



TRANSPORTATION TRENDS

**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
FISCAL YEAR 1998 BUDGET PRESENTATION
FEBRUARY 6, 1997
WASHINGTON, D.C.**

President Clinton's 1998 budget for the Department of Transportation budget reflects his commitments to balancing the budget by 2002 *and*, as Secretary-designate Slater made clear at his confirmation hearing, to providing a safe, secure, efficient, and environmentally-sound transportation system.

In this context, although the total \$38.4 billion the President requested is about one percent below the current year's budget, funding for many targeted areas has *increased*. Let me review these priorities.

Improving Safety

Our highest priority, as always, is improving our transportation system's safety and security. Although it's already the safest in the world, much of what we do is aimed at making it safer, even in the face of growing travel. That's why we want to raise safety spending by \$200 million, to \$2.9 billion, a record 7½ percent of our total budget.

A major focus in our safety effort will be highway crashes, which account for more than nine out of every ten transportation fatalities. About 41,500 travelers died in highway crashes last year, a slight reduction from 1995. That's notable because it turned around a three-year trend of increasing highway deaths.

But, unless we also begin again to lower the fatality *rate*, the growth in travel created by our expanding economy will begin increasing the number of deaths once again. To cut the fatality rate, we have to focus not only on safer cars and safer roads, but also on affecting the human factor.

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*U.S. Department of Transportation
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To do that, we need measures such as increased education and law enforcement, and so we propose raising NHTSA's safety spending by 11 percent, to \$333 million. That includes:

- \$9 million for a new occupant protection grant program to promote safety belt use, the best way to protect travelers;
- a \$9 million increase to support states in passing tough drunk driving laws;
- \$8 million for a new research and education program to reduce air bag risks for children and small adults, while still preserving the benefits of air bags for all motorists; and,
- \$2 million for a pre-license drug-testing pilot program, the first step in launching the President's new initiative to combat drug-impaired driving.

We're also increasing funding for other safety programs.

- Aviation safety spending would increase 12 percent to \$839 million, enabling the FAA to hire 273 safety inspectors and certification staffers. It also funds the work of the new National Certification Team, which inspects start-up airlines.
- Railroad safety spending would increase by 12 percent, to \$57 million, with funds going to speed up new safety rules and to buy an automated track inspection vehicle.
- Finally, we're proposing to increase maritime safety funding to \$797 million, including Coast Guard programs to improve vessel and recreational boating safety.

Investing in Infrastructure

As he again made clear when he met with the nation's governors this week, President Clinton recognizes the contribution of sound infrastructure to increasing America's prosperity and its international competitiveness. That's why he's worked on the "infrastructure deficit" even as he's reduced the budget deficit.

As we've told you each year since 1993, we've increased investment in highways, transit systems, and other infrastructure to an average of \$25.5 billion, more than 20 percent higher than under the previous administration. Our investment is producing results, even with many of these projects still under construction.

For example, the latest report on the National Highway System shows us that the condition of bridges and pavement has improved significantly. System performance, as measured by peak hour congestion, which had been deteriorating, has now stabilized.

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This success extends to transit. In the last four years we've financed nearly 26,000 buses and almost 600 rail cars for state and local transit agencies. With 19 new full-funding grant agreements, we've also financed more than 100 miles of new transit lines, serving more than 100 stations.

The '98 proposal of \$25.6 billion for infrastructure, actually *above* the average of the past four years, would sustain the investment that's produced these results. And I want to emphasize that, by proposing even higher ISTEA reauthorization levels, we're leaving room for even more investment in the future as economic conditions and our deficit reduction efforts warrant.

For next year's federal-aid highway program, we're proposing an \$18.17 billion obligation limit, just a touch below this year's \$18.19 billion. This budget also includes a supplemental request for 1997 to increase the obligation limit by \$318 million. This would be distributed to states that received lower-than-expected obligation authority this year because of the Treasury Department's correction of an accounting problem in crediting prior-year tax receipts to the Highway Trust Fund.

For the so-called "mandatory" highway programs, we estimate that 1998 obligations will be \$1.5 billion. That's \$320 million below 1997, but virtually all of this decrease is due to a normal falloff as ISTEA and other demonstration projects reach completion.

We're proposing \$4.2 billion for transit capital this year, a \$390 million increase.

Operating assistance for communities with more than 200,000 people would no longer be funded separately, but, as an added measure of support for them and for communities of all sizes, we're proposing to broaden the definition of "capital" to include asset maintenance and the debt service on capital investment.

Smaller communities, which are the ones most dependent on federal aid, could use transit formula grants for either capital or operating expenses.

These proposals are linked to ISTEA, the Intermodal Surface Transportation Efficiency Act, which authorizes federal highway and transit programs and which expires later this year. We'll be presenting a full proposal for ISTEA's reauthorization shortly, but I want to make it clear that this budget proposes sufficient resources to ISTEA programs to sustain our progress. It also proposes higher authorization levels so increased investment is possible in the future.

Moving from Welfare Rolls to Payrolls

One element of our transit budget I want to highlight is a \$100 million program that offers welfare recipients the access to jobs, training, and support services that they need to make the transition to the working world.

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This program would promote flexible, innovative transportation alternatives, such as vanpools, that get people to where the jobs are. It also would support family-friendly transportation, such as day care centers at bus and rail stations.

Funding Aviation

One area in which tough budget choices force lower investment is airport grants, for which we're proposing \$1 billion. We've chosen this course because large airports can obtain funding more easily than can other types of infrastructure; in fact, most already use other sources, such as aircraft landing fees, concession revenue, and passenger facility charges, for most of their capital financing.

We plan to mitigate the impact on small commercial airports, which are especially dependent on federal aid, by proposing that their grants continue at current levels.

Financing all of our aviation system's needs -- airports, airway facilities, security, and FAA operations -- is a critical priority for us.

Today we face an immediate problem: the authority to collect the taxes that finance the Aviation Trust Fund, and the authority to transfer those taxes into the Trust Fund, have expired. In addition, \$1.4 billion in taxes collected this year for tickets sold last year can't be credited to the Trust Fund, reducing available funding for airports and air traffic control modernization. We hope Congress will act quickly to renew these taxes and to credit receipts to the Trust Fund.

We also want to work with Congress to establish a reliable, long-term funding base so that the FAA can provide the services our aviation system needs. We're looking forward to appointing the new National Civil Aviation Review Commission, which will analyze aviation budget requirements and ways to fund them, and help us to reach a consensus on what course to take.

Bringing Innovation to Financing

Federal funding alone can't meet all of our infrastructure needs, and so two years ago Secretary Peña created the Partnership for Transportation Investment, which has cut red tape, produced new financial tools, and attracted new sources of funding.

The '97 budget continues to make this a regular part of how we do business by providing \$150 million in seed money for the first State Infrastructure Banks, or SIBs, to leverage private and other public funds through new financial strategies.

The new budget expands this effort by providing another \$150 million in seed money for SIBs, and \$100 million for a new Federal Credit Program, both to be included in our proposal for ISTEA's reauthorization.

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The Federal Credit Program will be similar to the SIBs in its support of innovative financing, but it'll fill a different need: the support of projects which, by virtue of their size or their multistate benefits, are nationally-significant but which might not fit into the programs of individual states. That will enable us to make loans and apply other financing arrangements for these vital investments, much as we did with California's Alameda Corridor project.

Funding the FAA and Coast Guard

Infrastructure investment is only part of what we do. We also fund the daily operations of the FAA and the Coast Guard, which safeguard our aviation and maritime systems.

The FAA's air traffic control system enables the safe travel of 1½ million passengers every day, and its inspections ensure that aircraft, pilots, and aircraft operations meet the highest safety standards. We're requesting an 8.7 percent increase, a notable amount in an era of budget freezes, to the FAA's operating budget, up to a record \$5.4 billion. In addition to more safety inspectors, that will let the FAA hire 500 air traffic controllers and 173 security staffers to carry out the Gore Commission's recommendations.

We're also proposing to increase the Coast Guard's operating budget, by 4.7 percent, to \$2.74 billion. That includes \$34 million in additional funding for border protection as part of the President's effort to stop illegal drugs from entering our country.

Making Intercity Travel Accessible

Another part of our focus is on making intercity travel more accessible for all Americans. That includes rail service provided by Amtrak. As part of ISTEA's reauthorization, we'll propose supporting Amtrak, including improvements for its Northeast Corridor, from the Highway Trust Fund. That support totals \$767 million in '98: \$344 million for Amtrak operations and \$423 million for capital projects.

We also provide Essential Air Service operating subsidies to smaller, more isolated communities that otherwise wouldn't be served by commercial carriers. In accordance with last year's Congressional action, we're proposing \$50 million for this program and assistance for rural airports in 1998, nearly doubling the current EAS level. That will be financed through FAA's new overflight fees, and ensure continued access to air service for America's heartland.

Investing in Research and Technology

Technology to improve safety and efficiency is another priority. That's why we want to increase investment in research and development by nine percent, to \$1 billion. This total includes \$250 million for Intelligent Transportation Systems, which apply advanced computer and communications technologies to travel. About \$150 million will fund ITS research and

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technology development, and \$100 million is to encourage state and local governments to invest in electronic infrastructure such as travel information programs and automated traffic signals.

Protecting the Environment

Transportation, like all human activity, affects the environment, and we have an obligation to mitigate its impacts. That's why we're proposing a five percent increase in environmental funding, to \$1.53 billion.

Much of this would be for the successful Congestion Mitigation and Air Quality Improvement Program, which state and local governments use to cut pollution through transit projects, traffic flow improvements, and alternatives such as ridesharing. CMAQ funds would be authorized at \$1.3 billion a year, up 30 percent from their level under ISTEA.

Coast Guard marine environmental protection and oil spill cleanup programs would increase seven percent, to \$326 million, and funding for cleaning hazardous materials at DOT-owned sites would remain steady at \$80 million.

Streamlining DOT

As we balance the budget it's vital that we streamline our own operations so that they work better and cost less. Under Secretary Peña's leadership, we've cut DOT's work force by more than 10 percent, more than 11,000 positions, while we've improved service by reinventing how we do our jobs.

For instance, our new Transportation Administrative Service Center provides office functions at reduced costs for all of the department's operating agencies. Its Information Technology Omnibus Procurement enables us, and other government agencies, to acquire new technologies quickly and cost-effectively, getting front-line workers the tools they need when they need them.

Last year we proposed that the Saint Lawrence Seaway Development Corporation become a performance-based organization. This budget is based on that proposal, and reflects an automatic payment based on tonnage sailing through the Seaway -- a real measure of the Corporation's success in performing its duties.

Closing

This week the President has reiterated his commitment to balancing the budget by 2002. Our 1998 transportation budget moves us towards that goal. It does this while investing in the infrastructure and technologies we need *and* while protecting safety and the environment. Let me close by saying that Secretary-designate Slater and I look forward to working with Congress for passage of the President's budget.

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**TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
ADA TRAINING
FEBRUARY 6, 1997
WASHINGTON, D.C.**

(Introduction to be made by April Marchese)

- * Thank you, April, for that introduction -- and for all of your work in developing this landmark ADA training program and in making this a truly department-wide effort.
- * This is the next step in mainstreaming the principles of the ADA throughout all of our operations. It's vital that we do so, because transportation is the key that allows people with disabilities to fully take part in American life. Enabling them to do so with dignity is essential.
- * President Clinton recognized this four years ago when he articulated a vision of a national disability policy based on three principles: inclusion, not exclusion; independence, not dependence; and empowerment, not paternalism.
- * We remain committed to bringing those principles to everything we do, tearing down the barriers to full participation in American life so we can realize this vision of equal opportunity for all. I want to thank all of you for the dedication you're showing to making this a reality.

- * Our commitment to this is why Secretary Peña made one of the Department's key goals "putting people first" by ensuring mobility in all forms of transportation for all Americans.
- * I'm proud to say that in the past four years we've made a lot of headway in making our transportation system relevant and accessible to all.
- * For example, we now require that all airports and terminals receiving federal aid have accessible parking, baggage services, ticket counters, and lavatories, and we've also required improved accessibility onboard aircraft. These steps ensure that the spirit -- as well as the letter -- of the ADA is met.
- * Nor are our efforts confined to aviation. We've made progress in *every* form of transportation. Every federally-funded mass transit system provides some type of accessible service. Bus lifts, accessible key stations, and demand-response paratransit services are appearing rapidly throughout the country, and Amtrak is making similar progress.
- * No effort to improve transportation accessibility can succeed without affecting the mode used for 90 percent of all travel -- roads and highways.

- * Streets and sidewalks being built or renovated with federal funds now have curb cuts to accommodate people in wheelchairs. And rest areas on all Interstate Highways and all new federally-funded roads must now be accessible.
- * We can point to many accomplishments, but the job is far from over. I'm speaking not only for myself but for Secretary-designate Slater when I say that we'll continue working hard to tear down the barriers to full participation in American life.
- * We look forward to working with you as we do so, and I hope that you'll bring the knowledge and perspectives you're acquiring through this training to your own efforts. Thank you for your attention, and good luck in your work.

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
FISCAL YEAR 1998 BUDGET PRESENTATION
FEBRUARY 6, 1997
WASHINGTON, D.C.**

I'm Deputy Secretary Mortimer Downey, and I'd like to welcome you to this briefing on President Clinton's 1998 budget for the Department of Transportation.

This budget reflects the President's commitments to balancing the budget by 2002 *and* -- as Secretary-designate Slater made clear at his confirmation hearing -- to providing a safe -- secure -- efficient -- and environmentally-sound transportation system.

In this context -- although the total \$38.4 billion the President requested is about one percent below the current year's budget -- funding for many targeted areas has *increased*. Let me review these priorities.

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A major focus in our safety effort will be highway crashes, which account for more than nine out of every ten transportation fatalities.

About 41,500 travelers died in highway crashes last year, a slight reduction from 1995. That's notable because it turned around a three-year trend of increasing highway deaths.

But, unless we also begin again to lower the fatality *rate*, the growth in travel created by our expanding economy will begin increasing the number of deaths once again.

To cut the fatality rate, we have to focus not only on safer cars and safer roads, but also on affecting the human factor.

To do that, we need measures such as increased education and law enforcement, and so we propose raising NHTSA's safety spending by 11 percent -- to \$333 million. That includes:

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And I want to emphasize that -- by proposing even higher ISTEA reauthorization levels -- we're leaving room for even more investment in the future as economic conditions and our deficit reduction efforts warrant.

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This budget also includes a supplemental request for 1997 to increase the obligation limit by \$318 million.

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We'll be presenting a full proposal for ISTEA's reauthorization shortly, but I want to make it clear that this budget proposes sufficient resources to ISTEA programs to sustain our progress. It also proposes higher authorization levels so increased investment is possible in the future.

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One element of our transit budget I want to highlight is a \$100 million program that offers welfare recipients the access to jobs, training, and support services that they need to make the transition to the working world.

This program would promote flexible, innovative transportation alternatives -- such as vanpools -- that get people to where the jobs are.

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The new budget expands this effort by providing another \$150 million in seed money for SIBs, and \$100 million for a new Federal Credit Program, both to be included in our proposal for ISTEA's reauthorization.

The Federal Credit Program will be similar to the SIBs in its support of innovative financing, but it'll fill a different need -- the support of projects which, by virtue of their size or their multistate benefits, are nationally-significant but which might not fit into the programs of individual states.

That will enable us to make loans and apply other financing arrangements for these vital investments, much as we did with California's Alameda Corridor project.

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Transportation, like all human activity, affects the environment, and we have an obligation to mitigate its impacts. That's why we're proposing a five percent increase in environmental funding -- to \$1.53 billion.

Much of this would be for the successful Congestion Mitigation and Air Quality Improvement Program, which state and local governments use to cut pollution through transit projects -- traffic flow improvements -- and alternatives such as ridesharing.

CMAQ funds would be authorized at \$1.3 billion a year, up 30 percent from their level under ISTEA.

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This week the President has reiterated his commitment to balancing the budget by 2002. Our 1998 transportation budget moves us towards that goal.

It does this while investing in the infrastructure and technologies we need *and* while protecting safety and the environment.

Let me close by saying that Secretary-designate Slater and I look forward to working with Congress for passage of the President's budget. Now, I and my colleagues from DOT's operating administrations would like to take your questions about this budget...

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
AASHTO WINTER MEETING
FEBRUARY 7, 1997
WASHINGTON, D.C.**

(Introduction to be made by Frank François of AASHTO)

Thank you, Frank, for that introduction. Over the past four years we at the Department of Transportation have had an outstanding partnership with AASHTO and its members, and your leadership has helped to make that cooperation possible. We look forward to continuing our progress

Our partnership is now more important than ever, because this winter the surface transportation community is at a crossroads.

Six years ago ISTEA brought us into a new era, one which emphasized managing our existing system to maximize its efficiency and balancing the many national priorities in which transportation plays a role.

We believe the ISTEA framework has done well by us. I know there have been a few disagreements about how to execute its policies and achieve its goals -- but we've come together and resolved differences when they've arisen.

That spirit of cooperation is even more important today than it's been over the past several years.

You all know that ISTEA expires at the end of the current fiscal year, and that we have to reauthorize the highway, transit, and safety programs it enables.

The President's reauthorization proposal is almost ready for release, but it's going through its final reviews.

I can't talk about that bill until the review is complete, but I *can* talk about our budget for 1998 -- the first budget of the post-ISTEA era, a budget which reflects many of the principles to be incorporated into our reauthorization proposal-- and which establishes the financial envelope within which it must fit.

The President submitted that budget to Congress yesterday. The proposal for DOT reflects the President's commitments to balancing the budget by 2002.

At the same time, as Secretary-designate Slater made clear at his confirmation hearing last week -- we are committed to providing a safe -- secure -- efficient -- and environmentally-sound transportation system.

In this context -- although the total \$38.4 billion the President requested is about one percent below the current year's budget -- funding for many targeted areas of interest to us all has *increased*.

Let me review these priorities.

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Our highest priority -- as always -- is improving our transportation system's safety and security.

Although our system is already the world's safest, much of what we do is aimed at making it safer, even in the face of growing travel.

That's why we want to raise safety spending by \$200 million -- to \$2.9 billion, a record 7½ percent of our total budget.

A major focus will be highway crashes, because they account for more than nine out of ten transportation fatalities.

About 41,500 travelers died in crashes last year, a slight reduction from 1995. That's notable because it turned around a three-year trend of increasing highway deaths.

But, unless we also begin again to lower the fatality rate, the growth in travel created by our expanding economy will begin increasing the number of deaths once again.

To cut that fatality rate, we have to focus not only on safer cars and safer roads, but also on affecting the human factor.

That means measures such as increased education and law enforcement, and so we propose raising NHTSA's safety spending by 11 percent -- to \$333 million.

We're launching a pre-license drug-testing pilot program, the first step in launching the President's new initiative to combat drug-impaired driving, and we propose to increase grants to support states in passing tough drunk driving laws.

We're also proposing a new occupant protection grant program to promote safety belt use and a new research and education program to reduce air bag risks for children and small adults.

And we're proposing to raise motor carrier safety grants by 28 percent, to a total of \$100 million.

That includes \$83 million focused on strategic safety investments and \$17 million to identify unsafe carriers and target resources at making them safe.

We also want to increase railroad safety spending by 12 percent, to \$57 million, with funds going to speed up new safety rules and to buy an automated track inspection vehicle.

Surface transportation isn't the only area in which we're boosting safety funding.

We want to raise aviation safety spending by 12 percent, enabling the FAA to hire 273 new safety inspectors and certification staffers and funding the work of a new National Certification Team to inspect start-up airlines.

Investing in Infrastructure

As he again made clear when he met with the nation's governors earlier this week, President Clinton recognizes the contribution of sound infrastructure to increasing America's prosperity and its international competitiveness.

That's why he's worked on the "infrastructure deficit" even as he's reduced the budget deficit.

As you know, we've increased investment in highways, transit systems, and other infrastructure to an average of \$25.5 billion, more than 20 percent higher than under the previous administration.

Our investment is producing results, even with many of these projects still under construction.

For example, the latest report on the NHS shows us that the condition of bridges and pavement has improved significantly. System performance -- as measured by peak hour congestion, which had been deteriorating -- has now stabilized.

Even with budget constraints, you must be making some good investment choices to produce these results.

Our investment success extends to transit as well. In the last four years we've financed nearly 26,000 buses and almost 600 rail cars for state and local transit agencies.

With 19 new full-funding grant agreements, we've also financed more than 100 miles of new transit lines, serving more than a 100 stations.

The '98 proposal of \$25.6 billion for infrastructure -- actually *above* the average of the past four years -- will sustain the investment that's produced these results.

And I want to emphasize that -- by supplying even higher ISTEA reauthorization levels -- we're leaving room for even more investment in the future as economic conditions and our deficit reduction efforts warrant.

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This budget also includes a supplemental request for 1997 to increase the obligation limit by \$318 million.

This would be distributed to states that received lower-than-expected obligation authority this year because of the Treasury Department's correction of an accounting problem in crediting prior-year tax receipts to the Highway Trust Fund.

We estimate that 1998 obligations for the *mandatory* highway programs will be \$1.5 billion.

That's \$320 million below 1997, but virtually all of this decrease is due to a normal falloff as ISTEA and other demonstration projects reach completion.

We're proposing \$4.2 billion for transit capital this year, a \$390 million increase. That includes \$634 million for our new starts program, which would enable us to continue underwriting our Full Funding Grant Agreement commitments.

We're also sustaining our commitment to Washington's transit system, including \$200 million, the same as this year, towards completion of the 103-mile MetroRail system.

Operating assistance for communities with more than 200,000 people would no longer be funded separately, but -- as an added measure of support for them and for communities of all sizes -- we're proposing to broaden the definition of "capital" to include asset maintenance and the debt service on capital investment.

Smaller communities -- which are the ones most dependent on federal aid -- could use their transit formula grants for either capital or operating expenses.

Moving from Welfare Rolls to Payrolls

One element of our transit budget I want to highlight is a \$100 million program that offers welfare recipients the access to jobs, training, and support services that they need to make the transition to the working world.

This program would promote flexible, innovative transportation alternatives -- such as vanpools -- that get people to where the jobs are.

It also would support family-friendly transportation, such as day care centers at bus and rail stations.

Funding Aviation

One area in which tough budget choices force lower investment is airport grants, for which we're proposing \$1 billion.

We've chosen this course because large airports can obtain funding more easily than can other types of infrastructure; in fact, most already use other sources -- such as aircraft landing fees, concession revenue, and passenger facility charges -- for most of their capital financing.

We plan to mitigate the impact on small commercial airports -- which are especially dependent on federal aid -- by proposing that their grants continue at current levels.

Financing all of our aviation system's needs -- airports, airway facilities, security, and FAA operations -- is a critical priority for us.

Today we face a problem: the authority to collect the taxes that finance the Aviation Trust Fund -- and the authority to transfer those taxes into the Trust Fund -- have expired.

In addition, \$1.4 billion in taxes collected this year for tickets sold last year can't be credited to the Trust Fund, reducing available funding for airports and air traffic control modernization.

So we hope Congress will act quickly to renew these taxes and to credit them to the Trust Fund.

We also want to work with Congress to establish a reliable, long-term funding base so that the FAA can provide the services our aviation system needs.

We're looking forward to appointing the new National Civil Aviation Review Commission -- which will analyze aviation budget requirements and ways to fund them -- and help us to reach a consensus on what course to take.

Bringing Innovation to Financing

Federal funding can't meet all of our infrastructure needs, and so two years ago Secretary Peña created the Partnership for Transportation Investment.

Many of you have taken advantage of its flexibility and reduced red tape to speed up projects and attract new sources of funding.

The '97 budget continues to make this a regular part of the way we do business by providing \$150 million in seed money for the first State Infrastructure Banks to leverage private and other public funds.

The new budget expands this effort by providing another \$150 million in seed money for SIBs, and \$100 million for a new Federal Credit Program, both to be included in our proposal for ISTEA's reauthorization.

The Federal Credit Program will be similar to the SIBs in its support of innovative financing, but it'll fill a different need -- supporting projects which, by virtue of their size or their multistate benefits, have national significance but which might not fit into your state programs.

That will enable us DOT make loans and apply other financing arrangements for these vital investments, much as we did with the Alameda Corridor.

Funding the FAA

Infrastructure investment is only part of what we do. We also fund the daily operations of the FAA, which safeguards and supports our aviation system.

Its air traffic control system enables the safe travel of 1½ million passengers every day, and its inspections ensure that aircraft, pilots, and aircraft operations meet the highest safety standards.

We're requesting an 8.7 percent increase, a notable amount in an era of budget freezes, to the FAA's operating budget, up to a record \$5.4 billion.

In addition to more safety inspectors, that increase will let the FAA hire 500 air traffic controllers and 173 security staffers to carry out the Gore Commission's recommendations.

Making Intercity Travel Accessible

Another part of our focus is on making intercity travel more accessible for all Americans. That includes rail service provided by Amtrak.

As part of ISTEA's reauthorization, we'll propose supporting Amtrak -- including improvements for its Northeast Corridor -- from the Highway Trust Fund.

That support totals \$767 million in '98 -- \$344 million for Amtrak operations and \$423 million for capital projects.

We also provide Essential Air Service operating subsidies to smaller, more isolated communities that otherwise wouldn't be served by commercial carriers.

In accordance with last year's Congressional action, we're proposing \$50 million for this program and assistance for rural airports in 1998, nearly doubling the current level.

That will be financed through FAA's new overflight fees, and ensure continued access to air service for America's heartland.

Investing in Research and Technology

Technology to improve safety and efficiency is another priority. That's why we want to increase investment in research and development by nine percent, to \$1 billion.

This total includes \$150 million to fund Intelligent Transportation Systems research and technology development, and another \$100 million is to encourage state and local governments to invest in such ITS infrastructure as travel information programs and automated traffic signals.

We're also ensuring that rail plays a role in the transportation system of the future by continuing technology and high-speed rail research and development.

Funding is set at \$70 million for the Research and Special Programs Administration, including the Volpe Center and pipeline safety programs.

Protecting the Environment

Transportation, like all human activity, affects the environment, and we have an obligation to mitigate its impacts. That's why we're proposing a five percent increase in environmental funding -- to \$1.53 billion.

Much of this would be for the successful Congestion Mitigation and Air Quality Improvement Program, which you're using to cut pollution through transit projects -- traffic flow improvements -- and alternatives such as ridesharing.

CMAQ funds would be authorized at \$1.3 billion a year, up 30 percent from their level under ISTEA.

Streamlining DOT

You've probably noted that -- even though this budget is slightly less than this year's -- I keep telling you about all the programs which have increased funding. Where's the money coming from?

Well, one place is DOT's own operating budget. Under Secretary Peña's leadership, we've cut DOT's work force by more than 10 percent -- more than 11,000 positions -- while we've improved service by reinventing how we do our jobs.

For instance, our new Transportation Administrative Service Center provides office functions at reduced costs for all of the department's operating agencies. That means more money can go where it does the most good: serving our customers.

Closing

Let me close by saying that our 1998 budget moves us towards balancing the budget, and it does it while investing in the infrastructure and technologies we need *and* while protecting safety and the environment.

Secretary-designate Slater and I look forward to working with Congress for passage of the President's budget. Now, I'd like to ask the representatives from our modal administrations to join me in taking your questions about this budget...

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6.59

STATEMENT OF THE
HONORABLE MORTIMER L. DOWNEY
DEPUTY SECRETARY OF TRANSPORTATION
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES SENATE

FEBRUARY 13, 1997

REAUTHORIZATION OF ISTEA

Mr. Chairman, Senator Baucus, Members of the Committee:

Good afternoon. Thank you for inviting me here this afternoon to testify about reauthorization of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). I welcome this opportunity and I am excited by the prospects for building on ISTEA. It seems we have all been talking about this subject a great deal. At DOT, we have done extensive public outreach over the past year. We have heard from all parts of the transportation community, in all regions, at all levels of government, as well as from the private sector. The response has been heartening. It is now 1997, the year of decision, when we must move from generalities to specifics. Armed with a wealth of information and viewpoints, we can now get down to the business of developing successful legislation. On behalf of incoming Secretary Rodney Slater, and the Administrators of DOT's operating Administrations, I want to express our willingness to work closely with this Committee and, of course, with all the others in Congress.

This week opens the "official" debate on ISTEA reauthorization in the 105th Congress. I think we all recognize how big a challenge this year will be. It is time for the discussion to get down to real terms with real solutions in the context of a real deadline, September 30, the expiration of the current authorization. We know we will not all agree on every aspect of the next bill--what I have been referring to as "NEX-TEA"--but I believe we can reach consensus in a way that builds on the important themes of ISTEA:

intermodalism, planning, flexibility, safety, environmental protection, investment and innovation.

In a few weeks, we will present to you the product of our deliberations, the Administration's proposed reauthorization bill. It will reflect our firm belief that ISTEA has been a success and that the next authorization cycle should continue its programs and policies. Because of ISTEA, including its innovative programs authored by this Committee like the Congestion Mitigation and Air Quality Improvement (CMAQ) program, our transportation system is getting better and we are addressing its environmental impacts. We, along with our old and new partners in state and local governments and in the private sector --both in industry and labor -- are making good choices. Within the context of a balanced Federal budget, we are making progress on most of our most pressing infrastructure needs.

I noted the goal of a balanced Federal budget--a goal shared by the President and Congress. The theme of "balance" may be a useful one to remember during 1997. In fashioning a successor to ISTEA, we will have to achieve a balance among competing interests, between requests and available resources, between short-term and long-term solutions, between donor and donee states, between demands for greater mobility and higher productivity and the costs of such activity to our environment and to safety. This bill will also weigh the balance of power and responsibilities among levels of government. Achieving a good balance will not be an easy task, but it is a task that has been made easier by the record already established under ISTEA. ISTEA has given us both a foundation and a blueprint for the future.

As we begin the legislative process, I want to reemphasize that the Administration's long-term vision of the Nation's transportation system is spelled out in our DOT Strategic Plan. It envisions a "seamless" intermodal transportation system that effectively ties America together and links it to the world -- a system that will provide safe, efficient and environmentally friendly movement of people and the products they use. And it is always important to underscore that we need a transportation system equipped to meet our national security needs -- to respond to disasters, and to move people and goods, for both military and civilian purposes, in times of national emergency.

Today, you have asked me to address three topics: infrastructure funding needs, transportation benefits to our economy, and trends in transportation. In addition, I would like to briefly mention how the President's budget proposal will respond to our needs. I believe it demonstrates the President's continued commitment to transportation priorities and will allow us to build that bridge to the 21st century.

Infrastructure Needs

ISTEA authorized a total of \$157 billion over the period of fiscal years 1992 - 1997. The appropriations process over that period actually made \$145 billion available for ISTEA programs. We all should ask "What did we get for that money?" That investment is producing real results, even with many of the projects still under construction.

The physical condition of bridges and pavement, which had been deteriorating, has stabilized and, in many areas, actually improved. This is especially true on the 161,000-mile National Highway System (NHS), our premier national and regional network of principal routes that provide the greatest economic, defense, and personal mobility benefits. Peak-hour congestion in our largest urban areas has stabilized. Also, the rate of highway fatalities has declined, although not as much as we would like to see. These trends suggest that, while the successes of ISTEA may not make the daily headlines, overall, we have kept pace with the maintenance requirements of our infrastructure system; we have stopped the tide of accelerating deterioration of the system; and most importantly, we have begun to tie our transportation system together through ISTEA's emphasis on intermodalism.

And this success has extended to transit nationwide. In the last four years we have helped buy nearly 26,000 new buses and nearly 600 new rail cars for state and local transit agencies. Most of these meet requirements that they be accessible to persons with disabilities. We have also helped to fund more than 100 miles of new transit lines, serving more than 100 new stations, and our data show improved conditions and performance of our transit systems.

We are making progress. According to the Department's 1995 Conditions and Performance Report:*

- o The number of structurally deficient bridges has dropped.
- o The amount of pavement in poor condition has stabilized at a manageable level.
- o The percent of transit fixed facilities and rolling stock in good condition has increased.
- o Since 1984, the passenger-mile weighted average speed improved by about 10 percent on our Nation's transit systems.
- o Well over half of all riders report wait times of five minutes or less.
- o Fifty-one percent of transit trips involve one or more transfers.
- o Less than one-third of all transit trips involve standing for at least part of the trip.
- o About 25 percent of all transit users report trip times of ten minutes or less.

Over the long run, to maintain current conditions on our highway and transit systems, it will require significantly higher funding from all sources--Federal, State, and local governments. Our most recent report to Congress suggests the shortfall may be as high as 40 percent. To improve conditions to optimal levels based on economic and engineering criteria would require us to double our current capital investment in highways and transit.

President Clinton recognizes the importance of sound infrastructure to America's prosperity and international competitiveness, and he has addressed infrastructure needs even as he has reduced the budget deficit. That is why he, drawing on ISTEA resources, increased investment in highways, transit systems, airports, and other infrastructure to an average of \$25.5 billion over the past four years, more than 20 percent higher than during the previous four years.

*The 1995 Status of the Nation's Surface Transportation System Condition and Performance Report of the Secretary of Transportation to the United States Congress (Comm. Print 104-30, March 1996). This report compares 1993 data with data for 1991. The Department's 1997 report will be published later this year.

Federal grant funding cannot meet all of our infrastructure needs, and so two years ago we created the Partnership for Transportation Investment, which has cut red tape, produced new financial tools, and attracted new sources of funding. That has accelerated over 70 projects worth more than \$4 billion, including \$1.2 billion in increased investment above and beyond that available through conventional financing. These projects have moved an average of two years ahead of schedule, saving interest and inflation costs and producing benefits faster. The '97 budget built on this progress by providing \$150 million in seed money for the first State Infrastructure Banks, or SIBs, which, thanks to action by this Committee, were established under a pilot program under the NHS Act. SIBs will leverage private and other public funds through a variety of new financial strategies. The new budget proposes to expand this effort by providing another \$150 million in seed money for SIBs, and \$100 million for a new Federal Credit Program. The Credit Program will be similar to the SIBs in its support of innovative financing, but it will fill a different need -- the support of projects which, by virtue of their magnitude or multi-state benefits, are of national significance but which might not fit into the programs of individual states. That will enable us to make loans and apply other financing arrangements for such projects.

We can also invest in intelligent transportation technologies that will make our current infrastructure more efficient -- and less costly. Indeed, we believe that as much as two-thirds of the new capacity that we will need in the coming years in our Nation's most congested corridors can be provided by intelligent transportation systems and at much less cost than for normal construction.

The challenges before us are national in scope, and they require national solutions. Traffic congestion and bottlenecks in major trade centers like Los Angeles and Chicago not only impose delays on local commuters and regional freight, they also interfere with the speedy and reliable cargo movements essential to enhance our global competitiveness. Efficient mass transit systems are essential for our regional economies to compete with business centers around the world, and to assure that all our citizens have access to health care, education, and job training. And the Members of this Committee are well aware of the significance that we, as a Nation, have placed on improving the environment and upgrading safety. These challenges cannot be solved on a

piece-meal basis, but rather require coordinated national strategies, in partnership with state and local governments, industry, labor and other transportation customers.

Also national in scope are the public roads that serve the transportation needs of national parks, forests, tribal lands, and other areas under Federal jurisdiction. We propose spending \$512 million in FY 1998 to support efforts coordinated by FHWA's Federal Lands Highway Program to develop necessary transportation infrastructure on Federal lands that protects natural resources, serves tourism, provides access for Native Americans, and supports economic development in rural areas.

President Clinton's proposed Fiscal Year 1998 budget for the Department of Transportation reflects the President's commitments both to balancing the budget by 2002 and to a safe, secure, and efficient transportation system -- one which supports economic growth while preserving our natural environment. Therefore at a time when the overall Budget is decreasing, the President has protected infrastructure by requesting a steady discretionary spending level of \$25.6 billion.

For example, our highest priority within DOT is improving the safety and security of our transportation system. Although it is already the safest in the world, much of what we do is aimed at making that system even safer -- even as travel growth and demographic changes create new challenges. That is why we want to raise direct federal safety spending by \$200 million -- to \$2.9 billion, a record 7.5 percent of our total budget. A major focus will be on reducing highway crashes, which account for nine of every ten transportation fatalities. About 41,500 travelers died in such crashes last year, a slight reduction from 1995. This toll is far too high and we must redouble our efforts to reduce it.

In order to cut the fatality rate, we have to focus not only on making safer cars and safer roads, but also on working to assure that drivers do their part. We need increased education and enforcement, and to do that we want to raise highway safety spending by NHTSA by 11 percent -- to \$333 million. While the details of our efforts will be included in our ISTEA reauthorization bill, I can tell you that our plan includes:

--\$9 million for a new occupant protection grant program to encourage states to increase safety belt use, the single best way to protect a vehicle's occupants;

--a \$9 million increase -- to a total of \$34 million -- in funding to help states enact tough drunk driving laws;

--\$8 million for a new research and education program to reduce air bag risks for children and small adults, while still preserving the benefits of air bags for all motorists; and,

--\$2 million for a pilot program for pre-license drug-testing, as the first step in launching the President's new initiative to combat drug-impaired driving.

Along with a greater emphasis on safety, the President has also indicated his continuing commitment to infrastructure investment. The FY1998 budget proposal of \$25.6 billion -- slightly above the average of the past four years -- would sustain the current investment that has produced significant results in terms of the performance of our transportation system. Under the Administration's plan, \$24 billion could actually be obligated next year for highway and transit capital. Under ISTEA's successor bill, we will be proposing higher authorization levels for FY1998 and subsequent years in case the Administration's economic growth and deficit projections prove too conservative, as they have in the recent past. If the budget situation were to improve in future years in this manner, we would look toward increasing the obligation levels. We will work with Congress on NEX-TEA funding issues this year, and each year, through the normal budget and appropriations process.

As part of the President's Budget, we propose to support Amtrak -- including improvements for the Northeast Corridor -- from the Highway Trust Fund. That includes \$767 million in FY1998 -- \$344 million for operating and \$423 million for capital, an increase of \$27 million over last year's level minus one-time costs. The Administration will work with Congress, Amtrak management and labor, State governments, and other interested parties in the coming year to develop an

affordable long-range plan that eliminates Amtrak's dependence on Federal operating subsidy.

As part of a comprehensive plan to increase flexibility and improve efficiency in transit, we hope to integrate formerly disparate formula capital, formula operating, discretionary bus, and fixed-guideway modernization grants into a streamlined Formula Programs account. For urbanized areas over 200,000 population, we plan to replace transit operating assistance with increased capital funding and a more flexible capital assistance definition that would include preventative maintenance. Areas under 200,000 population -- those most dependent on federal assistance for operating costs -- would be able to use their formula grants for all transit expenses, including operating assistance. Also, transit providers in any size area would be eligible for a new Access to Jobs and Training program that targets Federal transit assistance to low-income individuals, including current and former welfare recipients.

Moreover, in the future, we are looking to technology to provide many of the improvements we need in safety and efficiency. That's why we want to increase investment in transportation research and development by nine percent, to \$1 billion. That includes \$250 million for Intelligent Transportation Systems (ITS), which apply advanced computer and communications technologies to travel. About \$150 million will fund research, development, and technology transfer activities, and \$100 million is for grants to encourage state and local governments to begin to invest in the integrated, intermodal deployment of the electronic infrastructure necessary to support ITS services. These include regional traffic information services and coordinated traffic control on both freeways and arterial streets.

Finally, transportation, like all human activity, affects the natural environment, and we have an obligation to mitigate its impacts. That is why we're proposing a five percent funding increase in our environmental programs -- to \$1.53 billion. Much of this would be for CMAQ which state and local governments use to cut pollution through transit projects -- traffic flow improvements -- and alternatives such as ridesharing. CMAQ funds would be authorized at \$1.3 billion a year, up 30 percent from their level under ISTEA.

I believe this budget will allow us to continue to improve our transportation networks.

Economic Benefits of Transportation

This Committee is well aware of the vital role that transportation plays in assuring America's economic prosperity and quality of life. From the colonial post roads and canals that expanded our frontiers, to the railroads and Interstate Highways that linked a growing country, to the transit systems that made possible the development of our great cities and provided important linkages in rural areas -- America's economic progress has always been closely tied to advances in transportation. And this progress has accrued to all those participating in this vital industry, including those engaged in its construction and operation.

And along the way, transportation became more than just a means to prosperity -- it became a big economic player in its own right. One measure of transportation's role in the economy is its contribution to the gross domestic product (GDP). In 1995, the portion of the GDP attributed to transportation-related demand was \$777.2 billion, or 10.7 percent of overall GDP. Thus, transportation ranks fourth among economic sectors in its share in GDP, not far below health care and food. Nearly 10 million Americans are employed in industries that provide transportation-related goods and services, and these are good jobs--with the highest wage level of any sector of the economy.

We find that, as a result of greater efficiency in our transport systems, Americans now enjoy higher levels of transport output for the same level of input, an overall improvement in productivity.

As our national economy becomes more fully integrated and as America increasingly becomes part of a larger global economy, transportation will only become more important to our standard of living. Logistical innovations such as intermodalism and flexible "just-in-time" delivery systems have been essential in maintaining our productivity advantage worldwide against other countries that compete on the basis of lower wages. This process continues to accelerate and

translates into lower costs for businesses and for consumers, who pay less at the checkout counter as a result. In 1990, 18 percent of production was just-in-time; by 1995, it was 28 percent. In this and in other ways, transportation continues to contribute to our growing productivity.

Under ISTEA, Americans got more for their transportation dollars because ISTEA provided a strategic investment framework. It did so through stronger planning requirements and through programs, such as the National Highway System, that focused resources on roads of high national priority; it also provided for completion of the Interstate construction program. And ISTEA's authors had the vision to create the Surface Transportation Program, which provided unprecedented flexibility to state and local officials in determining transportation solutions that meet the unique needs of their communities.

We all know that investments in transportation systems and infrastructure can have a powerful effect on business activity. Until recently, however, our information about the economic consequences of such investments has been largely anecdotal. This is no longer the case. A recently completed DOT-sponsored study -- and, I might add, the most carefully done study ever undertaken on this subject -- has clearly documented the substantial economic returns on highway investments. As comprehensive as this study is, it is important to understand one other fact about it: the authors examined the economic returns on highway investments; they did not attempt to estimate the consumer benefits of highway investments, a major component of the public benefits.

The DOT study estimated how increased spending on highways lowered costs to those private companies that rely on highways. The results of the study are dramatic: between 1950 and 1989, the authors estimated that the average rate of private sector return on highway investments was 28 percent, a figure substantially higher than the average rate of return on investment earned by the private sector during this 40-year period (13 percent or so). While the rate of return on highway investments varies depending on the time period or highway system, the rate of return for total highway capital for the most recent period studied (1980-1989) was comparable to the average rate of return earned in the private sector (11 percent or so).

Other nations do not have the transportation infrastructure that we sometimes take for granted in the United States. It is transportation that has set us apart from the rest of the world. The *Economist* recently tracked the slow travel of Wrigley's chewing gum on a 1,000 mile trip from a factory in China's Pearl River delta to a consumer in Shanghai -- a trip that took several months and involved freighters, trucks, tricycle carts and bicycles. Most manufacturers in Asia could not even imagine "just-in-time" production; an Indian exporter's cost advantage over western competitors is eroded by around 30 percent, simply because of costs and delays in transportation. Gridlock is common in parts of Asia -- for goods and for people. Greater Jakarta, for example, is home to 16 million people, and it has no subway. The annual cost of gridlock in Bangkok is estimated at \$3.2 billion.

Many nations around the world have also identified large infrastructure investment requirements, although the financial capacity to make the necessary investments varies by country. In Japan, transportation capital investment by the government, as a proportion of Gross Domestic Product, is about four times that of the United States. And our European allies invest at a rate substantially above ours. Asian governments hope to invest upwards of one trillion dollars on infrastructure by the century's end, half of which will be for transportation-related infrastructure. European governments are spending even more on a continent-wide system of high-speed rail and motorways. Our global competitiveness hinges on the efficiency of our transportation system -- in part because of the very size of our nation: in Japan, the average journey from manufacturer to the export shipping point is fifty miles; in the U.S., it is about 450 miles. We are examining transportation improvements, particularly in north-south corridors and along our borders with Mexico and Canada, that will facilitate enhanced trade resulting from the North American Free Trade Agreement (NAFTA). Another significant factor in freight movement has been the shift to east-west-Pacific-oriented flows, affecting not only the size and direction of rail traffic, but causing ports in Los Angeles and Long Beach to increase their market share. On a broader scale, it is critical that we assure that our connections across the country -- to ports, airports and major transportation facilities -- effectively link us to our global partners.

The benefits of an efficient, interconnected national transportation system are clear. It is therefore vital that we understand the factors that contribute to and affect the performance of that system. While it may not make for the most dramatic testimony, I believe it is important to understand recent trends in transportation so that we may make the best choices for the future.

Transportation Trends

The United States is facing major changes in personal and business travel, new patterns of freight shipments, regional population shifts, fast-growing elderly and teen populations, and an explosion of information technology. Across the nation, there are growing demands for speed and efficiency, especially from businesses, but also from individuals struggling to preserve time for family and community alongside demanding work lives. Congestion and pollution are two problems that are increasing. Both present new challenges for the transportation community and force us to devise innovative solutions for dealing with them. We must meet the demand for increased mobility for all our citizens -- rich and poor, elderly and young, disabled and able-bodied, in urban and rural areas -- to ensure their full participation in community life. Let me outline a few aspects of current trends in transportation that will direct our future policy decisions on ISTEA reauthorization.

Much of this information is from the Bureau of Transportation Statistics (BTS) which, as you all know, was established by ISTEA. Their work of compiling, analyzing, and disseminating information on the nation's transportation systems will lead to a better understanding of the performance of the transportation system and the potential for its improvement.

Passenger Travel

Between 1970 and 1995, U.S. passenger travel nearly doubled, growing by an average of 2.7 percent a year. Annual passenger miles of travel per person averaged 17,200 miles in 1995--nearly 6,000 miles further than in 1970. Automobile travel grew by almost 1 trillion passenger-miles, reaching 2.8 trillion passenger-miles in 1995, overshadowing all other modes in absolute terms. Passenger travel in light-duty trucks (including pickups, sport-utility vehicles,

and minivans) grew nearly fivefold over this period raising concerns over the fuel efficiency of the light-duty fleet. With regard to public transportation, over the past 15 years, transit travel has remained relatively stable. However, passenger-miles traveled on commuter rail, light rail and demand-responsive services have increased appreciably.

Many different factors have contributed to the growth in travel, including demographic and labor force changes, income growth, and changes in the makeup of metropolitan areas:

- In the quarter of a century between 1970 and 1995, the U.S. population grew by nearly 58 million people. More than 16 million people immigrated to the United States during this period. A high proportion were working-age adults who have joined the labor force and live in metropolitan areas. These factors have influenced urban travel demand.
- Baby boomers and women poured into the workplace. The civilian labor force grew by 59 percent, from 83 million in 1970 to 132 million in 1995. More people working means more people commuting, and more travel. In 1990, employed persons with licenses drove an average of 15,280 miles compared with 8,048 miles for people with licenses who are not employed.
- The number of households increased by 53 percent, nearly twice as much as the increase in population would suggest. The reason: household size decreased from 3.14 people in 1970 to 2.65 people in 1995. Smaller households mean fewer people to share responsibilities for shopping, recreation, and child care, and thus more travel per household.
- The number of automobiles and light trucks grew from 107 million in 1970 to 191 million in 1994. This increase is partly related to income growth. Rising income also generates demand for long-distance travel, especially international travel.

Changes in development patterns also have affected travel. In metropolitan areas, the locations where people live, work, and shop have become more

dispersed, and travel and dependency on private vehicles have increased. Metropolitan areas grew from 140 million people in 1970 to 189 million in 1990, but between 1980 and 1990, the central cities lost half a million people, while the suburbs gained 17.5 million. Between 1970 and 1990, the suburban share of metropolitan population rose from 54 percent to 62 percent, and during the second decade of this period, the suburban share of jobs rose by almost the same proportion, from 37 percent to 42 percent.

Shifts in the location of jobs have changed travel patterns. Suburb-to-suburb commutes in 1990 accounted for 44 percent of all metropolitan commutes, while suburb-to-downtown made up only 20 percent. As metropolitan areas expanded and low-density suburbs spread into rural areas, mass transit struggled to provide the same level of service as in higher density city cores. Thus, private vehicle trips soared, as they offered the most direct connections for many suburb-to-suburb commutes by occupants.

Although the increase in mobility over the last quarter of a century has brought major benefits to American society, not all share fully in the benefits. For example, for many Native Americans, inadequate transportation infrastructure has hindered economic progress, health care, jobs, and schools in Indian Country. This must change. President Clinton has proclaimed a government-to-government relationship with American Indian Nations to foster Indian self-determination and economic independence. Investment in the future of Indian Country, including investment in infrastructure, will ensure long-term dividends to our partners in this special relationship. The jobs created through this investment may provide some of the most impoverished areas of the United States an opportunity for economic prosperity.

In addition, as many available jobs have shifted to suburban and exurban areas, low-income workers who cannot afford to live in those communities or own a car are often left with inadequate resources to reach their places of employment. Alternatively, they cannot find work because the travel times involved are prohibitive. Also, if welfare reform is to be successful, low-income inner city residents must have the means to access jobs in suburban communities. Efforts such as our Department's FY 1998 \$100 million access to jobs initiative, and

HUD's Bridges to Work initiative, will contribute to enhancing welfare-to-work opportunities.

Mobility for older Americans and people with disabilities is a critical and growing need that must be addressed. The elderly are the fastest growing component of the U.S. population, with nearly 13 percent of the population over the age 65. The number of Americans over age 65--33.5 million in 1995--could increase by over 50 percent by 2020. The majority of these individuals are accustomed to independent mobility in self-operated vehicles. The aging of the population will require important modifications to the transportation system to make it safer for those with less keen eyesight, hearing and responses. Adjusting our public transportation systems to bring them into compliance with the Americans with Disabilities Act is a mandate that must be fully implemented to serve better the needs of elderly persons and persons with disabilities. Public transportation and highways must be made more user-friendly through better signing, facility modifications and other improvements. We will have to give increased attention to mobility alternatives for these segments of our population, as their mobility may be a significant social, economic, and health concern. Appropriate and acceptable approaches to achieving these objectives will have to be addressed in ISTEA reauthorization.

Traffic congestion in the nation's 50 largest cities costs travelers more than \$40 billion annually. Without a strategy that uses multi-modal solutions to this problem, delays are likely to increase over the next two decades as travel nationwide increases by a projected 60 percent. These delays translate directly into growing costs to business and ultimately are passed along to consumers.

The Movement of Freight

Freight transportation grew substantially between 1970 and 1994 in all land modes and air cargo. The ton-miles carried by Class I railroads increased 57 percent, while ton-miles carried by oil pipelines increased 41 percent. Using vehicle-miles of travel by combination trucks as a surrogate for ton-miles, freight transportation by truck increased 210 percent. The number of commercial motor carriers has also increased from 180,000 in 1989 to over 400,000 in 1996. The biggest relative growth was in air cargo ton-miles, which increased 434 percent.

This growth has been uneven, responding to general fluctuations in the economy. In response to the need for better data on freight movements, BTS worked with the Bureau of the Census to conduct the Commodity Flow Survey (CFS) in 1993. Results from the CFS (with adjustments by BTS) show that the nation's freight transportation system carried more than 12 billion tons of goods, generating a total of 3.6 trillion ton-miles in 1993.

The CFS confirms the dominance of trucks in our nation's freight transportation system, especially for shipping distances under 500 miles. Trucks moved nearly three-quarters of the value and just over half of the weight of all shipments. In terms of ton-miles, the split among truck, rail, water, and pipeline is more even because of the greater distances large shipments move in the nonhighway modes. Growth in truck use has been particularly dramatic. According to the Bureau of the Census Truck Inventory and Use Survey, the number of trucks used in for-hire transportation increased by 24 percent between 1982 and 1992. Vehicle-miles grew even faster: for-hire trucks traveled approximately 58,000 miles per vehicle in 1992 compared with 46,000 miles in 1982. Also, the truck fleet appears to be getting heavier as well as traveling farther.

Fast, flexible forms of transportation have become more important in recent years. In 1993, parcel, postal, and courier services carried more than 9 percent of the value of shipments of processed or manufactured goods that were measured by the CFS. When shipments carried by more than one mode are added to moves by parcel and courier services, intermodal freight exceeded 208 million tons, valued at about \$660 billion. In particular, about 41 million tons, valued at \$83 billion, moved by the classic intermodal combination of truck and rail. Assuming 50,000 pounds of payload per truck, this means that more than 1.6 million large trucks were diverted from our nation's highways for a major part of their trips.

Intermodal shipments tend to be high in value: goods shipped by parcel, postal, and courier services have an average value of \$14.91 per pound, while truck-rail intermodal shipments average \$1.02 per pound. Although these numbers are far less than the \$22.15 per pound average for air and air-truck shipments, they are significantly higher than the 34 cents per pound for truck-only shipments and the less than 10 cents per pound for railroads, water transportation, and pipelines.

The importance of interstate transportation was also demonstrated. Much of the freight was shipped over long distances. According to CFS data, out-of-state shipments accounted for 62.3 percent of the value of all shipments in the U.S. By weight, out-of-state shipments accounted for 35.3 percent. These figures do not fully reflect certain categories of shipments (such as imports from foreign countries) that were out of the scope of the survey. Hence, the above figures on out-of-state shipments are probably conservative. Another indication of the significance of interstate travel is that 49 percent of the vehicle miles traveled by for-hire trucks in 1992 were outside their base state.

Freight transportation has changed in response to many factors. We are moving lighter goods, either because traditional products like automobiles are being manufactured with lighter materials, or because the economy is emphasizing inherently light products such as consumer electronics. Just-in-time logistical systems have placed new demands for faster and more reliable service to support manufacturing, wholesale, and retail. The combination of toll-free telephone numbers and overnight parcel delivery services has allowed small retail establishments to serve national and international markets, resulting in more growth for carriers specializing in small shipments.

International trade will probably continue to place increasing demands on the domestic transportation system. Although overall global economic growth rates are likely to be uneven, economic growth in regions such as Asia, the Pacific Rim, and Latin America may continue to be significant. This growth will provide new markets for U.S. products, and be the source of both imports and tourists to be carried on the domestic U.S. transportation system.

As I noted earlier, NAFTA has added a north-south focus to traditional concern with east-west freight movements for international shipments. Based on information from the BTS Transborder Surface Freight Dataset, collected through the Census Bureau, \$273.56 billion in goods moved by surface transport between Canada and the United States in 1995, an increase of 10.2 percent from 1994. In terms of value, 74 percent of this trade move by truck, 22 percent by rail and 4 percent by pipeline in 1995.

In 1995, \$96.36 billion in goods moved by surface transport between Mexico and the United States, an increase of 6.4 percent from 1994. In terms of value, 85 percent of this trade moved by truck in 1995; virtually all the rest moved by rail.

Finally, although transborder land crossings are important, most international trade moves in and out of the United States through ports. Seaports handled international cargo valued at \$619 billion in 1995, compared to \$49 billion in 1970 (in current dollars).

Safety

We have made great safety progress in the face of increasing travel. Even so, transportation injuries and deaths still impose a substantial drain on the U.S. economy, along with emotional devastation for surviving family members and friends. Transportation accounts for roughly half of the accidental deaths in the United States, as it has for at least 25 years. And approximately 95 percent of transportation deaths resulted from crashes involving motor vehicles. These crashes are the leading killer of America's youth. Yet the reduction in the highway death toll is one of the great success stories of the last quarter century. Had the 1969 death rate--five fatalities per 100 million vehicle-miles traveled (vmt)--persisted, more than 120,000 people would have died from motor vehicle crashes in 1995, nearly three times the actual number of fatalities. Not only the death rate, but the absolute number of deaths from crashes involving motor vehicles has declined dramatically.

Nevertheless, a close look at recent statistics allows little room for complacency. As I noted earlier, about 41,500 lives were lost last year on our nation's highways. These deaths are only part of the picture; crashes result in costly injuries, productivity losses, lost travel time and increased congestion, placing a huge burden on our economy -- an estimated \$150.5 billion in 1994. The cost of medical treatment alone is estimated to be more than \$14 billion a year. The American taxpayer pays more than one-quarter of that amount to cover the Medicaid and Medicare costs associated with these injuries. The American taxpayer also has to make up for the lost tax revenue resulting from injuries and fatalities, estimated at nearly \$8 billion a year.

Taking into account the current level of Federal and state highway safety programs, projected increases in miles traveled will mean that the number of Americans killed in crashes will increase; a conservative estimate projects up to 51,000 deaths a year by 2005. This must not happen. We must reduce the fatality rate, and reduce the actual number of traffic fatalities. Improvements in vehicle and highway design will help. But the key is to improve our behavior on the highways by increasing safety belt and child safety seat use, by reducing drunk driving, and by increasing compliance with established traffic laws. Greater community involvement, and public and private sector leadership will lead directly to improved traffic behavior. National research and development also will continue to play a critical role in developing more effective countermeasures and delivery systems.

Over a year ago, DOT began to develop an *Action Plan to Reduce Highway Injuries and Related Costs*. We are assisting states in setting and evaluating their performance goals and providing a wide range of technical and financial assistance to assure that states have the tools, such as adequate data, to identify their problems and pursue the best strategies to resolve them. The *Action Plan* is an ongoing effort of the Department directed toward saving lives and taxpayer dollars. That plan, together with the safety measures I noted earlier that are included in our budget plan, will help communities respond effectively to these safety problems.

Environment

Transportation, like all human activity, also affects the natural environment. Because of its enormous size, it is inevitable that our transportation system will have some undesirable environmental impacts. Many, but by no means all of these impacts, stem from reliance on fossil fuels, especially petroleum. Because transportation energy use is increasing and domestic oil production continues to decline, U.S. reliance on imports is likely to continue. Gains from past technological change and fuel economy standards have tapered off.

Transportation activities can affect the quality of surface and groundwaters. Under some circumstances water quality may be affected when oil, fuel, and other chemicals emitted or dropped from vehicles is washed from highways by

rainfall. These contaminants can eventually reach streams, lakes, or groundwater. The movement and storage of fuels and other substances used for transportation also has the potential to cause water quality problems.

With regard to air pollution, the effort to control vehicle emissions has been an environmental success story. Far less pollution is emitted from cars and trucks today than twenty-five years ago. These dramatic improvements in air quality would never have occurred without a strong Federal role. Coordination between transportation and air quality planning has improved. More than one-quarter of the areas that did not meet ozone standards in 1990, and a few areas not meeting carbon monoxide standards, have met air quality goals. The Environmental Protection Agency has reclassified these areas as in "attainment." Nevertheless, many large cities continue to have problems meeting air quality standards and compliance will continue to be a significant challenge. Transportation officials must continue efforts under ISTEA's successor and the Clean Air Act to reduce air pollutant emissions from transportation.

Moreover, the United States continues to be the world's largest producer of greenhouse gases--both absolutely and on a per capita basis--and transportation accounts for 32 percent of U.S. carbon dioxide emissions, the key emission from anthropogenic sources. This is of ongoing concern because, as vehicle miles traveled and single occupancy vehicle rates continue to increase, transportation is the fastest growing sector for greenhouse gas emissions. The threat posed by global climate change must continue to be addressed through efforts to encourage travel in higher occupancy modes such as mass transit and carpools, to help reduce the growth in vehicle miles traveled.

Finally, efforts to mitigate environmental impacts and improve air and water quality, to protect open space, wetlands, and wildlife habitat, and to support other options that reduce the need for travel, such as pedestrian-friendly developments, must be continued and strengthened through programs such as CMAQ and transportation enhancements and through comprehensive and integrated transportation planning. Transportation planning decisions should also take into account efforts to redevelop "brownfields," particularly urban areas that have been abandoned or underutilized due to contamination risks.

Lessons Learned and the Challenges Ahead

ISTEA marked a turning point in developing an interconnected national transportation system, and its successor should be based upon that same vision. The question is: how do we get there, in an era of tight budgets? We believe ISTEA has provided a solid framework for us to build upon. The successor to ISTEA must retain the core elements that have made ISTEA such a success in just a few short years.

While we can be justly proud of the national progress made under ISTEA, there are still significant challenges ahead -- ones that will require fresh thinking and creative solutions -- and continue to require federal investment and guidance. If we are to maintain our quality of life and remain competitive in the global marketplace, we must aggressively meet the challenge of continued growth while mitigating unwanted safety and environmental effects.

As ISTEA's Declaration of Policy specifically acknowledged, we cannot treat our transportation infrastructure as a collection of individual modes competing with each other. We need to see our transportation facilities as a national system, with each mode complementing the others, and working together as a whole for the benefit of all users. ISTEA brought us closer to that goal, in several ways. First, it gave state and local governments the responsibility for planning all aspects of their state and regional transportation systems, and gave them more funding flexibility to pursue the goal of a more efficient, integrated transportation system. Second, ISTEA created mechanisms for funding projects connecting the different components of our transportation system. Through the CMAQ program -- the flexible, environmentally-oriented category in ISTEA -- we have, for example, funded an innovative truck-rail transfer facility in Stark County, Ohio, and projects in Portland, Oregon, and Seattle, Washington, designed to unsnarl traffic and improve rail and truck access to the commercial waterfront. These projects -- which help reduce vehicular congestion, improve safety and air quality, and provide better access into the port area so we can accommodate the increased volume of trade -- show that there does not have to be a tradeoff between jobs and the environment.

In regard to Indian reservation roads, ISTEA implemented our special government-to-government relationships by establishing a policy of consultation with tribal governments concerning the development of transportation systems for Indian reservations. For years, a lack of transportation infrastructure "chilled" economic development on Indian reservations. But ISTEA has begun to address reservation infrastructure needs and we need to continue to include tribal governments as partners in this effort.

In Miami, efforts are underway to plan a transit facility, known as the Miami Intermodal Center, to link Miami International Airport to the Port of Miami, a major cruise ship center. This is a good example of how the private sector and all levels of government -- city, county, state and Federal -- together with officials from different modes of transportation -- the air, maritime, port, transit and highways -- can work together to accomplish mutual goals.

Sound transportation systems cannot be created without the involvement of those affected. ISTEA brought new players to the table. The goal was to make the process of setting transportation priorities more informed and more inclusive. And state and local governments are responding. Efforts have been made throughout the country -- in Atlanta and Boise to name a couple of leading examples. Also, Federal land management agencies and tribal governments are increasingly involved in statewide and metropolitan transportation planning.

And a more inclusive process does yield results -- in the form of better, more feasible and more publicly acceptable plans. The plans being developed by states and Metropolitan Planning Organizations (MPOs) through the ISTEA processes are more viable. The fiscal constraint requirements ISTEA applied to these Transportation Plans mean they reflect the reality that planning requires hard choices based on available funding.

The comprehensive planning and public participation requirements established by ISTEA help to assure that a full range of social, economic, and community impacts are taken into consideration as investment decisions are being made. They connect transportation decisions with other community concerns -- land use, environment, and quality of life -- to make communities more livable. There should be no question of turning back. ISTEA's successor must continue to

guarantee that investment decisions are the product of a systematic, inclusive planning process -- an informed political decision.

In order to meet the transportation challenges of the 21st century, we will have to draw upon the talents and creativity of all levels of government and the private sector. In the past three years, we have taken major steps in that direction. For example, in Glendale, California, a public-private partnership of the Glendale Transportation Management Associates, Nestle USA Inc., and Commonwealth Land Title took on the challenging question: how can private companies help clean the air? In June 1993, in a program partly supported by CMAQ funds, Nestle and Commonwealth Title began rewarding employees who voluntarily chose alternatives to driving alone. An evaluation of this demonstration program found that, with a modest investment of start-up funds, the average vehicle occupancy increased by approximately one-third, suggesting the possibility of achieving dramatic reductions in the number of vehicles clogging the roads of the Los Angeles basin.

ISTEA strengthened the traditional Federal-state partnership and expanded it to include local governments, metropolitan planning organizations, and the private sector. Post-ISTEA legislation should build upon these successful relationships. We also need to bring in all the resources and talent available.

Finally, cleaner, safer, and more efficient transportation has often come because of new technologies -- some entirely new, such as the automobile, and some that have made previous advances safer or more efficient, such as seat belts. Continued development and use of advanced technology are vital if such progress is to continue. Under ISTEA, there is a renewed emphasis on applying technology that will close the gap between the state-of-the-art and the state-of-the-practice. And a reauthorized ISTEA must harness technology to serve a new century, through intelligent transportation systems, high speed rail, magnetic levitation, and other new technologies. By emphasizing deployment of technologies such as ITS, we can translate innovation into improved safety, system capacity, efficiency and travel time. Investment in research and development has been expanded, both through increased funding, and through new partnerships with the private sector.

CONCLUSION

ISTEA is visionary legislation, and its central elements -- intermodalism, flexibility, intergovernmental partnership, a strong commitment to safety, environmental protection, enhanced planning and strategic investment--should be preserved. These elements should serve as the foundation for the next surface transportation reauthorization. Over the course of the next several months, all parts of the transportation community, from both public and private sectors, will examine the merits of ISTEA and debate the details of the new legislation. I look forward to that debate.

Efficient national cargo movement is key to our ability to benefit from expanding trade opportunities. Truckers and other freight operators need national uniformity in both facilities and regulatory standards. We cannot achieve other key national priorities -- linking Americans to jobs, health care and education -- without efficient transportation. And the challenges we face in the areas of safety and the environment do not stop at state borders.

There are significant challenges ahead with a lot of work to do. In partnership with our colleagues in the states and local communities, and with the private sector, I believe that we at the Federal level have a leadership role in meeting those challenges.

Mr. Chairman, that concludes my prepared statement. I look forward to working with you and other Committee members on reauthorization of these important surface transportation programs. Clearly, we can all agree that investment in our nation's transportation infrastructure is vital to preserving our competitive advantage throughout the world and to maintaining the well being of our citizens. I will be happy to answer any questions.

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
TRANSPORTATION TRADES DEPARTMENT, AFL-CIO, MEETING
FEBRUARY 15, 1997
LOS ANGELES, CALIFORNIA

*(Introduction to be made by Sonny Hall, Secretary-Treasurer,
Transportation Trades Department, AFL-CIO)*

Thank you, Sonny, for that introduction. Let me start by bringing you greetings from Secretary Slater, who was sworn in yesterday.

Some of you already know the Secretary from his service as Federal Highway Administrator, but he's looking forward to meeting with all of you. We'll work with Ed Wytkind to schedule that meeting.

I'd like to go back to Washington with your ideas on the direction the Department should take under Secretary Slater's leadership, so I hope to spend most of our time today hearing your thoughts.

Before we do that I want to talk about President Clinton's commitment to working Americans and to his partnership with America's labor unions.

Over the years you've given voice to the concerns of the working men and women who make our transportation industry the engine of our economy, and the President shares your desire to empower them to make the most of their lives.

That commitment has its roots in the long and proud Presidential tradition of standing with working Americans.

These Presidents -- from Roosevelt and Truman to Clinton -- have sought a common goal: ensuring prosperity and security for all Americans.

We've taken a big step towards realizing this goal over the last four years.

Today we have more than 11 million new jobs, including a half-million in transportation.

The "Misery Index" is down to its lowest level since the 1960s. Mortgage interest rates are down, and homeownership is up to its highest level in three decades.

And Americans' future prosperity is also more secure than ever. 40 million Americans have had their retirement income protected because the President fought to change laws and crack down on deficient pension funds.

Just in the last year the President has worked with you to achieve a minimum wage increase for 10 million American workers -- health care reform that lets working people keep their insurance even if they change jobs -- and welfare reform that's going to continue moving people from welfare rolls to payrolls.

In transportation, President Clinton's commitment to working Americans is seen in our programs to preserve tens of thousands of high-wage jobs by helping to restore decaying industries like shipbuilding, airlines, and aerospace.

You've seen the President's commitment in his new Maritime Security Program, which will ensure that up to 47 American-crewed ships serve our ports and are available for service in national emergencies.

You've seen it in our aviation policy, which has produced 43 new or expanded international agreements to open up markets to U.S. carriers and generate airline jobs.

And you've seen the President's commitment -- and that of all of us in DOT -- in our efforts to improve safety for transportation workers.

We've worked with rail labor and management to develop new protections for roadway workers, a partnership we're continuing in other rulemakings.

We've also stepped forward to protect railroad workers' "right to tell" about safety problems, and we've been partnering with the rail brotherhoods to improve grade crossing safety, especially through better maintenance.

We responded to your request that we work with the George Meany Center to give commercial vehicle drivers an education program about federal drug and alcohol testing rules and substance abuse prevention, intervention, and treatment.

We're ensuring that the globalization of our industry doesn't compromise safety -- whether that means requiring international truckers to obey American laws or mandating that foreign air carriers serving the U.S. maintain security standards identical to those of domestic airlines.

Finally, you've seen our commitment to working men and women in our approach to labor relations.

[We've helped to resolve airline and railroad labor disputes and to promote employee ownership of airlines, preserving jobs.]

We've pioneered transit labor-management cooperation in such areas as a standardized bus operators' training program and maintenance worker training, and we've ended the mandatory privatization reviews that plagued transit in the past.

We've rehired former PATCO air traffic controllers in increasing numbers, taking advantage of their skills and experience and putting the past behind us.

And we've worked with labor to create models for collective bargaining as we implement personnel reforms at the FAA. We're confident that such efforts are the future of the transportation industry, and we'll do everything we can to support them.

We need to build on our successes -- in transportation and elsewhere.

In his State of the Union message the President laid out an agenda to do this -- an agenda which will enable us to finish jobs like balancing the budget and turning to the tasks ahead, building a foundation for the 21st century -- a foundation of investment in education, in technology, and in infrastructure.

We at DOT are doing our part to make the President's vision a reality. That's reflected in the 1998 DOT budget that the President proposed just last week. The budget reflects his commitments to balancing the budget by 2002 and to providing a safe and efficient transportation system.

Although the total \$38.4 billion the President requested is about one percent below this year's budget, funding for many targeted areas of interest to us all has increased. Let me review a few of these priorities.

Our highest priority -- as always -- making our transportation system safer for industry workers and for travelers.

Although our system is already the world's safest, much of what we do is aimed at making it safer, even in the face of growing travel.

That's why we want to raise direct safety spending by \$200 million -- to \$2.9 billion, a record 7½ percent of our total budget.

That includes increasing motor carrier safety grants by 28 percent, to a total of \$100 million, and targeting \$17 million of these funds to ensuring that carriers give their drivers the ability to operate safely.

We also want to increase railroad safety spending by 11 percent, to \$57 million, with funds going to speed up new safety rules and to buy an automated track inspection vehicle.

And we want to raise aviation safety spending by 12 percent, enabling the FAA to hire 273 new safety inspectors and certification staffers and funding the work of a new National Certification Team to inspect start-up airlines.

The President also recognizes the importance of sound infrastructure to increasing our prosperity and our international competitiveness.

He's strongly supported the programs made possible by ISTEA -- the Intermodal Surface Transportation Efficiency Act, which authorizes federal highway and transit programs and which expires this year.

Our proposal for ISTEA reauthorization is undergoing final review, so I can't say much about it. However, I *can* talk about how it affects parts of our '98 budget -- the first budget of the post-ISTEA era.

During President Clinton's first administration we increased investment in highways, transit, and other infrastructure by more than 20 percent, to an average of \$25.5 billion annually. Our '98 proposal of \$25.6 billion is actually above this average.

That includes just over \$18 billion for highways, maintaining our investment in roads and bridges.

We're also keeping mass transit investment steady, providing more than \$4.3 billion, including money for the 17 full-funding grant agreements executed since President Clinton took office.

Those new start agreements -- worth \$6 billion in federal funds -- are leveraging an additional \$5 billion in nonfederal investment for more than a hundred miles of new rail lines.

We're also giving transit agencies more flexibility by ending the distinction between operating and capital assistance for cities with more than 200,000 people.

Although routine operations would no longer be funded for these agencies, maintenance and the debt service on capital investment would now be eligible for capital grants.

In addition, capital grants have an 80 percent federal share versus the 50 percent for operating grants, letting local funds leverage more federal money.

Taken together, these changes will place transit agencies in a better position than before.

Smaller communities -- which are the ones most dependent on federal aid -- could use their transit formula grants for either capital or operating expenses.

I've already mentioned the Partnership for Transportation Investment, which fills the gap between our infrastructure needs and the available federal funding.

Our 1997 budget builds on our successes by providing \$150 million in seed money for the first State Infrastructure Banks, or SIBs, to leverage private and other public funds.

I know that some of you have had concerns about the SIB program and its implications for labor protection. I want to assure you that your comments are being listened to as we develop this program.

The '98 budget proposes another \$150 million in seed money for SIBs, and \$100 million for a new Federal Credit Program focused on projects of national significance, such as the Alameda Corridor here in Los Angeles.

Infrastructure investment, of course, is only part of what we do. We also fund operations, including those of the FAA, which safeguards and supports our aviation system.

We're requesting an 8.7 percent increase, a notable amount in an era of budget freezes, to the FAA's operating budget, up to a record \$5.4 billion.

In addition to more safety inspectors, that increase will let the FAA hire 500 air traffic controllers and 173 security staffers to carry out the Gore Commission's recommendations.

Something I want to note is a new \$100 million transit program that will offer welfare recipients the access to jobs, training, and support services that they need to make the transition to the working world.

We're also continuing to support Amtrak. As part of ISTEA's reauthorization, we'll propose funding Amtrak -- including improvements for its Northeast Corridor -- from the Highway Trust Fund. That includes \$344 million for Amtrak operations and \$423 million for capital projects in 1998.

Let me close now by saying that the '98 proposal moves us towards balancing the budget, and it does so while investing in the infrastructure and technologies we need *and* while protecting the safety of transportation workers and travelers.

This budget and the other initiatives I've talked about today reflect our commitment to working men and women.

As I said earlier, President Clinton is the heir to a long and proud tradition of standing with working Americans, and so I want to say a few words about today's relationship between the labor community and this Administration.

I know you've occasionally been unhappy with some of the stands we've taken.

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

We've seen how important this solidarity is. Working together over, we've turned back assaults on the Davis-Bacon Act -- on the collective bargaining rights of Amtrak employees -- and on the 13(c) protections for transit workers.

We'll face more challenges this year as we try to pass a budget which sustains our commitments to transportation and to the workers who make our system the world's finest.

And we'll face challenges from those who want to reverse the progress made under ISTEA -- progress which has led to greater investment in infrastructure and technology, and to a stronger emphasis on safety.

How we meet these challenges will determine the course our industry takes into the 21st century. We'll need your help if we're going to keep moving ahead, and we look forward to working with you as we do so.

Now, I'd like to hear your ideas and answer any questions you may have...

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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.

(More)

*U.S. Department of Transportation
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The National Highway System bill that the President signed three months ago made permanent the financing strategies that he announced a year ago using experimental authority granted by ISTEA.

These strategies go beyond our outdated system of paying for projects only through grant reimbursements. They give states and localities greater flexibility in how you use federal funds -- they get projects underway faster -- and they let transportation agencies tap into new sources of funding.

The first two rounds of experimental highway, transit, and rail projects announced over the past year included 74 investments around the country which can have a total value of about \$4 billion when completed.

There are outstanding projects all around the country -- in Chicago, the FTA helped the transit agency get 800 new railcars and save between \$35 and \$40 million through a sale-leaseback arrangement.

In the *other* Washington, a new private development will be centered around a brand-new Metro station -- at no cost to the public. The access that Metro will provide to a massive mixed-use project made it possible for the developer to donate a multi-million dollar station.

And in *this* Washington, deferring the state's share of the match on Route 520 outside of Seattle will speed up construction of new bus and carpool lanes by a full year.

The NHS bill also created state infrastructure banks -- new entities to be created and operated by the states using federal seed money which can leverage private and other public capital dollars.

I know that you will be talking more about these banks tomorrow. They have real potential to put public support behind private initiatives in a way that works well for all investors.

We want to have pilot programs running in as many as 10 states by the end of this year, and so we've put this initiative on a fast track. Applications are due to us by March 8, and we hope to have our selections made later that month.

These ISTEA and NHS strategies -- more direct federal funding, greater flexibility, innovative financing -- are going to help narrow the gap between our needs and our available resources over the next couple of years.

But what about the post-ISTEA future? Let's turn to the issues of the budget and reauthorization that have dominated discussion back in the other Washington.

(More)

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.

(More)

So I don't see a need to rush things. We *do* plan to hold hearings around the country to find out what our stakeholders believe should be included in the next version of ISTEA, and I hope that you'll participate in them.

Most observers believe that ISTEA has been a tremendous success, and there are good reasons for thinking so. For example, ISTEA established the importance of a comprehensive, intermodal transportation system, one that has improved transit's standing.

It's given far greater flexibility and autonomy to state and local officials, and that's benefitted those who want to explore alternatives to road construction -- even though it's spurred some intense debates about priorities and programs, and shaken some of the entrenched institutions.

It's expanded the planning process to ensure that the best solutions are chosen, and included new players, such as the revitalized metropolitan planning organizations, to ensure that decisions have broad support.

It's provided support for programs that position transportation as a *contributor* to a better environment -- an important concern in developing the resources we need at a time of shortage.

And, under President Clinton's budgets, ISTEA has meant money -- more federal funding than ever before for infrastructure, safety, and technology.

These are all principles we would like to see carried forward both in our 1997 budget and in the ISTEA reauthorization.

Some of them, such as the continuing devolution of decision-making authority to state and local officials, should be expanded. We want to continue that trend, while still ensuring that we protect clear national transportation priorities.

A program that emphasizes performance, as ISTEA's planning provisions did, will help to assure that we meet these broad objectives in ways appropriate to local conditions.

We also want to continue leveling the playing field so that highway or transit projects can be chosen on their merit, rather than on whether they happen to fall into some fixed category. We also support the trend towards programs that fully integrate the modes, as in our ITS initiatives.

We trust our state and local partners to make good decisions about how to best use the money apportioned to them, and we agree with the governors who believe that their range of choices should include intercity or commuter rail where they are solutions to their problems. We made that happen recently in Oregon, and it should be available nationwide.

(More)

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.)

**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
DOT EMPLOYEE WELCOME TO SECRETARY SLATER
WASHINGTON, D.C.
FEBRUARY 24, 1997**

(Based on 2/20/97 version of scenario as prepared by Kate Hallahan)

[USCG Brass Quintet will play. You will be seated on the platform with two employee representatives. At the signal that the Secretary is entering the plaza, you proceed to the podium to begin the ceremony.]

Ladies and gentleman, please rise for the Secretary of Transportation, Rodney Slater. Please remain standing for the playing of Honors and the National Anthem.

[Brass Quintet will play as Secretary Slater walks through the crowd to the platform. Once he arrives, Brass Quintet will play Honors and the USCG Honor Guard will present colors. Brass Quintet will play the National Anthem.]

Good morning. I'd like to thank you all for joining us to welcome Secretary Slater to his new position.

This is a day of both joy and sadness for the DOT family. Many of you joined the Secretary and me at this morning's memorial service for Paul Ackerman and Richard Wakeman, our two co-workers from the Maritime Administration who died in last week's tragic crash just a few blocks from here.

We mourn their loss, as we mourned the loss of Clinton Miniken, Matthew Schlimme, and David Bosley, the three Coast Guardsmen who died on a heroic rescue mission in Washington State two weeks ago.

I've seen many tragedies in my years of public service -- far too many -- but in each of them I've been impressed by the strength that

Americans have shown in extraordinary circumstances. Our sense of community has allowed us to prevail in the past -- and it will in these instances as well.

We can best honor the memory of those who have died by continuing our work and serving the nation as well as we can. I ask that you keep our fellow employees and their families in your thoughts and prayers -- and that you continue serving the public as you always have.

I said that this is a day of sadness -- but it is also one of joy. Today we welcome a new Secretary. What brings special gladness is that he is one of our own.

Over the past four years, Secretary Slater led the FHWA through a period of extraordinary change and challenge.

The implementation of ISTEA, the revolutionary legislation which forever changed transportation -- the creation of the National Highway System -- and new emphases on safety, environmental protection, and other vital national goals demanded much of the agency.

Under Secretary Slater's leadership, the FHWA delivered -- and America's transportation system is the better for it.

As we approach the 21st century, many of the concerns that the Secretary addressed at the FHWA are being faced by our entire transportation system.

The President believes that Rodney Slater is the man to help us meet these challenges -- the man to build on the strong legacy left by Secretary Peña -- the man to lead this Department into the new century. We welcome him to his new job at Secretary of Transportation, and we wish him well.

Together with John Volpe, Rodney Slater is only the second person ever to become Secretary of Transportation after having led one of its operating administrations. He's one of us, so it's only appropriate that this morning's official welcome be made by two of our own. First, Maurice Banks. Mr. Banks currently serves as a diversity advocate in the Office of the Secretary and is a five-year veteran of the Department.

[Maurice Banks will speak and return to his seat. You will move to the podium to introduce Gabe Valdivieso.]

Thank you, Mr. Banks. Our second speaker is Gabe Valdivieso (*Val-dee-vee-eh-zo*), coordinator of DOT's leave donor program and a nine-year employee of the Department.

[Gabe Valdivieso will speak and then introduce the Secretary. Secretary Slater will speak and return to his seat. You will return to the podium to close the event.]

Let me close by thanking you all for coming to welcome Secretary Slater. Now, I'd like to ask you all to stand for the retirement of the colors.

[Honor Guard retires colors. Brass Quintet plays as employees leave the plaza.]
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**ORAL STATEMENT
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
HOUSE OF REPRESENTATIVES COMMITTEE ON SCIENCE
WASHINGTON, D.C.
FEBRUARY 27, 1997**

Good morning, Mr. Chairman -- members of the Committee. On behalf of Secretary Slater, I thank you for the opportunity to offer the Department of Transportation's views on surface transportation technology research and development.

Let me begin by saying that we see science and technology as one of our key solutions to many of the challenges we face as we approach the 21st century.

Growth in travel produced by our expanding economy could threaten the progress we've made in areas as diverse as highway safety -- energy conservation -- and environmental quality.

That same travel growth causes highway and airport congestion, wastes tens of billions of dollars annually, and demands costly capacity increases even as we struggle to maintain the existing system.

In the face of this growth we also have to increase our system's efficiency and improve connections between modes if we're to continue the economical movement of people and goods that has been crucial to our prosperity and our international competitiveness.

In fact, just a one percent improvement in transportation efficiency can save our economy \$100 billion over a decade, making us more competitive.

Technology gives us the tools to master many of the challenges we face and to take advantage of the opportunities they offer.

Technology, thoughtfully applied, can increase the safety of the traveling public and transportation workers -- enhance our competitiveness by increasing transportation efficiency and by manufacturing technology-driven products for export -- and sustain the transportation industry jobs which are already among the best-paying in America.

This is why President Clinton has worked in partnership with Congress to expand our Department's role in research and development -- a growth reflected in the record \$930 million we're investing in research and technology this year.

Federal seed money has leveraged the resources of state and local governments and of the academic community, providing the necessary impetus for progress.

Our role is critical because neither other sectors of government nor industries with many small providers -- such as road paving -- have the resources for intensive research.

In such instances we can provide much the same support for eventual commercial success that federal investments through the Defense Department and NASA have given the aviation industry.

Federal leadership on developing technological standards also has been vital, especially for such initiatives as our deployment of intelligent transportation systems.

Standards ensure compatibility and provide the reduced risk and stable markets entrepreneurs want before making huge financial commitments.

Finally, we've worked with the National Science and Technology Council's Transportation R&D Committee to promote partnerships.

Through the Committee's members and through our DOT agencies, we're forming partnerships with the state and local governments and private businesses responsible for most technology deployment and operation.

These partnerships ensure that federal funding is well-coordinated and that it leverages -- and doesn't merely supplant -- investment from other sources.

The investments we've made over the past several years and the partnerships we've formed are already showing results.

Our commitment to intelligent transportation systems, or ITS, is seen through a program of research, architecture and standards creation, and technology transfer that uses information and communication technologies to cut congestion, improve safety, and enhance the efficiency of transit and commercial vehicle operations.

Building new facilities to provide all of the new transportation capacity we need is neither practical nor affordable -- but these ITS systems can provide two-thirds of the effective new capacity we'll need over the next two decades at a savings of more than a third of the cost of new construction.

This is similar to the way improvements in air traffic control have enabled us to handle twice as many planes as the system served a generation ago in spite of having added only one new major airport.

We already see successes from ITS, such as in Minneapolis, where reduced congestion has improved freeway speeds by 35 percent and where lives are being saved because emergency response times have been reduced by 20 minutes.

We're building on such early successes through Operation Timesaver, which is creating a national ITS infrastructure to cut urban travel times by 15 percent over the next decade.

In the longer term, we're exploring a truly automated highway system which will have shorter-range benefits in terms of safer operations on existing roads.

We'll meet Congress's mandate to demonstrate the feasibility of an automated system through a test on San Diego's I-15 this August.

Our technological successes in surface transportation also include progress on advanced materials which will be used to build stronger, longer-lasting, and less costly roads and bridges.

High-performance concrete, such as was used on a new overpass near Houston, can cut both construction and maintenance costs.

We envision similar savings from high-performance steel, which is stronger than ordinary steel, resists corrosion, and doesn't need to be repainted.

Advanced materials, such as "Superpave" asphalt, can double the life of pavement, saving states and localities hundreds of millions of dollars annually and eliminating the user delays that come from maintenance projects.

Composite materials that we're testing in California can be used to quickly make bridges and elevated highways earthquake-proof.

Our efforts in rail research have been focused on safety and high-speed rail. To address the human factor in safety, we're using an advanced locomotive simulator to better understand engineer stress and fatigue. And we've equipped an Amtrak test car with special sensors to give us the data we need to set track safety standards.

We're also working to improve train operations through the application of the Global Positioning Satellite System, digital data radios, and onboard supervisory computers.

Not only will these improve safety, but they'll also enhance freight productivity today and safely enable high-speed passenger and freight operations.

Our Advanced Public Transportation Systems program uses ITS technologies to improve transit efficiency and customer service.

It's supporting such applications as automatic vehicle locators, onboard and wayside passenger information links, electronic fare collection, and automated dispatch systems for demand-response services.

We're also developing transit buses which use energy-efficient, low-emission fuels, which have advanced suspensions for better rides, and which are made with lighter materials for less impact on city streets.

Finally, we're linking the modes through such efforts as applying ITS technologies to improve grade-crossing safety, designing tracking systems to enable "just-in-time" freight deliveries, and enabling electronic vehicle clearances at state and international borders to enable a seamless flow for freight.

In the future, we want to build on such successes. We're currently finishing two documents which can help to guide our efforts: our fourth annual Surface Transportation R&D Plan -- as called for in ISTEA -- and the first-ever, government-wide Transportation Science and Technology Strategy, prepared through the NSTC.

We'll share these with you as soon as they're completed, and would welcome the opportunity to brief you on them.

Let me close by saying that the President sees our continued commitment to science and technology as vital to our prosperity and quality of life.

Secretary Slater and I look forward to working with you to sustain this commitment as it relates to transportation technology. Now, I thank you for your attention, and I'd like to answer any questions you may have...

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