U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
COMMERCIAL AVIATION FORECAST CONFERENCE
WASHINGTON, D.C.
MARCH 5, 1997

Good morning. Thank you, Louise, for that introduction, and for stepping in to fill Barry Valentine's shoes while he ably serves as acting Administrator.

As you know, we're in a period of transition at the Department of Transportation. Over the past several months three good friends of the aviation community -- Federico Peña, Dave Hinson, and Linda Daschle -- have left us.

They leave behind a strong legacy, and aviation and aerospace industries which are far stronger than when they took office. Although we'll miss them, I can assure you that Secretary Slater is in the process of selecting their successors, and that all of us are committed to continuing the partnerships formed over the past four years.

Those partnerships, the efforts of American aviation businesses and workers to become more competitive, and the thriving economy we've seen since President Clinton took office have combined to rejuvenate America's aviation industry, just as we said could be done four years ago at the beginning of the Aviation Commission's work.

In fact, I'm pleased to announce that, last year, an unprecedented 605 million passengers flew in our skies, load factors, always a key indicator of productivity, exceeded 68 percent, the third consecutive record, and commercial airline net profits reached a record $2.7 billion.

Our aviation industry is healthy, and we want it to stay that way, but its very health creates challenges which could threaten its future prosperity. This morning I'd like to talk about three of these challenges, and set the stage for the presentations you'll hear over the next two days.

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These challenges are the needs to improve safety, to increase efficiency, and to provide an equitable way of paying for our air traffic system. Although these issues are indeed intertwined, I'm going to indulge myself and address them separately, starting with our highest priority: safety in the skies.

America's air carriers are the world's safest, but we can't be satisfied with that. If our aviation system is going to continue its growth, we have to improve both the reality and the perception of safety.

That's hard to do. I know that, you know that, but it is still necessary. The rapid growth in air travel that began with deregulation under President Carter and continues today means that we have to reduce the accident rate if we're going to continue to reduce accidents. That's been the case with highway crashes, where travel growth increased fatalities even though the fatality rate itself has been stable.

When it comes to safety, running in place is unacceptable if we're going to sustain public confidence. And, in fact, last year's performance wasn't even running in place: the air carrier accident rate regressed slightly, back to 1990 levels, and we all know how the public reacted.

We laid the groundwork for doing more with the Gore Commission's report, which set a goal of increasing the safety rate by a factor of five over the next decade. It's an ambitious goal, but we *can* achieve it. We've already taken significant steps, such as setting a single level of safety which will give passengers on 10-seat commuter planes the same sense of confidence as those on jumbo jets.

We're giving air traffic controllers new tools, such as detection systems that give them a complete picture of the airfield, new voice switches that end static, fading, and garbled words in communications with pilots, and Doppler radar, which alerts them to wind shear.

We're increasing our scrutiny of start-up airlines and strengthening the restrictions on transporting hazardous materials. We need help in communicating the restrictions to airline passengers whose actions could imperil others.

We're implementing new security measures, such as the 54 new explosive detection devices we're deploying at major airports, to protect travelers against the threat of terrorism, both domestic and international.

We're applying the Vice President's ideas of common-sense government to our industry oversight procedures and programs, and making sure they still get the job done as efficiently as possible.

We're increasing safety inspections to identify poor operating practices, adding hundreds of inspectors to do this, and cutting red tape to focus them on the bottom line: what makes flying safer?

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We're acting on the conclusions of our "Challenge 2000" study, which call for us to change the way we certify and monitor regulatory compliance in an era of downsizing, outsourcing, and globalization driven by code-sharing and the more than 40 bilateral agreements adopted since President Clinton took office.

And we're taking steps to identify problems before they cause accidents by creating a worldwide data-gathering system called GAIN -- the Global Analysis and Information Network. GAIN will disseminate qualitative and quantitative operating data worldwide and identify emerging concerns, giving us a safety early warning system.

For example, although inflight engine shutdowns are rare, they do occur. The way to prevent such failures tomorrow is to collect, and use, information on shutdowns today.

Finally, we're carrying out the Gore Commission's recommendations. Security is not only an integral part of our effort to sustain our aviation industry, it's also a major front in our counter terrorism strategy.

Last September the President accepted the Commission's 20 initial policy recommendations on security. We've acted quickly to implement these recommendations.

We've begun installing 54 bomb detection machines in America's airports. We're training and deploying over 100 bomb-sniffing teams. We're hiring 300 new special agents to test airport security. And the FBI is adding 644 agents and 620 support personnel this year alone to carry out counter terrorism efforts.

The balanced budget the President recently submitted to Congress contains $100 million for future aviation security improvements, as the Gore Commission, an unprecedented federal commitment reflects our resolve to do everything we can to protect our people and to prevent terrorism. These initiatives, together with others under development, will give us the tools we need to make our air system safer and more secure even as it continues its phenomenal growth.

The second challenge I mentioned is efficiency. We need to improve how we provide airport and airway services and to reduce the cost of providing them if air travel is going to continue to be affordable for travelers and profitable for carriers. We've got to reduce delays, improve accessibility, increase reliability, and provide carriers with maximum operating flexibility.

Focusing on this is especially important in light of increasing growth. Aircraft operations are predicted to increase almost 15 percent over the coming decade, with commercial operations up more than 25 percent. Air cargo alone, driven by the expansion of "just-in-time-deliveries" to business, has grown at a four percent annual rate.

We already see the potential impact of these increases: although aircraft delays of over 15 minutes declined almost 40 percent between 1990 and 1995, they increased last year. That should

be a wake-up call for us. We need to recapture the initiative and continue reducing air traffic delays. There are several ways to do this.

Given the huge cost of new airports, and the lack of available land near major cities, we have to get the most we can out of existing facilities. Some 60 of the top hundred airports, including 15 of those with more than 20,000 annual hours of delay, have proposed to increase capacity with new runways or runway extensions.

The issue we face is how to pay for this construction. Historically, the federal government has provided between a quarter and third of airport funding. We, and Congress, face a crucial decision on both the level and the nature of that support. I can assure you that we want to continue a federal role in airport construction, and that we want to explore innovative ways of paying for it -- just as we are doing for highways and other modes.

We also need to create a more efficient airway system. Although our enroute air traffic control cost, measured by ton-mile, are only about half of those in Europe, there is room for productivity improvement.

That was shown in a recent assessment of our financial requirements which Congress directed us to carry out. The study, done by the accounting firm of Coopers & Lybrand, not only evaluated our finances but also our ability to fulfill our responsibilities within the operating environment we're now in. It concluded that we need greater flexibility and productivity enhancements in coming years.

The Gore Commission underscored this by recommending that we completely modernize the air traffic control system by 2005, as much as a decade earlier than previously planned, because that modernization is the key to increased efficiency.

That means accelerating the replacement of outdated equipment and facilities, fully implementing navigation based on global positioning satellite systems, and making such procedural changes as free flight to maximize operating efficiency.

We also want to act on the Gore Commission's recommendation that we develop an integrated National Airspace System architecture which links airport and airspace needs.

Finally, we need to better integrate aviation into the larger transportation system, so that travelers can get to and from airports cheaply and conveniently. Our aviation system can't only be concerned with what happens to its customers when they're in the air on in airports; it has to address the entire trip, and work with highway, transit, and rail agencies to ensure efficient airport access.

The third challenge we face at the turn of the century is equity.

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Maintaining, much less improving, the finest air traffic control system in the world is expensive, and in the balanced budget world we have to decide how to fairly and efficiently finance these needs.

Although the exact cost of federal airport and airway services is debatable, the consensus is that the near-term total is $8 to $10 billion annually, and this number, whatever it is, is likely to grow as air travel increases, especially before we develop more productive systems.

Historically, we've relied on the Trust Fund fueled by aviation excise taxes, as well as substantial general fund contributions, to pay for this. You all know that our authority to collect these taxes has expired twice in the last year, and is due to expire again at the end of September.

Clearly, we have to agree on a stable and adequate source of aviation funding, but, as the recent disruptions have shown, that isn't easy. There are disputes over the amount of funding needed, over how the system should be financed,- through aviation taxes, through user fees, through privatization, or through some other means, and over who should pay: actual system users, travelers, or the general public.

There are also issues such as who should pay the costs of air traffic services and safety certifications: commercial users, general aviation, military, airports, or aircraft manufacturers? In addition, our system is pay-as-you-go, requiring present users to finance improvements that will provide benefits for future generations. Is this intergenerational transfer equitable?

Finding fair, sensible answers to these questions will be a great challenge, and we need to put aside our own interests and work together as a community if we're going to do this. We're already starting to do this. In the Federal Aviation Authorization Act of 1996, Congress directed us to establish the first "true" user fee for overflights that neither take off from nor land in the United States, and we'll issue an overflight interim final rule latter this month.

That act also established the National Civil Aviation Review Commission to study safety, airport capital, and air traffic operational needs, and to recommend ways to meet these needs. Secretary Slater will select his nominees for this panel very soon, and we expect Congress to name its designees in the same time frame so the panel can begin its work. The Secretary and I hope that the commission will play a key role in solving the challenges of airport and airway finance, and we look forward to receiving its recommendations.

In my remarks today I've treated these three topics -- safety, efficiency, and equity -- as separate concerns. They're not, of course: they're inextricably linked. We can't address any one without the other two. That's why I'm pleased that David Plavin has recommended that this conference has set aside a half-day tomorrow to focus on the implications of the commercial aviation forecast.

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Tomorrow's workshops, which will review the impacts of growth on airports, on commercial aviation, and on the airspace system, are as important as the statistics which we're reporting. They're the basis of the comprehensive planning we need to determine our needs and then to meet them.

That's why we in the federal government are improving our own planning, emphasizing better measurement of desired outcomes, better integration, within the federal government and with our partners, and better linking of near-term decision-making with our strategic goals.

I hope that the increased emphasis on planning in this conference will help all of us to better make the necessary connections between safety, efficiency, and equity in our aviation system. Let me close now by wishing you good luck -- over the course of this conference, and in your future efforts to keep America's air travel system the best and safest in the world. Thank you.

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(In his remarks the Deputy Secretary referred to Louise Maillett, Acting Federal Aviation Administration (FAA) Assistant Administrator for Policy, Planning, and International Aviation; Barry Valentine, FAA Assistant Administrator for Policy, Planning, and International Aviation; Federico Peña, former U.S. Secretary of Transportation; David Hinson, former FAA Administrator; Linda Daschle, former FAA Deputy Administrator; and David Plavin, President of the Airports Council International.)

ORAL STATEMENT
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
WASHINGTON. D.C.
MARCH 6, 1997

Good morning, Mr. Chairman -- Senator Baucus -- members of the committee. On behalf of Secretary Slater, I thank you for the opportunity to discuss how ISTEA has contributed to innovation in transportation.

With your permission I have a longer statement that I'd like to submit for the record, and would like to briefly review some of its highlights.

Before I begin, I'd like to introduce two officials from the Department of Transportation who have accompanied me this morning: Jane Garvey, our Acting Federal Highway Administrator, and Dr. Christine Johnson, Director of our Intelligent Transportation Systems Joint Program Office.

When Congress passed ISTEA, it responded to the challenges facing our transportation system: rapid increases in travel, aging infrastructure, and a need for greater efficiency and better connections between modes.

Under ISTEA, we've worked with Congress to increase infrastructure investment to record levels to help meet these challenges, and we see the results in systems that are performing better and new projects that are underway.

But we all recognize that federal funding alone cannot meet all of our needs, nor will construction always be the right solution. That's why ISTEA also promoted innovation: new technologies -- new ways of financing projects -- and new ways of doing business.

ISTEA initiated or furthered strategies to enhance transportation performance in an era of limited resources: innovative contracting that hopes to cut construction costs and enhance quality -- new materials, such as high-performance concrete and Superpave asphalt -- and energy-efficient, low-polluting transit buses.

My written statement outlines a number of these strategies, and I'd be happy to answer questions about them.

This kind of innovation in materials and methods can improve operating efficiency, cut costs, and increase the useful life of transportation facilities and equipment.

We'll see the benefits of such approaches well into the next century, and they are a means of closing the gap between needs and available resources by making those resources stretch further.

However, ISTEA's biggest impact may come from two other initiatives which it's helping to launch: innovative financing and intelligent transportation systems.

Together, they're crucial to meeting travel demand by expanding the existing system's capacity and by making the system more efficient.

Innovative financing expands capacity by cutting red tape to move projects ahead faster and by leveraging federal funding with private and nontraditional public sector resources.

Experimental provisions within ISTEA enabled concepts like making loans to projects with potential revenue streams and encouraging transit agencies to experiment with turn-key developments and other means of generating capital.

Two years ago, we announced the Partnership for Transportation Investment, which used ISTEA's provisions for such strategies as toll credits for state matching funds and federal reimbursement of bond financing costs.

During its test period, the Partnership advanced 74 projects in 31 states with a construction value of more than $4.5 billion -- including more than a billion dollars in new capital directly attributable to this program. Many of these projects are advancing to construction an average of two years ahead of schedule.

Congress, through the NHS bill advanced by this committee, made many of these experimental strategies permanent, and they're now a regular part of how we do business.

Congress also created state infrastructure banks to leverage private and other nonfederal investment with federal seed capital, and has provided $150 million to launch them. My written statement identifies a number of projects now underway with SIB support.

And, with other authority provided in ISTEA and elsewhere, we've worked to provide standby lines of credit for toll roads in Southern California and a direct loan to the Alameda Corridor.

In the future, we want to expand the state infrastructure program and to create a federal credit program to support projects of national significance.

We also want to explore the opportunities included in such proposed legislation as the "Highway Infrastructure Privatization Act" which Senator Chafee sponsored together with Senator Warner, Senator Moynihan, and Senator Bond and the "State Infrastructure Bank Expansion Act" and the "National Infrastructure Development Corporation Act," both sponsored by Congresswoman DeLauro.

Our second major innovation, intelligent transportation systems, or ITS, uses advanced information and communications technologies to cut congestion, improve safety, and enhance the efficiency of transit and commercial vehicle operations.

These systems are as simple as synchronized traffic signals and ramp meters -- or potentially as complex as an automated highway.

Such ITS applications can reduce by at least 35 percent the cost of providing the new capacity we'll need over the next decade -- much as improvements in air traffic control have enabled us to handle more planes without new airports.

Under ISTEA's authority, we're working with state and local governments and the private sector on a program of research, architecture and standards creation, and technology transfer to accelerate the development and deployment of ITS.

We already see successes, such as on the Oklahoma Turnpike, where electronic toll collection has cut costs by 90 percent -- in Los Angeles, where automated traffic controls already have improved travel times by 13 percent -- and in Minneapolis, where reduced congestion has improved freeway speeds by 35 percent.

We're building on such early successes through Operation Timesaver, which is aiding state and local governments in 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 such a system through a test on San Diego's I-15 this August.

In all of our programs we must build on the accomplishments of the last six years, and the way to do that is to reauthorize the many programs which work -- refine those programs which have not yet fully realized their promise -- and create new initiatives which apply what we have learned from ISTEA.

We will submit our reauthorization proposal very shortly, and we look forward to working with Congress to make it a reality. This concludes my statement. Now, I'd like to answer any questions you may have...

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STATEMENT OF THE HONORABLE MORTIMER L. DOWNEY
DEPUTY SECRETARY OF TRANSPORTATION
BEFORE THE UNITED STATES SENATE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
MARCH 6, 1997
WASHINGTON, D.C.

Introduction

Good morning, Mr. Chairman, Senator Baucus, and members of the committee. On behalf of Secretary Slater, I thank you for the opportunity to discuss innovation in transportation. When Congress passed the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, it recognized that our transportation system faced daunting challenges: rapidly-increasing travel, an aging and deteriorating infrastructure, environmental and air quality problems caused by the transportation system, and the need for greater efficiency and better connections between transportation modes.

ISTEA increased infrastructure investment to record levels to help meet these challenges, and the results are visible in new and expanded highways, transit systems, and intermodal facilities. However, Congress recognized that federal funding alone could not meet all of our needs, nor would construction always be the right solution. Consequently, ISTEA also promoted innovation: new technologies, new ways of financing projects, and new ways of doing business.

ISTEA is now in its sixth and final year, and as we prepare to reauthorize its programs we are reviewing how its initiatives have fared. The consensus opinion, as discerned from more than one hundred outreach sessions, focus group discussions, and other meetings with our constituents, is clear: ISTEA is working well, and needs only modest refinements, not major reforms.

No aspect of ISTEA received greater approval from our constituents than its promotion of innovative approaches to transportation. Consequently, our reauthorization proposal will build on the foundation laid by ISTEA to sustain our existing commitment to innovation by establishing new infrastructure funding initiatives and technology deployment programs.

My testimony on how ISTEA's programs have worked reviews several areas where innovation has flourished: transportation project finance; new approaches to contracting; advanced materials and project methods; intelligent transportation systems; and other research and development activities.

I understand that safety will be the subject of an upcoming hearing to be held by this committee and that the Department will have the opportunity at that time to present testimony on how ISTEA has fostered innovation in transportation safety.

We will also be addressing environmental issues at a future hearing, but I would like to briefly note our progress in addressing environmental concerns. ISTEA created two innovative and successful environmental programs, the Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Transportation Enhancements Activities (TEA) funding, which increased state and local officials' ability to target funds to projects that help their communities. CMAQ has proven to be one of ISTEA's most flexible programs, and our proposed changes to this program would make it easier for areas that do not meet particulate matter standards to receive CMAQ funds. Under the TEA, states have carried out projects that help transportation facilities fit better into communities, by preserving historic transportation facilities, building bicycle and pedestriam paths, and mitigating storm water runoff. In our reauthorization proposal, we are recommending codifying the requirement that these activities have a direct link to surface transportaiton. Under these two programs, ISTEA has stimulated hundreds of successful projects that prove that transportation can enhance the environment.

Innovative Finance

Transportation providers face a difficult challenge today: the gap between needed infrastructure investment and available resources is significant and growing. In response, we have been actively encouraging the development of innovative ways to attract new sources of capital to infrastructure investment and to eliminate inefficiencies in program delivery that add to costs. Innovative financing is an umbrella term used to describe these objectives, and it encompasses a wide range of strategies targeted at cutting red tape to move projects ahead faster and at leveraging federal funding with private and nontraditional public sector resources.

These strategies grew out of both ISTEA and President Clinton's Executive Order 12893, "Principles for Federal Infrastructure Investments," which instructed federal agencies to promote innovation, encourage private sector participation in infrastructure investment and management, and use federal funds more efficiently.

The Partnership for Transportation Investment

Experimental provisions within ISTEA led to the development of innovative solutions for project finance shortcomings including the extension of loans to fund projects with potential revenue streams and the development of the turnkey approach to transit project delivery which focuses on advancing new technology and lowering the cost of constructing new transit systems.

Two years ago, we announced the Partnership for Transportation Investment, a pilot program which built upon ISTEA's provisions regarding these strategies and others, such as toll credits for state matching funds and the federal reimbursement of bond financing costs.

To date, the Partnership has included over 70 projects in more than 30 states with a total construction value of over $4.5 billion, including more than a billion dollars in new capital

directly attributable to this program. Many of these projects are advancing to construction an average of two years ahead of schedule.

For example, the State Highway 190 Turnpike project in Texas, delayed for three decades by inadequate funding, is underway because federal funds have reduced the state's borrowing costs and strengthened its access to the capital markets. This $700 million project, which will help to link four freeways and the Dallas North Tollway, used $135 million in state-loaned federal funds to support highly-rated, revenue-backed bonds. This support will reduce loan and bond repayment costs (resulting in lower tolls for drivers) and will allow this project to be completed 11 years earlier than through conventional financing.

The Massachusetts Bay Transportation Authority was granted advance construction authority to issue bonds to rebuild its heavy rail maintenance facility. This $236 million project was undertaken 30 months earlier as a result, with immediate construction savings of over $50 million. In addition, each repair and overhaul undertaken after 1996 will take up to one-third less time to complete.

The Turnkey procurement process is being successfully implemented. For example, in New Jersey, on the Hudson-Bergen project, bids had to include a grant anticipation note to cover the shortfall between the construction cash flows and grant receipts. The Turnkey manager for the project will provide a letter of credit for up to $200 million over a three-year period which will be backed by the U.S. Department of Transportation and the New Jersey Transportation Trust Fund.

With an innovative financing grant, the Mississippi department of transportation leveraged an additional $1.5 million in economic development funds and local debt with which it is building two regional transportation centers to serve eight rural counties. These transportation centers will provide 20 percent more transit service with no increase in operating costs.

In Missouri, as a result of the Partnership for Transportation Investment, the department of transportation and an entrepreneur joined forces to install fiber-optic cable within the highway right-of-way. This cable will be used for private telecommunications services, but also will serve, at no cost to the state, as the backbone of a statewide intelligent transportation system.

Also through the Partnership for Transportation Investment program, the state of Ohio, the City of Cincinnati, and Norfolk Southern formed a partnership to carry out the construction of 3.5 miles of new track and the improvement of four rail bridges. The project, two-thirds of which was funded by Norfolk Southern, has alleviated congestion on rail lines and at grade crossings within a 60-mile radius of Cincinnati. As a result, this project has helped the region to reduce pollution and meet its air quality goals.

In Stark County, Ohio, the state-supported construction of a $35.2 million intermodal facility enables the transfer of freight between trucks and rail cars. A state loan of federal-aid funds to the private developer who built the interchange made its construction feasible, and fees paid by

facility users will repay the loan. The project has already attracted $24 million in private funds, and over the next decade could produce $500 million in new investment and 5,000 new jobs.

A rail project, involving the city of Fort Collins, the state of Colorado, Burlington Northern Santa Fe, and Union Pacific, is consolidating and relocating track to eliminate 16 grade crossings throughout the city. In addition, new signals are being installed at several other crossings. These actions will enhance air quality, highway traffic flow, and rail-highway safety.

In addition, the Chicago and Soo Line Railroad are jointly funding a $35.1 million project to improve access into and out of a major rail facility in Chicago with the railroad funding all but $2.1 million of the cost. The benefits of this project are estimated as a $2.6 million savings in reduced waiting time at rail-highway grade crossings in addition to the benefit of reduced pollution. Public safety will also be enhanced by the reduced exposure to trains at crossings, and additional capacity for Chicago commuter rail service will result from this project as well.

In the National Highway System Designation Act of 1995 (NHS Act), Congress made permanent many of the experimental strategies used in these and other projects, and they are now a regular part of how we do business.

State Infrastructure Banks

We are continuing to develop initiatives aimed at enabling states to leverage federal dollars. Notable among these are state infrastructure banks (SIBs), which evolved from ISTEA's provision allowing states to loan part of their federal grant funds to transportation projects. SIBs use federal seed capital to leverage private and other non-federal public investment through loans and credit enhancement assistance.

Congress authorized a pilot program when it passed the NHS Act and provided $150 million in the fiscal year 1997 Department of Transportation appropriations act to fund SIBs in states participating in the program. Currently, SIBs have been approved for 10 states: Arizona, California, Florida, Missouri, Ohio, Oklahoma, Oregon, South Carolina, Texas, and Virginia.

Ohio's bank is the most advanced, having already loaned Butler County $20 million to support a $100 million bond issue. Florida, Missouri, Oklahoma, and Oregon are expected to make loans by October of 1997. The following list of other projects to be supported by SIBs in the coming year illustrate the flexibility they afford to states seeking to tailor aid to the needs of specific projects.

In Oregon, a SIB loan combined with commercial bank financing will reduce interest debt on vanpool leases in the Portland area and thereby save users 26 percent. This project will encourage ridesharing, with consequent decreases in congestion and air pollution.

Missouri's Springfield Transportation Corporation will use a sequenced, two-loan strategy to speed up significantly a $33 million road construction project and to reduce interest costs. The first loan will enable pre-construction work to begin without waiting for the full federal share of funds to be accumulated. The second loan, with below-market interest rates, will finance the project's construction bonds, saving area residents several million dollars in interest costs.

In addition, Missouri's SIB will use a Missouri department of transportation grant to capitalize its transit SIB account. The initial capitalization of $1 million will support a loan for the purchase of light rail vehicles for St. Louis' transit system.

The SR 80 Interchange in Palm Beach County, Florida, will use an interest-free SIB loan to finance interest costs during construction and the first five years of operation, a period in which anticipated revenues from this toll project would otherwise be insufficient to pay its costs. After this time, revenues should be adequate to pay the construction debt, and the project will be able to sustain itself.

These are examples of projects now in development. Our reauthorization proposal expands the number of participants in the state infrastructure bank program and provides additional federal seed funding to help them get started.

Credit-Based Strategies

SIBs are not the only financial strategies we have been exploring. We have worked to provide contingent loans for toll roads in Orange County, California and a direct loan to California's Alameda Corridor.

These types of projects are of national significance because of this region's role as a global gateway, but might not have been feasible without the credit assistance provided by the federal government.

In our reauthorization proposal, we would create a $100 million per year federal credit program to target assistance to critical projects of national significance, including trade corridors, intermodal facilities, bi-state connectors, and international border crossings.

This program would offer a cost-effective mechanism for financing important national infrastructure projects and would encourage more private and other nonfederal investment.

Innovative Contracting

In examining ways to improve project delivery, we have actively encouraged the development of innovative contracting practices by working with state transportation departments to test practices that promise to reduce project life-cycle costs while maintaining quality and

contractor profitability. Among the techniques which have been evaluated are design-build procurements, cost-plus-time bidding, and lane rentals.

Design-Build Procurements

The design-build process gives the contractor maximum flexibility in the selection of design and construction methods. Under the design-build approach, the contracting agency merely identifies a project's desired results and establishes minimum criteria for its design. Prospective bidders then develop proposals that optimize their workforce, equipment, and scheduling to cut costs and enable innovation.

Another significant benefit is the potential time savings resulting from design and construction being awarded under a single procurement which allows construction to begin before the design details are final. These contracts also reduce the state transportation staff required for projects, an important factor in an era of downsizing.

Fourteen states are carrying out experimental design-build projects: Alaska, Arizona, California, Colorado, Florida, Maine, Michigan, Minnesota, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, and Utah.

These projects range from pavement rehabilitation to bridge replacement to the construction of ferry boat facilities. For example, Utah is currently preparing to launch a $1.4 billion design-build project which will sa. three years in the expansion of I-15, a project undertaken to prepare for the 2002 Olympics.

The benefits of design-built have been demonstrated in Florida where, in the 1980s, the state department of transportation administered a state-funded design-build project which was comprised of thirteen projects with a total contract value of $40 million. The results of this program indicated that the total completion time for design-built projects was up to 40 percent less than the time required to complete conventional design-bid-build projects.

Cost-Plus-Time Bidding

Cost-plus-time bidding formally links the completion of construction projects with the cost of delays to system users. Cost-plus-time bids reflect not only the estimated cost of construction but also the time required to complete the project. Contract awards are based upon both factors, which requires bidders to minimize construction-related delays.

This strategy was used effectively in the reconstruction of the California freeways after the 1994 Northridge earthquake. Road user costs were reduced by approximately $47.7 million, and the total contract time for all ten projects was lessened by 450 days.

In addition, the New York State Department of Transportation (NYSDOT) let 24 cost-plus-time bidding projects between February 1994 and August 1995. At the time of NYSDOT's 1995 interim report, nine projects had been completed, and the state estimated that the total cost savings for these nine projects was between $3 and $4 million.

Twenty-seven states and the District of Columbia have tested cost-plus-time bidding, and have reported good results: contract times have been reduced, costs have been acceptable, and quality has been maintained. It is now an accepted way of improving operations for federal projects and is no longer considered to be experimental.

Lane Rentals

Like cost-plus-time bidding, the goal of lane rentals is to encourage construction contractors to minimize impacts on system users. Under this approach, rental fees based upon the estimated cost of delays or inconvenience to users are included in construction contracts, and the contractor is assessed for the time that operations occupy the roadway and cause delays.

Six states have experimented with lane rentals with varying degrees of success. Indiana, for example, experienced great success with an I-70 pavement rehabilitation project that utilized the lane rental concept along with other innovative contracting concepts. As a result of the lane rental specifications, the contractor scheduled his work to minimize public inconvenience and completed the work 50 days ahead of schedule with a reduction in lane closures by more than one third.

Like cost-plus-time bidding, lane rental is now an accepted way of doing business.

Innovations in Methods and Materials

Maintaining and upgrading pavement and bridges is crucially important, and we have worked through programs authorized by ISTEA to encourage the development and use of advanced building materials.

SUPERPAVE

SUPERPAVE (Superior Performing Asphalt Pavements) consists of three related elements designed to increase the life of pavement: a performance-based asphalt binder specification, volumetric mix design and analysis using a gyratory compactor, and mix analysis tests and a performance prediction system that reflects such environmental factors as weather. Taking these factors into account can lead to a significant increase in pavement life, and we have encouraged state agencies to obtain the training and equipment needed to take advantage of this innovation.

High-Performance Concrete

We are working with state and local governments, universities, and industry to develop high-performance concrete, an innovation which offers significantly increased design life and durability. Use of high performance concrete will result in substantial first cost savings because bridges can be built with longer spans, fewer girders or beams, and longer life cycles. It already has been used to build a bridge in the Houston area, and a dozen other states have decided to begin using it in their bridge construction. Eight states also are experimenting with this concrete for pavement.

High-Performance Steel

We are also sponsoring research in high-performance steel to improve the steel used in bridge construction. High-performance steel is tougher and more easily-welded than steels previously available. Its improved weldability enhances the efficiency and reliability of the fabrication process, and its increased durability reduces the need to maintain or paint the structure it is used to construct.

High-Performance Composite Materials

We have sponsored studies of the use of fiber-reinforced polymer composites to repair damaged bridges and to strengthen existing bridges against earthquakes. For instance, a broken concrete bridge beam repaired using composite material epoxied to its exterior was actually 50 percent stronger than when new. Such methods can reduce repair and strengthening costs to just one-fourth to one-third of the cost of conventional methods. Since these materials are much lighter than traditional structural materials, foundations can be smaller, transportation costs are lower, and materials handling is easier during construction.

Intelligent Transportation Systems

ISTEA established the Intelligent Transportation Systems (ITS) program to further the development of advanced information and communications technologies across all of the modes to cut congestion, improve safety, enhance intermodalism, and reduce the environmental impact of growing travel demands. During the past five years, our activities through this program have laid the foundation for an information and communications infrastructure designed to facilitate management of the multiple transportation systems as one system for greater customer service.

These ITS applications can reduce, by about 35 percent, the cost of the new infrastructure capacity we will need over the next decade, much as improvements in air traffic control have enabled us to handle more planes without adding new airports. For example, an ITS application enabling electronic clearance for trucks has been estimated to reduce the operating costs of weigh stations by up to $160,000 annually per state. In addition, through ITS deployments, government transit costs may be reduced by an estimated $3 to $7 billion over the next decade.

ITS applications also have the potential, through radar-based collision-avoidance systems, to improve safety. Crash avoidance systems are expected to reduce accidents by 17 percent, saving thousands of lives and an estimated $26 billion per year in direct and indirect costs to our communities. In addition, through the application of global positioning satellite systems, ITS applications can help to track freight throughout the shipping process, improving the efficiency of "just-in-time" deliveries.

Under the authority provided by ISTEA, we are working with state and local governments and the private sector on a program of research, architecture and standards creation, and technology transfer and training to accelerate the development and deployment of ITS technologies.

These efforts have produced a national ITS architecture and five cooperative relationships with technical standards developing organizations. These efforts will ensure that ITS programs will be nationally compatible and interoperable by helping to break down the modal and institutional barriers which otherwise could hinder ITS development. They will encourage integrated deployment by public agencies and foster investment by entrepreneurs otherwise unwilling to make commitments without stable markets.

We have already seen successes, such as those 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. In California, ITS has lessened traffic congestion significantly through the Automated Traffic Surveillance and Control (ATSAC) system which controls traffic on streets feeding into a highly congested portion of the Santa Monica freeway to balance traffic demands between the freeway and parallel arterial streets. The reported benefits of this ITS application have been impressive, including a 13 percent reduction in travel time, a 35 percent reduction in vehicle stops, a 14 percent increase in average speed, a 20 percent decrease in intersection delay, a 12.5 percent decrease in fuel consumption, and a 10 percent decrease in harmful emissions.

Other successful applications of ITS technology include the electronic payment of transit fares which has saved New Jersey, for example, an estimated $2.7 million in labor costs. In Lexington, Kentucky, coordinated computerized traffic signals have reduced "stop and go" traffic delay by 40 percent and reduced accidents by 31 percent between 1985 and 1994. The use of ITS technology by Maryland has enabled a Montgomery County cable station to show traffic conditions of major highways in 180,000 homes and consequently reduce congestion by steering commuters and others away from the more crowded routes. In Oklahoma, electronic toll collection has resulted in savings of more than 90 percent per lane, annually, and through Kansas City's transit management system implementation, transit officials have reduced operating costs by $400,000, have avoided $1.5 million in new bus purchases, and have cut the response time to emergencies from 4 minutes to 1 minute. In addition, Seattle's implementation of ramp metering has kept traffic moving and cut accident rates by more than 60 percent, despite an increase in traffic levels.

We are building on such early successes through Operation Timesaver, which is aiding state and local governments in creating a national ITS infrastructure to cut urban travel times by 15 percent over the next decade. We have taken the first steps with model deployments of integrated travel management systems in four metropolitan areas, and of commercial vehicle intelligent systems in eight states.

In addition, we have actively encouraged the development and implementation of ITS applications for rural transportation systems. Research and development activities currently underway include evaluation and identification of advanced traveler information systems, development of motor vehicle safety warning systems utilizing, for example, in-vehicle emergency notification systems to alert a network of responders, and development of comprehensive traveler information systems, incorporating road, transit, weather, and value-added information for an entire geographic region.

In the longer term, we are exploring the concept of a truly automated highway system. This activity will greatly enhance transportation safety in the future, and will also, in the meantime, engender innovations increasing the safety of operations on our existing roads and vehicles. I would also like to report that we will meet Congress's mandate to demonstrate the feasibility of such a system through a test on San Diego's I-15 this August. Another innovation under development is a fully-integrated, intelligent vehicle designed to deliver the right information to the driver at the right time.

To build upon these ground-breaking developments, our reauthorization bill includes incentives to assist metropolitan areas in integrating their ITS infrastructure, as well as major training, standards, and technical assistance programs to support state and local officials in the deployment of ITS for metropolitan as well as rural and commercial uses.

This proposal also would establish a program to continue research and to support deployment activities such as standards development, training, and technology transfer. This research component also would support automated highway system research and the continued development of in-vehicle collision avoidance capabilities associated with integrated intelligent vehicles.

Other Transportation Innovations

We are 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 technologies improve safety, they also will enhance freight productivity today and enable the implementation of safe high-speed passenger and freight operations.

Our Advanced Public Transportation Systems program uses ITS technologies to improve transit efficiency and customer service. It supports such applications as automatic vehicle locators, onboard and wayside passenger information links, electronic fare collection, and automated

dispatch systems for demand-response services. For example, through this program, the first technical standard for vehicular data communications in ITS applications was developed. This standard will make it possible for many different hardware designers and data providers to develop and deploy in-vehicle information and automated vehicle tracking systems that can function together to provide driver and passenger information, as well as vehicle and fleet management data.

Advanced train controls are being developed to enhance the safety of passengers, engineers, and maintenance crew in rapid rail systems. As transit ridership increases, the transit system must install more rail sets and run these sets more closely together. To counteract the resulting risks, sophisticated signaling and control systems have been developed. Such systems can identify obstructions on the right-of-way which are imperceptible to the engineer and can signal a malfunction in a train's subsystems when the train is still in motion. In addition, they can bring a train to a safe, controlled stop in the event that the engineer becomes incapacitated.

The Advanced Technology Transit Bus (ATTB), also known as the Stealth Bus because of the space age composits and methods use to build it, is currently being tested. With an expected useful life of 25 years, the ATTB is expected to reduce maintenance costs per mile by fifty percent. It will be one-third lighter than existing buses, thus reducing wear on road surfaces, and with its hybrid electric engine, it will cut emissions by over 60 percent.

Conclusion

The innovations made possible by ISTEA are improving operating efficiency, cutting operating costs, and increasing the useful life of transportation facilities and equipment. We will see their benefits well into the next century.

We now must build on the accomplishments of the last six years by reauthorizing the many programs which work, refining those programs which have not yet fully realized their promise, and creating new initiatives which apply what we have learned from implementing ISTEA. We will submit our reauthorization proposal very shortly, and we look forward to working with Congress to make it a reality.

Mr. Chairman, that concludes my statement, but I would be happy to answer any questions.

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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
NEXTEA ROLLOUT BRIEFING
WASHINGTON, D.C.
MARCH 12, 1997

Good morning. You've heard about our broad themes for NEXTEA. I'd like to briefly review some of the programs and initiatives under each of the nine core principles which serve as our proposal's foundation.

First, safety. NEXTEA focuses on three key areas: driver behavior, road design, and vehicle standards.

Our proposal would increase highway traffic safety funding by 11 percent to $333 million, and fund incentive programs to reduce drugged and drunken driving and to increase safety belt use and ensure proper use of child restraints.

Much progress on safety has been the result of vehicle design aimed at protecting motorists in crashes. NEXTEA would build on this progress with a $45 million annual research program targeted at improving crash avoidance and crash worthiness.

In addition, more than a third of intelligent transportation systems research would be focused on collision avoidance systems and other "smart vehicle" technologies that prevent crashes.

Our second principle is to fulfill the President's promise to rebuild America. Under President Clinton, federal transportation

infrastructure investment increased 21 percent, to an average of $25.5 billion annually, and we've kept pace with our transportation system's maintenance requirements and stopped its deterioration.

NEXTEA builds on ISTEA's successes while helping us to move towards a balanced budget. It would authorize about $175 billion for surface transportation programs from 1998 through 2003, an 11 percent increase over ISTEA.

The proposed authorization levels would sustain or expand core programs such as the National Highway System, maintenance of the Interstate Highways, bridge reconstruction, and mass transit.

In spite of our record levels of investment, the federal government alone cannot meet all of our infrastructure needs. That's why the President directed us to cut red tape to speed construction and supplement federal funds by leveraging private and nonfederal public investment.

The President's Partnership for Transportation Investment accelerated 74 projects worth $4.5 billion, including $1.2 billion in investment beyond that available through conventional financing. Projects are advancing an average of two years ahead of schedule, saving interest and inflation costs.

We've also launched our State Infrastructure Bank program uses federal seed money to leverage private and nonfederal public funds in 10 pilot states, and provided financial assistance to

California's Alameda Corridor and to new Southern California toll roads.

NEXTEA would open the State Infrastructure Bank program to all states, increase the federal seed money dedicated to these banks, and allow states to use up to 10 percent of their regular federal-aid highway funds to capitalize their banks.

We also propose to dedicate $100 million annually to help leverage private and nonfederal public resources for projects of national significance, such as interstate trade corridors.

Under President Clinton, America is once again the most economically-competitive nation in the world and its leading exporter, and this is due in great measure to the reliability and low costs of our transportation system.

In an increasingly-global economy, keeping transportation efficient is crucial to our continued competitiveness and to taking advantage of the markets opened by NAFTA and GATT.

ISTEA-funded projects are making possible the connections we need for efficiency. Projects such as a truck-rail freight transfer facility in Stark County, Ohio, and projects designed to improve rail and truck access to Seattle's seaport are examples of this.

NEXTEA would facilitate trade by creating new programs to improve border crossings and develop major trade corridors within the U.S., cutting congestion and eliminating bottlenecks.

It also would expand funding eligibility to include access to intermodal terminals, water ports, Amtrak and intercity rail passenger and public freight facilities.

One of the biggest barriers faced by those moving from welfare rolls to payrolls is finding transportation to jobs, training, and support services such as day care. Poverty and welfare eligibility rules mean that few welfare recipients own cars, and public transit often provides inadequate connections to job and training centers.

To support the President's comprehensive welfare reform initiative, we're proposing a six-year, $600 million grant program to support flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are. Funding would also provide access to training centers and to support services such as day care at transit links.

Scientific research demonstrates the effects of pollution on our health and on the ecological systems which sustain human life. We're working to control pollution through programs such as the Congestion Mitigation and Air Quality Improvement Program -- CMAQ -- which funds innovative projects to cut air pollution.

NEXTEA would increase CMAQ funding by 30 percent, to $1.3 billion annually, and expand funding eligibility to include scrappage of higher-polluting pre-1980 vehicles.

One of ISTEA's key strategies has been technology, which can improve the performance of roads and transit systems and make travel safer.

ISTEA established a major federal commitment to intelligent transportation systems -- ITS -- the application of advanced information and communications technologies to travel.

We're providing seed money for development and deployment, assistance in the creation of technology standards to promote system integration, and the coordination of public and private research efforts.

Last year we launched our *Operation TimeSaver*, an initiative to reduce travel times in 75 cities by 15 percent over the next decade.

NEXTEA would provide states and localities with ITS training and technical assistance, and fund a $600 million incentive program to help cities integrate their ITS programs and to help rural areas deploy ITS to improve safety, mobility, and commercial vehicle operations.

It also would expand the eligibility of all major program categories to include ITS, so technology will always be considered as a strategy for meeting travel demand.

Sound transportation is crucial for sustaining economic prosperity and a high quality of life in our cities.

That's why NEXTEA would sustain investment in mass transportation by increasing direct federal transit funding to $5 billion, by increasing the flexible Surface Transportation Program, and by making Amtrak and intercity rail terminals eligible for funding.

As we work to improve transportation in cities and suburbs, we also recognize its importance rural areas -- its role in shipping raw materials and agricultural products, supporting tourism, and providing health care and other necessary services.

Under NEXTEA, we would increase investment in core programs affecting rural areas, such as the National Highway System, Transportation Enhancements, and Rural Transit Assistance, and expand funding eligibility to include Amtrak and intercity rail, a key lifeline for rural America.

We also would raise authorizations for the Federal Lands Highways Program to $525 million, funding improvements on roads in national parks and forests, Indian reservations, and other public lands.

Those are the major points I wanted to make. Now, we'd be happy to answer your questions...

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FINAL 649

C-SPAN "ISTEA 101" INTERVIEW MESSAGE POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
WASHINGTON, D.C.
MARCH 20, 1997

* Last week President Clinton and Secretary Slater announced NEXTEA -- our **$175 billion proposal to reauthorize ISTEA's highway and transit programs**. NEXTEA would continue the many ISTEA programs which work and create new initiatives which apply what we've learned. It would:

* *Rebuild America.* President Clinton **increased overall infrastructure investment by 20 percent, to more than $25 billion annually**, continuing to ensure the quality and capacity of America's highways and transit systems which move our nation's passengers and goods. NEXTEA would build on this, **raising overall funding by 11 percent** over ISTEA's levels, **sustaining mass transit investment**, and **expanding core highway programs by 30 percent**. Nearly **one million jobs would be created**.

* *Emphasize Safety.* NEXTEA would **increase overall highway safety authorizations by more than 25 percent**, and fund new incentive programs targeted to the biggest safety payoffs: **combating drunk and drugged driving** and increasing **proper use of safety belts and child restraints**.

* *Protect the Environment.* NEXTEA would **increase by 30 percent funding for CMAQ** -- the Congestion Mitigation and Air Quality Improvement Program, which helps communities clean up their air. NEXTEA also would sustain investment in scenic byways, recreational trails, and other programs which cost relatively little but which greatly improve our quality of life.

* *Improve Access to Jobs.* NEXTEA would help to **reduce the barriers faced by those moving from welfare rolls to payrolls** by giving them affordable transportation to jobs, training, and support services such as child care. It includes a **six-year, $600 million program of flexible, innovative alternatives**, such as vanpools, to get people to where the jobs are.

* *Bring Common Sense to Government.* NEXTEA **focuses on results, not on process; cuts red tape and streamlines programs; promotes innovation**; gives state & local officials more **flexibility and decision-making authority**.

FINAL 6-48

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REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
EXTRAORDINARY WOMEN OF THE DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.
MARCH 24, 1997

Thank you, Mr. Secretary. I'm pleased -- and proud -- to assist you in naming the DOT employees who have been selected as the first of our "Extraordinary Women of the Department of Transportation."

We have 26 women who have contributed in every aspect of life: as professional public servants, as wives and mothers, and as exemplary members of their communities.

HEIDI COLEMAN of NHTSA
PLINA DOYLE of NHTSA
ROBERTA GABEL, of the General Counsel's office
JOYCE GRANT of the FRA
VALLERY HENRY of RSPA
ELLEN HEUP of MARAD
LAVERNE HICKS of the FHWA
TUWANA HUNTER of the Coast Guard
ROBIN DIXON JEFFERSON of the Coast Guard
EMMA JOHNSON of the FTA
MORIA KEANE of the FAA
ELLEN KEYS of the Surface Transportation Board
ROBIN KOCH of the Office of the Inspector General
KIMBERLY LYDON of the St. Lawrence Seaway Development Corporation
MAMIE MALLORY of the FAA
PATTI MCGEE of the FHWA
SUZETTE PAES of the Transportation Administrative Services Center
DELPHINE PRINGLE of RSPA

PATRICIA RANDALL of MARAD
MARGARET REID of the FRA
PATRICIA RICHARDSON of the Office of the Secretary
HELEN ROBINSON of the Office of the Inspector General
JOAN ROESELER of the FTA
CYNTHIA ROSCOE of the Transportation Administrative Services Center
MARY SYLVESTER of the Surface Transportation Board
GINGER VUICH of the St. Lawrence Seaway Development Corporation

These are the extraordinary women of today's DOT. I'd like to take a moment for us to acknowledge those who will become *tomorrow's* extraordinary women: the students in Cardozo High School's TransTech program, carried out in partnership with DOT. I'd like to ask them to stand so we can acknowledge them. *(Lead applause.)*

Finally, I want to applaud the efforts of DOT's Intra departmental Council of Federal Women's Program Managers, who have done so much to make today's event happen, and who contribute to making this department a workplace of excellence every day. *(Lead applause.)*

This concludes today's program. I'd like to thank you all for coming, and -- again -- congratulate all of today's awardees.

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6.47

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
DOT/SBA REINVENTION CELEBRATION
WASHINGTON, D.C.
MARCH 25, 1996

(This will be an informal event at which you will stand -- without a podium -- and address federal workers involved in the DOT/SBA MOU.)

* I'd like to welcome you to today's celebration of an agreement that will allow DOT to contract directly with 8(a) firms -- another common-sense government step brought on as a result of Vice President Gore's National Performance Review. It brings to small business procurements another reform to give federal workers the tools they need to do their jobs better.

* Procurement has been one of the major areas targeted for reform by the Vice President because it's the key to our doing government's job well. The federal government is the nation's largest buyer of goods and services, and everyone's heard the purchasing horror stories -- the $600 hammers, the nine pages of specifications for ashtrays.

* These were the products of an outdated system that forced federal workers to rely on rigid rules and procedures -- excessive paperwork -- and multiple inspections and audits that cost more than they save.

* That's never good, but it's especially burdensome for small businesses which may have narrow profit margins and can't afford the delays of a lengthy, inefficient process.

* That could have caused otherwise competitive small businesses to be forced out of contention for some federal contracts.

* By enabling employees of the FHWA, the Coast Guard, and our Transportation Administrative Services Center to contract directly with small businesses, and by streamlining the purchasing process, we'll ensure that these businesses will continue to be a source of economic growth while we do DOT's work more effectively

* We're showing that efficient procurement doesn't have to mean less opportunity for these quality suppliers.

* I want to thank our DOT staff -- in the FHWA, the Coast Guard, the TASC, and our Office of Small and Disadvantaged Business Utilization -- for their role in bringing about this agreement. It's just one of many innovative actions coming out of our department-wide procurement reform laboratory, and we're proud of all of them.

* I also want to thank our partners in the SBA. We've cooperated with them on a variety of initiatives, from small business outreach to initiatives such as last year's ITOP computer procurement, and it's a partnership we want to continue to strengthen. Now, I'd like to ask Ginger Lew to offer remarks on behalf of the SBA...

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