, but that wave has crested -- and we've all found that these organizations just don't make sense in the leaner 1990s.

Without pushing the analogy too far, it seems to us that some of those corporations have, in fact, been the easy targets of hostile takeovers.

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Office of the Secretary, Public Affairs  
(202) 366-4570*



**This complexity burdens state and local officials, who have to juggle these requirements as they try to come up with the funding mix to meet their real-world transportation needs.**

**It also distorts transportation decision-making and project selection, because things are sometimes built not because they make sense but because the money just happens to be available.**

**Other distortions occur when states go to Congress for specific "demonstration projects" to meet their particular needs that don't fit into one of our main funding categories.**

**We want to combine those 50-plus programs into just three, and simplify everything from applications to regulations along the way.**

**The major component of our funding would be through unified allocations of funds to governments, with far greater flexibility and far fewer strings attached than in today's grant programs.**

**These allocations would be structured to maximize incentives to select projects based upon actual needs, and would have the versatility needed to work in the real world of conflicting demands — demands that can't be met by squeezing projects into a box on an application form.**

**We would also reduce the red tape tied to these grants — requirements, rules, and regulations created — with the best of intentions — to ensure accountability for public funds, but which now choke creativity and waste time and energy.**

**We've got to trust state and local governments and the private sector to make the right decisions — and give them a structure which lets them do so.**

**The second program would go beyond the traditional federal grant reimbursement programs and establish State Infrastructure Banks. These would use federal seed money to attract both private capital and additional state and local investment.**

**This approach is going to be critical as transportation needs increase in the years to come -- and the public funds available do not increase proportionately.**

**We've got to get private investors more involved in designing, financing, building, and operating transportation systems if we're going to keep America moving in the 21st century.**

The result of the downsizing will be a leaner and more efficient department, with more employees serving our customers on the front lines.

That will benefit all of us -- our customers, the taxpayers, and federal workers -- the dedicated and highly-competent employees who now are all too often frustrated by having to deal with bureaucratic trivia, rather than doing the jobs they want to do.

This restructuring is an ambitious undertaking, and it will create a DOT that will better meet the nation's transportation needs.

The process of defining and implementing that restructuring has been going on for weeks now. We've involved hundreds of DOT employees directly, and we have reached out to our customers, our partners, and the general public through a nationwide series of meetings.

There are a lot of decisions still to be made, and we will have to submit legislative and budget packages to Congress in order to carry out many of our proposals.

I'm sorry that I can't give you much in the way of definite dates, beyond the President's 1996 budget submission to Congress, which is due on February 6. By that time we will have made the key decisions on organizational structure and program type, and we'll share them with you then.

Even after that date there will still be hundreds of significant issues -- of organizational and program design, of policy and regulatory issues -- that we will have to address.

In the coming weeks and months we will be working with Congress, state and local officials, and private business as we craft this restructuring. We especially look forward to cooperating with you -- transportation community professionals -- as we work together to meet America's transportation needs for the 21st century.

Thank you.

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**REMARKS PREPARED FOR DELIVERY  
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY  
UNIVERSITY TRANSPORTATION CENTERS PROGRAM  
FOURTH ANNUAL STUDENT OF THE YEAR AWARDS  
JANUARY 26, 1995**

**I'm pleased -- and proud -- to join you tonight. The University Transportation Centers Program is an important example of the Department of Transportation's commitment to the future.**

**When the UTC Program was created -- just eight short years ago -- it responded to the need for efficiency in the movement of people and goods. It's that efficiency that improves productivity, enhances economic competitiveness, and sustains our standard of living.**

**The UTC Program helps to do that -- not just today, but in the years to come -- by attracting committed individuals to transportation education, research, and technology transfer.**

**This program gives promising students the opportunity to work in our field, gain experience, and develop the foundations for careers in transportation.**

**Tonight, we honor outstanding students from each of the participating University Transportation Centers. Your achievements, and your promise, are great. If students are the future of our field -- and they are -- then the future is bright.**

Before we present tonight's awards, I'd like to talk a bit about the broader purpose behind what we are doing in education -- and why it is so important that we preserve the opportunity offered by the UTC Program, and by hundreds of other educational and training programs.

From the birth of our nation, Americans have had a sense of hope and optimism -- a sense of possibility -- that we have called the American Dream. As President Clinton said in his State of the Union Address on Tuesday night, that dream is endangered, and it's up to us to restore it.

At the heart of that dream is the premise that Americans who work hard and who take responsibility for their own lives -- should have the chance to build a better future for themselves and for their families.

That's the kind of hopeful, optimistic America that *my* generation was privileged to grow up in. But for more than 20 years, middle-class incomes have stagnated. Only the highest-income members of our society have *fully* benefitted from economic growth.

Let me give you some startling numbers. Over the last 15 years, household incomes have grown by \$826 billion. But *98 percent* of that growth has gone to the top fifth of our population -- leaving four-fifths of our people to share the remaining *two percent*.



**The problem is not that some Americans are getting rich. *That's terrific -- we all should be so lucky.* The problem is that too many Americans are getting *nowhere.***

**Although unemployment is down and 5.6 million jobs have been created in the first two years of this Administration, there are too many families whose incomes are standing still, and whose hope for a better future is fading.**

**President Clinton believes that government has a role to play in countering this trend and restoring economic growth and greater opportunity for working families.**

**We can do that by investing -- by investing both in our physical infrastructure and in our people. That's not a new role for government.**

**In our own field of transportation, government built the roads that tied the young American nation together.**

**Government and private enterprise sponsored the great canals that extended prosperity inland from the colonial seaports.**

**Government promoted the transcontinental railroads that linked us from sea to sea.**

**Government built the Interstate Highways that reshaped the nation in the 1950s and that still provide the most efficient and safest highway travel in the world.**

**And government continues to invest in transportation infrastructure today. Our 1995 federal transportation budget is the largest ever, and it's helping to build the high-tech vehicles, the high-speed rail networks, and the intelligent transportation systems which will carry us into the next century.**

**But infrastructure -- and I mean everything from roads and bridges to the fiber optic networks of the Information Highway -- is only *part* of what we must invest in if Americans are to compete in the new global economy.**

**We also must invest in our people -- in their knowledge, their skills, their earning power. Economists call this "human capital investment." President Clinton calls it "*putting people first*."**

**The Clinton Administration has pursued many strategies to improve the lives of hard-working Americans. An example that affects most Americans -- and especially the ones in this room -- is the President's education agenda, the most productive and far-reaching in a generation.**

**It's built on a tradition of federal support for education that dates from 19th century land-grant colleges to today's student loan programs, scholarships, and sponsorship of research and development. UTCs are an important component of this support.**

**But the traditional means of support are only the beginning of today's education agenda.**

**Young people who don't want to attend college now have greater possibilities for on-the-job training under the new School-to-Work apprenticeship program.**

**Those who *do* want to attend college can have more affordable loans -- with lower fees and lower interest -- directly from the federal government -- something which also will save taxpayers *\$4.3 billion* over five years.**

**Students also have the opportunity to meet their college expenses through the AmeriCorps national service program, which will stand as one of the Clinton Administration's proudest achievements. Students who give a year to their community can get a hand with their education.**

**Already, 20,000 young Americans are working all around the country -- helping to immunize children in Texas -- working with police to shut down crack houses in Kansas City -- and tutoring second-graders in rural Kentucky. They are serving America, and serving themselves by getting good educations.**

**Initiatives such as AmeriCorps are a great start -- a way to open new paths to prosperity, new ways for people to achieve their own American dreams. *But we still need to do more.***



**And so, on Tuesday night President Clinton set forth a strategy to increase people's opportunities by giving all Americans access to the tools we need to compete in a rapidly-changing economy -- the education and training that are essential to advancement and security.**

**This is a radical vision, but not a new one. Half a century ago, President Franklin Roosevelt proposed the G.I. Bill of Rights to help veterans returning from World War II go to college, to buy homes, and to raise their children.**

**The G.I. Bill led to a generation of prosperity by giving young Americans the keys to their future.**

**Today, President Clinton proposes the same kind of investment through a Middle-Class Bill of Rights. The President's plan gives today's aspiring workers and job seekers the same kind of opportunity that the G.I. Bill did for their parents and grandparents -- and does it in a way that empowers individuals and bypasses bureaucracy.**

**First, his plan provides *tax deductions for education and training* so that working Americans can pay for building the new skills that lead to better wages and more secure jobs.**

**Families will be able to deduct up to \$10,000 annually for tuition and costs for college, for graduate education, for vocational and technical schools, and for worker retraining.**



Second, families with children under age 13 will receive *tax credits of \$500 per child* to invest as they see fit. This will especially help those just starting out, who have the costs of raising a young family but haven't yet reached their peak earning power.

Third, working families will be able to save \$2,000 a year -- tax-free -- in *expanded Individual Retirement Accounts*. They will be able to invest that money -- without penalty -- to acquire new skills or to buy a first home or cover medical expenses or care for aging parents.

Fourth, the President proposes *comprehensive reform of employment and training programs*, consolidating 50 separate programs into an integrated system that will give working people the freedom to choose the training that *they* need, and that *they* decide on.

Together, these programs to invest in our human capital will provide \$60 billion of tax cuts -- and these tax cuts are carefully targeted to meet the needs of the working Americans who truly need tax relief.

They are part of a New Covenant between the American people and their government -- one in which government helps people to obtain the tools they need to improve their lives and people take responsibility for their lives and their communities.

The Clinton Administration is applying that same sense of responsibility in its own proposals for tax cuts. In

the 1980s, tax cuts blew up the budget deficit and saddled future generations with trillions of dollars of debt.

By contrast, one of this Administration's proudest achievements has been to *reduce* the deficit for three consecutive years -- the first time that has been done since Harry Truman was President.

So, while we'll expand opportunities for working Americans, we're not going to turn our backs on responsibility. *These* tax cuts will be paid for with genuine spending cuts -- cuts that *we* have *already* put on the table.

And -- unlike some -- the Clinton Administration isn't proposing to starve education to pay for tax cuts. For example, some have proposed *eliminating* government support for the interest on loans that students take out while in school -- which would take \$10 billion out of the pockets of low and middle-income students over the next five years alone. *That's wrong.*

If every student is going to reach his or her potential and if every worker is going to have the chance to compete and win in the new economy, then education must be one of America's highest priorities.

So, to keep it a priority, we're going to find the savings we need to pay for the Middle-Class Bill of Rights by reducing the size of the federal government -- including my own Department -- by cutting bureaucracy and inefficient programs, and saving a total of \$76 billion.

**\$60 billion of that will be returned to taxpayers through the Middle-Class Bill of Rights, and the rest of these savings will be used to continue holding down the budget deficit.**

**The President's program will lay the foundation for prosperity as America competes to win in the global economy of the 21st century. It's an investment in ourselves...an investment that will restore the sense of boundless opportunity that has always made America so unique among nations.**

**And we'll show the world that the American Dream of opportunity for all who take responsibility for themselves is something that we can -- and will -- preserve, protect, and pass on to future generations.**

**And now, I would like you to join me in recognizing outstanding young men and women who have accepted that responsibility -- taken the opportunities they have been given -- and are now contributing to our nation.**

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## SUMMARY

- \* **FUNDAMENTAL DOT GOAL UNCHANGED:** a transportation system that meets America's mobility and economic needs in the 21st century.
- \* **WHAT HAS CHANGED:** (1) Consensus that federal government must reassess its mission and role. Round 2 of reinventing government -- asking what government *can* and *should* do. (Highly-successful Round 1 about making government more efficient.)
  - (2) Recognition that Washington-imposed decisions aren't as effective as those made by state and local officials and communities, who better understand local needs.
  - (3) Need to *limit federal spending* -- to give needed tax relief to middle-class Americans and to reduce the deficit.
- \* **FOCUS ON THE CORE FEDERAL ROLE IN TRANSPORTATION:** (1) *safety*; (2) *infrastructure investment*; (3) *national security and defense*.
- \* **3 KEY THEMES:** (1) Increase total investment in transportation by cutting red tape, leveraging federal funds

through partnerships, and corporatizing (ATC will allow capitalization, etc.).

- (2) **Make DOT more cost-effective** by cutting waste and duplication, creating a rational structure, and responsibly downsizing.
- (3) **Return authority and flexibility to state and local officials**, eliminate unnecessary procedures, and simplify requirements.

\* **3 STRATEGIES:** (1) **CONSOLIDATE 10 DOT operating administrations into 3.** Promote coordinated policy-making (intermodalism), end duplication and incompatibility.

- (2) **STREAMLINE 50+ different federal transportation funding programs into 3** and simplify applications, regulations, etc.

(A) **Unified allocations of funds to other levels of government**, with far greater flexibility and far fewer strings attached.

(B) **State Infrastructure Banks** using federal seed money to leverage both private capital and additional state and local investment.

(C) **Federal discretionary grants for projects of regional or national significance.**

- (3) **DOWNSIZE DOT responsibly by more than 50,000 employees** -- a natural result of consolidating/corporatizing (ATC), streamlining, and redesigning systems.

# DETAILED TALKING POINTS

## OPENING

- \* Last month Secretary Peña joined President Clinton and Vice President Gore in proposing a bold restructuring of the U.S. Department of Transportation to make it better serve the American people.
- \* **DOT's fundamental mission is unchanged: to help develop a transportation system that meets America's mobility needs in the 21st century and that keeps our economy globally competitive.**

## CHANGED CONDITIONS

- \* What *has* changed are the conditions that affect how we carry out our mission. First, there's a **clear consensus that the federal government has to reassess its mission and role in the 21st century.**
- \* That isn't new: Vice President Gore's reinventing government effort already is cutting red tape and reducing the federal work force -- by about 100,000 employees to date, with firm plans for nearly 200,000 more.
- \* However, the first round of reinventing government focused on how to make the federal government more efficient. We've had many successes, and they have given us the confidence to do even more.
- \* Now, we are asking such basic questions as: *Should the federal government be doing all of these things?* At DOT, that has meant looking at each program and asking: *Does it need to exist?* And -- if yes -- *Is there a better way?*
- \* As President Clinton said, we want to stop doing things that government doesn't need to do or doesn't do very well. We have to change yesterday's government to make it work for tomorrow's America.



- \* **Second, we need to limit federal spending, both to give hard-working middle-class Americans the tax relief they need and to reduce the deficit. We can do this by redoubling our commitment to reinventing government.**
- \* **Under this Administration, federal transportation investment has been increased to the highest level ever, but fiscal realities mean that future growth in federal spending is going to be difficult, if not impossible.**
- \* **We already have a "hard freeze" on domestic discretionary spending -- everything from the Coast Guard to the FBI to the National Park Service -- and Congress is talking about major new cuts.**
- \* **Third, we recognize that policy imposed from Washington can't be as effective as decisions made by those who best understand the needs of the American people: state and local officials and communities. As the Vice President said, we will replace Washington interference with local opportunity.**
- \* **When we went through this initial set of questions last month, we concluded that we needed to focus on the core federal role in transportation: (1) to ensure the safety of the traveling public and of transportation industry workers (2) to provide -- and promote -- investment in America's transportation infrastructure and (3) to ensure national security and defense.**

### ***RESTRUCTURING'S THEMES***

- \* **Restructuring DOT and its programs offers the best means to achieve our goals, both for our nation's transportation systems and for government-wide change.**
- \* **In proposing the restructuring, Secretary Peña set forth three themes which capture his vision of what it must accomplish.**
- \* **First, he wants to increase total investment in transportation by cutting red tape and leveraging scarce federal resources through partnerships with state and local governments and private business.**

- \* Second, he wants to make DOT more cost-effective by eliminating waste and duplication, as so many American businesses have done, giving it a rational structure, and responsibly reducing its size -- chiefly through corporatization of the air traffic control system.
- \* Third, he wants to return authority and flexibility to state and local officials, and make their lives easier by eliminating unnecessary procedures and simplifying requirements.

### ***STRATEGIES: 1 - CONSOLIDATION***

- \* The Secretary has set three general strategies to accomplish these goals.
- \* First, he proposed consolidating DOT's 10 operating administrations into just three. When DOT was created in 1967, it was formed by taking transportation agencies from around the government and combining them into what was basically a holding company.
- \* That approach inhibited the coordinated policy-making we need, especially as we promote intermodalism. It also means both duplication -- in everything from personnel to procurement -- and incompatibility -- in things ranging from policies to computer programs.
- \* We have not yet made any decisions about the exact structure of DOT, but we are looking at two main options. First, one targeted at missions: agencies focused on infrastructure and on safety, together with an independent Coast Guard. Second, one targeted at modes: surface, maritime, and air.

### ***STRATEGIES: 2 - STREAMLINING***

- \* Our second strategy is streamlining our programs. We currently have more than 50 different federal transportation funding programs -- each with its own requirements and regulations.
- \* That burdens state and local officials, and it also distorts decision-making, because projects are sometimes built not because they make sense but because the money just happens to be available. Other

distortions occur when states go to Congress for "demonstration projects" when their particular needs don't fit into one of the categories.

- \* We want to combine those 50 programs into just three -- and simplify everything from applications to regulations along the way.
- \* First, we propose unified allocations of funds to state and local governments, with far greater flexibility and far fewer strings attached.
- \* Second, we want to go beyond traditional federal grants and establish State Infrastructure Banks, which would use federal seed money to attract both private capital and additional state and local investment. We already are cutting red tape in transportation financing, but we want to go further in promoting ingenious, innovative techniques already common in the business world.
- \* Third, we propose to have federal discretionary grants for projects of regional or national significance. For example, some projects affect the movement of people or goods through many states, but can't reasonably be funded by any one state.

### ***STRATEGIES: 3 - DOWNSIZING***

- \* The Secretary's third strategy is downsizing -- and that's a natural result of consolidating agencies, streamlining programs, and redesigning systems and processes. We're proposing to reduce the DOT workforce by more than 50,000 from its peak level.
- \* DOT has already made a downpayment on this reduction as part of the first phase of the Vice President's reinventing government effort, and we're 1,500 employees ahead of that goal.
- \* Much of the remaining reduction will come from the up to 40,000 air traffic control employees. They would be transferred to a new, corporatized entity free of the inflexible restrictions which hinder common-sense procurement and personnel policies and the deployment of advanced technology.



- \* The result will be a leaner and more efficient department, with bureaucratic trivia slashed and more employees serving our customers on the front lines.

### ***CLOSING***

- \* This is an ambitious undertaking, and it will create a DOT which will better meet the nation's transportation needs. I've only given you a brief overview of what this entire process is about, and there are still a lot of decisions to be made.
- \* We have about 200 senior DOT staff -- from all modes and other units within the department -- working on this in task forces, developing the legislative and budget packages we need to carry out our proposals.
- \* We'll be making a lot of major decisions over the coming months, and especially by February 6, when the President will submit his 1996 budget to Congress.

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