

SECRETARY SAMUEL K. SKINNER*SPEECHES 1990**OFFICE OF SPEECH WRITING AND RESEARCH*

01/07/90	Trans Expo Reception	Washington, DC
01/08/90	Awards to DOT Employees Who Worked On Earthquake	San Francisco, CA
01/10/90	Transportation Research Board	Washington, DC
01/14/90	CSX Corporation Seminar	Jacksonville, FL
01/17/90	American Express Airline Industry Seminar	Naples, FL
01/26/90	U.S. Conference of Mayors	Washington, DC
01/29/90	FY 1991 Budget Press Conference	Washington, DC
02/06/90	U.S. International Travel and Tourism Conference	Washington, DC
02/09/90	City Club of Cleveland	Cleveland, OH
02/12/90	Boy Scouts of America	Washington, DC
02/14/90	Results of Domestic Airline Competition Study	Washington, DC
02/15/90	Transcript of Press Conference on Chicago's Third Airport Announcement	Chicago, IL
02/15/90	Executive Working Group	Washington, DC
02/20/90	OATS Blue Ribbon Ceremony	Washington, DC
02/22/90	American Association of State Highway and Transportation Officials	Washington, DC
02/26/90	National Governors Association Transportation Committee	Washington, DC
03/01/90	Society of Automotive Engineers	Detroit, MI
03/05/90	National League of Cities Congressional City Conference	Washington, DC

03/08/90	White House Ceremony Announcing the National Transportation Policy	Washington, DC
03/14/90	National Press Club	Washington, DC
03/20/90	Airport Operators Council and American Association of Airport Executives	Washington, DC
03/28/90	Interstate Truckload Carriers Conference	Las Vegas, NV
03/29/90	Coalition of Northeastern Governors	Ogunquit, ME
04/02/90	Traffic Safety Summit	Chicago, IL
04/02/90	International Federation of Air Line Pilots Association	Washington, DC
04/04/90	D.C. Chapter of the Ancient Order of the Pterodactyl	Crystal City, VA
04/05/90	International Federation of Air Line Pilots Association	Washington, D.C.
04/09/90	Arizona's Aviation Future Symposium	Phoenix, AZ
04/10/90	Signing of MOS-2 Full Funding Contract	Los Angeles, CA
04/11/90	American Automobile Association	Palm Desert, CA
04/12/90	Washington Automotive Press Association	Washington, DC
04/18/90	National Private Truck Council	Chicago, IL
04/19/90	National Air Traffic Controllers Association	Las Vegas, NV
04/26/90	Norfolk Southern Senior Management Group	Williamsburg, VA
04/24/90	Distinguished Business Leadership Award Dinner	Dallas/Fort Worth, TX
04/28/90	American Trucking Associations Foundation	Key Largo, FL
04/30/90	UMTA's 6th Annual Public-Private Conference	Louisville, KY
05/01/90	Law Day	Washington, DC

05/01/90	United Parcel Service Management Conference	Washington, DC
05/02/90	National Industrial Transportation League	Washington, DC
05/09/90	Washington Economic Club	Washington, DC
05/09/90	International Intermodal Exposition	Atlanta, GA
05/10/90	John Marshall Law School	Chicago, IL
05/22/90	American Association of Airport Executives Annual Conference	St. Louis, MI
05/23/90	U.S. Coast Guard Academy Commencement	New London, CT
05/23/90	Coast Guard Academy Commencement	New London, CT
05/31/90	United States Coast Guard Change of Command	Washington, DC
06/05/90	White House G.I. Bill Ceremony	Washington, DC
06/05/90	FAA Flight Standards Managers Compliance Seminar	Washington, DC
06/08/90	Commercial Club of Chicago	Chicago, IL
06/10/90	DePaul University Law School Convocation	Chicago, IL
06/13/90	National Transportation Policy	Washington, DC
06/16/90	Douglas A. Munro Medal of Honor Cruise	Chicago, IL
06/18/90	Merchant Marine Academy Commencement	Kings Point, NY
06/19/90	Association for a Better New York	New York, NY
06/21/90	National Aviation Club	Arlington, VA
06/22/90	Philadelphia Chamber of Commerce	Philadelphia, PA
07/06/90	Harris County Toll Road Authority	Houston, TX
07/10/90	Third Airport News Conference	Chicago, IL
07/11/90	O'Hare International Airport	Chicago, IL
07/11/90	Opening of the Hartford Car Exhibit	Washington, DC

07/25/90	Junior Statesman Awards Dinner	Washington, DC
08/06/90	American Bar Association	Chicago, IL
08/10/90	Craig A. Bennett/Sandy L. Stosz Change of Command	Sault St. Marie, MI
08/22/90	Motor Vehicle Manufacturers Association Western Highway Institute	Park City, UT
09/12/90	First Annual FAA Airport Capacity Conference	Arlington, VA
09/13/90	Press Conference With Admiral James D. Watkins	Boston, MA
09/17/90	Governor's Conference On Tourism	Jacksonville, FL
09/25/90	National Defense Transportation Association	El Paso, TX
09/27/90	National Automobile Dealers Association	Washington, DC
10/09/90	International Association of Chiefs of Police (canceled)	Tulsa, OK
10/12/90	Naval Aviation Museum Foundation Phase III Expansion Dedication	Pensacola, FL
11/08/90	Railway Progress Institute	Washington, DC
11/08/90	American Patriot Fund Dinner Honoring Governor Joseph J. Foss	Washington, DC
12/04/90	American Chamber of Commerce	Mexico City, MX
12/05/90	Commissioning Ceremony U.S. Coast Guard Vessel Traffic Service	Governor's Island, NY
12/10/90	American Association Of State Highway & Transportation Officials	Phoenix, AZ
12/20/90	Chicago Civic Committee's Airport Subcommittee	Chicago, IL

SECRETARY SAMUEL K. SKINNER*TALKING POINTS 1990**OFFICE OF SPEECH WRITING AND RESEARCH*

01/08/90	Trans Expo Public Opening	Washington, DC
01/18/90	Business-Government Relations Council	Washington, DC
01/18/90	Executive Forum	Washington, DC
01/23/90	Center for Strategic and International Studies	Washington, DC
03/07/90	House Republican Conference	Washington, DC
03/26/90	Senator D'Amato Press Conference on UMTA Legislation	New York, NY
03/26/90	Petroleum Marketing Attorneys Association	Washington, DC
03/27/90	Denver Airport Check Presentation	Washington, DC
04/03/90	Y-Group	Washington, DC
05/03/90	White House Fellows	Washington, DC
05/04/90	IVHS National Leadership Conference	Orlando, FL
05/04/90	Travtek Press Conference	Orlando, FL
05/07/90	The Advertising Council	Washington, DC
05/09/90	Hurricane Hugo Awards Ceremony	Atlanta, GA
05/11/90	5th Annual Pacific Area Coast Guard Awards Banquet	San Francisco, CA
05/14/90	Atlantic City International Airport Plan	Atlantic City, NJ

05/16/90	Federal Fitness Day Kickoff	Washington, DC
05/24/90	Safe Driving Event	Washington, DC
06/13/90	National Transportation Policy Phase 2 Conference Closing Remarks	Washington, DC
06/19/90	Lufthansa Press Conference	Washington, DC
07/02/90	Harbor Fest	Boston, MA
07/07/90	Houston Toll Road Opening	Houston, TX
07/12/90	Subcabinet Seminar in Strategic Public Management	Solomons Island, MD
07/23/90	Woodrow Wilson Bridge Press Conference	Washington, DC
07/27/90	Toledo, Ohio High School Address	Washington, DC
07/31/90	EEA Fly-In Convention	Oshkosh, WI
08/01/90	Inaugural Flight of Lufthansa/Charlotte Service	Charlotte, NC
09/10/90	Seminar For Prospective Women Managers	Washington, DC
09/11/90	Transportation Reform Alliance	Washington, DC
09/12/90	Montreal Protocols	Washington, DC
09/13/90	Press Conference With Admiral James D. Watkins	Boston, MA
09/14/90	Press Conference on Downsizing	Washington, DC
09/18/90	Orlando Airport Grant Announcement	Orlando, FL
09/21/90	White House Monthly Luncheon Series	Washington, DC
09/27/90	Indiana Transit Grants	Washington, DC
10/02/90	Inaugural Convention Transportation Trades Department, AFL-CIO	
10/03/90	Press Roundtable For U.S./Canada Aviation Agreement	Washington, DC

10/10/90	AT&T Legal and Government Affairs Meeting	Absecon, NJ
10/10/90	Press Conference For Infrastructure Technology Fair	Washington, DC
10/15/90	Commuter Transportation Services Inc.	Los Angeles, CA
10/19/90	DOT Awards Ceremony	Washington, DC
10/23/90	Charlie Miller Swearing-In Ceremony	McClean, VA
10/24/90	Press Conference on Side Impact Safety Rule	Washington, DC
11/08/90	American Council of Young Political Leaders	Washington, DC
11/08/90	National Association of Broadcasters	Washington, DC
11/15/90	NETS Video News Release	Washington, DC
11/15/90	U.S. Chamber of Commerce Breakfast Bunch	Washington, DC
11/15/90	DOT Ceremony Honoring Veterans	Washington, DC
11/16/90	Executive Workshop on Wetlands and Transportation Issues	Washington, DC
11/19/90	Chief Petty Officer's Luncheon	Washington, DC
11/26/90	Northwest Arkansas Council Group	Springfield, AK
11/26/90	Independent Commissions Meeting	Washington, DC
11/27/90	Marion Blakey Swearing-In Ceremony	Washington, DC
12/03/90	Ambassador's Luncheon	Mexico City, MX
12/03/90	Toast to Secretary Andres Caso Lombardo	Mexico City, MX
12/03/90	Signing of Memorandum Of Understanding	Mexico City, MX
12/06/90	Small Business Administration National Advisory Council	Washington, DC
12/06/90	Sharon Pratt Dixon Press Conference	Washington, DC
12/11/90	Drunk Driving PSA Campaign Kick-Off	Washington, DC
12/17/90	DOT Senior Citizens Christmas Party	Washington, DC
12/18/90	Visit by Hine Jr. High Faculty & Students	Washington, DC

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TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
TRANS EXPO PUBLIC OPENING
WASHINGTON, D.C.
JANUARY 8, 1990

- TransExpo highlights the Department's view that the private sector, with minimal interference and maximum encouragement from the public sector, can meet America's transportation needs.
- In the exhibition area are 125 displays of our finest technological advances since the 1970s.
- The exhibits run the gamut: from the natural gas industry showing gas-powered buses; the aircraft manufacturers displaying many new efficiency and safety features; the automobile industry responding with on-board navigational devices; to organizations like the American Association of State Highways and Transportation Officials coming forth with very professional assessments of highway needs and plans for the future.
- In the 1980s, we:
 - put the finishing touches on the Interstate Highway System;
 - launched a brand new transportation industry -- the commercial space launch business.

- achieved economic deregulation of many transportation industries, saving travelers, shippers and carriers billions of dollars;
- amassed an \$800 billion investment in transportation. That's the net value of America's fixed public capital transportation assets.
- America spends nearly \$800 billion each year on freight and passenger transportation services, equivalent to 18 percent of the Gross National Product.
- Change in the last decade became so commonplace that it's old news today.
- The operative words in transportation today are achievement, accomplishment, boldness, innovation -- all required to prepare us to meet the challenges of the 21st century.
- The 1990s will be the "decade of achievement" in transportation. Let me tell you why:
- In the 21st century the economic strength and vitality of our hemisphere will depend in large measure on transportation.
- Research and technology development are the twin engines that drive transportation. Innovation and technological advances within the transportation field

will be vital to ensure that the system can meet the demands for the 21st century.

- The bottom line is transportation strategies must keep pace with transportation technologies.

- It's like a shark -- if it stops moving it dies. If the nation's transportation system stops moving, the economy will stop with it.

- We must use technology:

- to gain better control of the environment and be ever sensitive to environmental needs;

- to provide safer transportation, not only in the air traffic control system and the air navigation system, but on the highways, railways and seaways;

- to deal with congestion in the air and on the land.

- I recognize that technology alone cannot solve today's transportation problems, but in combination with sound management of capital and human resources technological advances can offer significant assistance in addressing transportation needs.

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AWARDS TO DOT EMPLOYEES WHO WORKED ON EARTH QUAKE
SAN FRANCISCO, CALIFORNIA
JANUARY 8, 1990

I am delighted to have the opportunity to meet with so many Department of Transportation employees in the San Francisco area, and may I add, under much less hectic circumstances than when I came here last year just a few hours after the earthquake. Having personally witnessed the devastation of the earthquake and the impact that it had on the lives of so many people, I am especially proud of the many DOT employees who worked long and hard and sometimes very courageously during this disaster to aid their fellow human beings.

The stories of DOT heroism are remarkable. If I call it to your attention, most of you will say you were just doing your job. I want to mention a few incidents anyway.

The earthquake shattered the windows of the air traffic control towers at San Carlos and San Francisco. Yet controllers remained cool as ever. They stayed at their duty stations, and continued to land planes and direct air traffic until all was safe for those in the air.

We saw on our television screens the car that dangled by its front tires after a section of the Bay Bridge collapsed. What many of us didn't see was the heroic deeds of Coast Guard personnel who landed a helicopter on an already weakened bridge and worked so long to rescue the two trapped occupants of the car.

Hazardous material began escaping at a Unocal Gasoline Refined Products Terminal in Richmond Inner Harbor at Richmond, California. Coast Guard Hazardous Materials Incident Response Vans were on the scene and took very quick action to apply a foam blanket, identify and secure possible sources of ignition, and identify a severe health hazard. They were responsible for preventing a catastrophic incident. The Deputy Fire Chief told the Coast Guard later "Thank God your people were there with the hazardous materials monitoring equipment."

The Federal Highway Administration opened up highway funds to the states at record speed. Much of the credit for that speed goes to the diligent workers here in Northern California. You did your jobs quickly so that we could turn loose of the money in Washington in time to help repair the infrastructure and help restore the lives of Northern California.

The stories are endless and I am very very proud of every one of you. Whether you were on the collapsed bridge or in an office somewhere working long hours to coordinate and communicate, you are all heroes.

I'm presenting 92 awards today to employees of the Federal Aviation Administration, the Coast Guard, the Federal Highway Administration, the Federal Railroad Administration and the Urban Mass Transportation Administration.

I know all of you join me in also thanking members of the Interstate Commerce Commission (ICC), the California Department of Transportation (CALTRANS) and the Metropolitan Transportation Commission (MTA) for the significant roles they played.

One of the major concerns, as a result of the earthquake was how people were going to get to work with so much damage to the highway system. MTC stepped forward as the coordinator of public and private transit agencies to do a remarkable job. The fears of rush hour traffic jams never materialized and this was due to the coordination and around the clock plan that worked. The staff of MTC and the many transit agencies were outstanding in their performance. The 80,000 Bay Bridge commuters that were displaced, were handled in a first class operation.

The story of CALTRANS is equally remarkable. What could have been a second major disaster after a disaster was prevented by the hard work and innovative action taken by CALTRANS employees. New High Occupancy Vehicle lanes were created, bridge tolls on other bridges relaxed, a major teleconference with the Governor and business leaders stressed flex hours for employees; round robin escorts of car pools over Highway 17 with the Highway Patrol and new ferry service. The ferry service may have been a first for FHWA and also for CALTRANS. CALTRANS did all of this plus reconstruct the Bay Bridge in one month. Simply a huge job and it is still going on.

Last but not least, I want to congratulate all the employees of the other federal agencies who participated in the earthquake. This includes the Interstate Commerce Commission, which acted as DOT's liaison with the Federal Emergency Management Agency. FEMA, of course, did a remarkable job as did the General Services Administration, the U.S. Sixth Army, the U.S. Navy, and the Army Corp of Engineers.

Let me just say in closing that there will never be a situation in history that will equal the cooperative spirit of all levels of government than existed in Northern

California after the earthquake. I'm proud that DOT was an important part of the effort.



U.S. Department of
Transportation

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
TRANSPORTATION RESEARCH BOARD
WASHINGTON, D.C.
JANUARY 10, 1990

It is an honor for me to address the 69th annual meeting of the Transportation Research Board. Over the years, you have made a contribution of unparalleled excellence throughout the world of transportation, and I pledge to you today that the Department of Transportation will continue to work with you in our joint efforts to address the future transportation needs of this nation.

I want to first thank you for your support of TransExpo. Addressing America's future transportation needs is what TransExpo is all about. This exhibition, the largest of its kind in the U.S. since 1972, has showcased the innovative design and technological advances within the transportation industry that will move it into the '90s and beyond.

We at the Department are gratified and excited with the outstanding support provided by everyone in assuring the success of TransExpo. Thanks to all for making this exhibition possible.

You don't need a crystal ball to predict that the 1990s will be a decade of far-reaching change. We may see more change than we've seen in any decade since World War II. Every aspect of our life will be affected, including the world of transportation.

There's no question that America enjoys the greatest transportation system ever known. Despite growing challenges, it moves more people and products more efficiently than any other system on earth.

But the world is shifting gears. In the coming decade of change, we're going to be making greater demands on our transportation system. We're going to be asking it to do more for America, and as transportation people, we must shape the "the decade of achievement." That is what I want to talk about today.

As I see it, in simplest terms our task is to get the system in shape to serve our country in the 21st century even better than it has served in the 20th.

We can't modernize and expand the system overnight. That will take years. But if we're going to get the job done, we've got to start now to take the first steps toward making transportation work better.

And work better it must -- if we are to maintain our standard of living, a standard in many ways tied to mobility. It must work better if we are to remain productive and competitive in a ever expanding global marketplace.

Transportation is the foundation for our success in international markets, and today every market is an international market. In fact, we are at a time when markets mean more than just territory.

America has had successes in global markets when we can price our products competitively. One reason for that success is that we have an efficient transportation system.

Let me give you an example of the kind of transportation efficiency I mean. I recently visited one of Chrysler's new assembly plants in Detroit. The plant manager told me they turn out about 900 cars a day, and yet they never have more than an hour's supply of seats on hand.

He said they rely on a just-in-time supply system that reduces costly inventory to the absolute minimum. Every hour, he calls his seat supplier, 60 miles away, with an order for the seats he'll need four hours later.

The supplier, who is not part of the Chrysler organization, makes the seats and delivers them on time, by truck. That example of efficiency and productivity could not take place if we didn't have the interstate highway system, the legacy of Dwight D. Eisenhower.

There's no question that our success in world markets depends in part on efficient transportation at home. But we cannot rest on our laurels.

For one thing, competition is getting tougher all the time. In 1992, the European Community will become a unified economic entity with a larger population than the United States. On the other side of the world, the Pacific Rim countries are growing stronger with each passing day.

In the face of this expanding international competition, we no longer can take transportation for granted. We need to maintain, expand, and make our transportation system more productive. We need a better application of management and technology.

As a society, we should realize that when we invest in infrastructure, we not only increase productivity, efficiency, and American competitiveness, but we also attract additional investment from the private sector.

Economist David Aschauer, of the Federal Reserve Bank of Chicago, has shown that a higher level of investment in infrastructure is associated with a higher rate of productivity growth.

He also points out that public capital devoted to infrastructure is complementary to private capital, making it even more productive. A good example is the new Denver Airport where the FAA's commitment and investment is a small part of the total investment by the people of Denver and the private sector to stimulate economic growth, not only for Denver and the Rocky Mountain region, but for the nation.

So the nation gets a double pay-off from infrastructure investment -- a pay-off that can give us enormous dividends in quality of life, in standard of living, and in national security.

Stimulating that kind of private investment, I can assure you, is one of our major objectives.

And it is surely needed, for while transportation demand increases, our transportation capacity has not kept pace. As a result, we have an enormous backlog of unmet needs. That's why millions of Americans spend part of every working day in traffic jams. That's why air travelers find flights delayed or canceled.

Those unmet needs mean lost productivity, which can never be recaptured.

Every time a plant waits for raw materials or parts because the rail system can't move quickly enough, or truckers need an extra hour or two due to gridlock, we lose productivity. Every time we have delays at a major airport, we lose productivity.

For our growing, shifting economy, there's no question that those delays will increase as time passes -- which will mean even more lost productivity -- unless federal, state and local officials start making the difficult public policy decisions now.

Here are some reasons why.

It is a national embarrassment that no new major airports have been built in this country in 15 years, even though the number of airline passengers has more than doubled in that time.

Our maritime industry is at an all-time low. U.S. flag ships carry only four percent of the nation's international trade. The Department of Defense is concerned about having adequate sealift capacity to meet its national security requirements.

We could spend billions of dollars just on bridges that must be replaced before the turn of the century -- and billions more for highways, local and rural roads, airports, railroads, mass transit, and sea transport.

How big is the overall problem? Hard numbers are elusive, but experts say the total bill to shape up our infrastructure over the next 20 years could run from one to

three trillion dollars. While I do not have a "best" estimate, it's clear we're talking about real money.

But just how are we going to revitalize our transportation system? How are we going to get it ready for the 21st century?

To answer those questions, we have developed a national transportation strategy that is intermodal in nature.

I am delighted to announce that the national transportation policy is nearly complete. Ninety-five percent of the strategy has been cleared through the interagency review process and I expect a formal release in February after the State of the Union Address and the release of the President's 1991 budget.

My top priority as Secretary of Transportation must be transportation safety, of course. Nothing comes ahead of that.

But my second highest priority -- ahead of all the others, except safety -- has been to develop such a strategy.

First, I'm not talking of a centralized plan. I'm talking about a set of guidelines, a framework to help federal, state and local officials, and the private sector make strategic decisions for America's future transportation needs.

In the past, we've tended to look at transportation issues in isolation. We looked at rails, or airlines, or highways separately -- too seldom on an inter-modal basis.

To develop our strategy, we went outside to the American people. We undertook one of the most extensive outreach efforts ever conducted by a government agency. We held 117 public events in 43 cities and towns across the nation.

We heard from individual citizens, community groups, unions, researchers, academic experts, trade associations, corporations, state and local governments, and many others.

You could say we ran a kind of national town meeting. As a result, we soon will announce a national strategy developed in the best tradition of Jeffersonian democracy -- a strategy developed from listening to the American people.

We heard reasoned and thoughtful comments on what's right and what's wrong, and how to make it better.

Everywhere we went, we heard some common themes. Americans are concerned about congestion, wasted time, wasted resources, lost technological leadership and lost opportunities.

As one participant said: "This epidemic of slow motion sickness is costing the U.S. the competitive edge and billions of dollars in lost time and fuel."

They told us in no uncertain terms that they want better transportation. They're concerned about decaying structures, obsolete equipment, over-burdened facilities, unused assets, and most of all, they're worried about safety.

They want transportation policies that promote fair competition. They want our system of funding to be fair and reliable. A number of people urged that the transportation trust funds continue to be used for their stated purposes and not to reduce the deficit.

As one woman put it, "Where user fees are appropriate, collect them. But if they are to be collected, use them."

They called for a revival of the maritime industry, more capital investment, and more renewed focus on research and development. They want better use of new technology, and more focus on intermodal transportation.

A number of people said we need more adequate rural transportation. They are concerned about being disconnected from mainstream America. Others are concerned about the disadvantaged traveler being left behind. As a representative of that group pointed out: "... The truth is, the disabled want to get out of their homes and apartments and become more productive, but they cannot without accessible public transportation..."

Many told us they think that transportation is part of the environmental problem and not part of the solution. "If you are going to take environmental issues seriously," one man said, "you've got to incorporate them into transportation decisions."

The President and I agree with that, and we're going to do a better job of it, whether it be preventing oil spills, reducing motor vehicle air pollution or protecting wetlands.

In essence, what we heard was a call for an improved transportation system, a system with greater capacity, a sound financial base, a strong and competitive transportation industry, a system that protects the environment, that supports safety and national security, and that advances our transportation technology and expertise. The American people want new transportation to fit their needs in a new century.

Now that's a tall order. There's no way the federal government can do it all alone, nor should it.

This new national transportation strategy will tap the energy and initiative of the people who provide transportation services and facilities and the people who use them. We're going to move the action closer to the people.

While the strategy is still in the final stages of the review process, I can give you a preview about five major strategies that will be incorporated in it.

They all are designed to increase our reliance on the private sector and state and local governments. They are designed to stimulate competition and allow the magic of the marketplace to work.

First of all, we envision a stronger, healthier partnership among federal, state and local governments.

One way to strengthen the partnership will be to replace rigid requirements with performance-related criteria in federal transportation programs. We will strive for additional regulatory flexibility and policies that recognize the diversity of conditions and needs in the real world.

At the same time, a healthier partnership goes hand-in-hand with reduced dependence on federal money. We believe federal recipients of federal transportation aid should pay a larger share of project costs. For too long, high federal shares for transportation projects have lured cities and states into sometimes unwise or inefficient decisions. By upping the ante for state and local governments, we will help bring the principles of market competition to bear in our financing programs. It will also strengthen state and local accountability for wise transportation decisions.

Secondly, we're going to be looking for new and creative ways to apply the time-tested user fee principle.

We intend to recover from users the maximum practical share of costs they impose. This includes recovering federal costs from user groups that are now getting a free ride. We also want to make it easier for other levels of government to levy user fees for transportation improvements.

A third strategy will be to stimulate more private investment in transportation.

If we want to benefit from the creativity and competitive energy of the American people, we must minimize federal barriers to private participation in the ownership, financing, construction, and management of transportation facilities and services. We must develop new ways to encourage further joint public-private financing of facilities and operations. The public-private toll road ventures which are springing up from California to Virginia are just one example of what can be done. We must be partners with the private sector.

It is equally important to be mindful of the billions of dollars being invested in private transportation infrastructure -- such as pipelines and railroads. Maintaining a climate that will encourage continued private sector funding of these modes is no less vital.

Our fourth strategy will be to remove unnecessary regulations.

For example, we will continue to push for repeal of the tort-based system of liability and damages under the Federal Employers' Liability Act, so that railroads can operate under state workers compensation systems as other industries do. We are also going to push hard on product liability reform and its impact on many businesses, including general aviation.

Over the past ten years, we've witnessed the enormous benefits to consumers from airline deregulation. Now it's time to complete the deregulation of the trucking industry as well, and help bring costs down for both truck operators and their customers.

We also want to remove unnecessary federal requirements that hamstring U.S. flag ships trying to compete in world trade.

Finally, one of the major thrusts of the strategy will be to promote new technology and more support for efforts in research and development, both in the public and private sector, TransExpo demonstrates the importance of developing emerging technology for our future transportation needs.

U.S. industries, such as the railroad industry with "Mag-lev" and high-speed rail, and the auto industry with IVHS "smart cars," have shown the leadership and the capability to find innovative systems in order to move people and product safely and efficiently. Also, by increasing the training of transportation professionals, we can work to maintain our leadership role in technology and R&D, a role enhanced by the efforts of the Transportation Research Board.

And, believe me, with your help we're going to make sure that the Department of Transportation is not part of the problem. We're going to make sure that we aren't creating unnecessary regulatory or administrative headaches that add cost to products. Our policies must not restrict the transportation industry or tie the hands of the planners and managers at the state and local level who will make it all happen.

The American people have challenged Washington to provide more freedom and greater flexibility. They are asking us to remove the heavy hand of government, and that's exactly what we're going to do.

We believe the time is right for a national transportation strategy. It will help shape the major transportation legislative reauthorizations that will be enacted in the next several years -- the federal aviation program, highways and highway safety, and mass transit.

But we are not waiting for those reauthorizations to get moving on implementation. We're moving now.

You will see that portions of the new strategy will be reflected in the Administration's 1991 budget proposal and in a number of actions the Department of Transportation will be taking over the next few weeks and months.

Very shortly, for example, we'll be releasing our comprehensive study of airline competition. Soon after that, we'll be announcing some actions designed to give the FAA the increased capability and capacity it will need to meet 21st Century demands.

Other actions this year will include:

- a further push for the policy we announced late last year regarding greater access by foreign airlines to more U.S. cities,
- a stronger effort to encourage and facilitate more commercial space launches,
- the most comprehensive review of our maritime policy in the Department's history,
- an increased effort to explore high speed rail alternatives,

- and support for legislation to make public transportation more accessible to the disabled traveler,

Those are just a few of the ways we're going to be getting the national transportation strategy rolling this year.

I believe this will be the most significant strategy ever developed for transportation in this country. It is designed to ensure that America has the transportation system it needs to remain competitive in world markets and improve our quality of life.

It will give us a decision-making framework for looking at our nation's transportation needs with a sharper focus on the proper role of the many governments, institutions, industries and private agencies that constitute our transportation sector.

It will strengthen the relationship among federal, state, and local governments and private industry.

It will help us create new ways to pay for infrastructure maintenance and modernization and suggest new opportunities for private initiative and private investment.

If we all get on board, and if we all do our part, we believe there will be better transportation for every American and for every city, town, village, factory, and farm in America.

We'll see a transportation system that moves people and products more efficiently, that offers our travelers far greater ease, convenience, and safety, that is more caring for our disadvantaged and protects our environment.

I see the day:

- when people and products can move easily from one mode of transportation to another,
- when convenient public transportation is available for all who need it,
- when raw materials and finished products get to the factory, the store, and the consumer on time,
- when all travel -- any place in America by whatever mode -- is a pleasure rather than a problem,
- when American transportation management and technology again will be pre-eminent in the world,
- and when the transportation sector becomes an attractive "magnet" for our nation's best and brightest young people.

In that regard, I want to congratulate the FAA and the Transportation Research Board for the graduate research program they have sponsored for the past four years. Five graduate students are selected each year on the basis of their aviation-

related research ideas and are awarded a \$5,000 stipend upon completion of the project. Last year's and this year's award recipients are in the audience. I would like them to stand up so they can receive a well deserved round of applause.

With your help I believe we can do all these things and more. We can leave a strong legacy for the next generation.

In building the world's greatest transportation system, our fathers and mothers made an investment in the future that has paid us a handsome return and given us a higher quality of life than they enjoyed.

Now, it's our turn to do the same for future generations.

By the time I leave this office, I want America to be well on the way toward building the transportation system it must have in the 21st century.

But we must start now -- and I hope you will join me in a new partnership for doing this great work.

Thank you.



U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

**STATEMENT BY TRANSPORTATION SECRETARY SAMUEL K. SKINNER
BEFORE THE TRANSPORTATION RESEARCH BOARD
REGARDING AOPA CRITICISM OF THE NAS PLAN
JANUARY 10, 1990**

"Our system is the safest in the world. Even though we have the number of capacity problems we have, because demand has exceeded supply, it still is the most efficient system in the world and all you have to do is go to Europe to find out what I am talking about.

We are spending, thanks to the support of people in this room and in the Administration, billions of dollars to take 1950's technology into 1990's technology. It will be the most comprehensive real-time system in the civilian sector of government with the exception of NASA and the military.

It is time-consuming. It is state-of-the-art. It is expensive and it is difficult. Some things we are doing have never been done before, but I can assure you, that technology is basically on target. It is being funded at adequate levels in last year's budget where the FAA received a 16 percent increase. And I look forward to adequate funding next year. FAA Administrator Busey is very much on top of that project.

That system will not only allow us to enhance our capacity to handle the unbelievable demand, but it will develop technology and expertise that American companies will sell all over the world. So that it is an investment that the American people are making in aviation travel that makes the system more efficient, makes it safer, and gives us a product that is second to none. And I am satisfied with the progress that is being made and I suggest that while we have much to do, a great deal will be happening in the not too distant future."

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
CSX SEMINAR
JACKSONVILLE, FLORIDA
JANUARY 14, 1990

There's a story about E.H. Harriman, founder of the Union Pacific Railroad. Back in 1905, Mr. Harriman raced his train across the country breaking speed records and making headlines. Alice Roosevelt was on board the Harriman express. Like all good fathers, President Theodore Roosevelt was concerned about his daughter's safety on this bold adventure. The President sent Mr. Harriman the following message:

"Please take care of my daughter on your train."

To which Harriman replied: "You run the country -- I'll run the railroads."

That brief exchange at the beginning of this century between "Teddy, the roughrider," and the plainspoken railroad magnate sets the tone for transportation in the 21st century.

I came here today to emphasize the importance of viable, profitable private companies like CSX in the delivery of transportation services. If the United States is to compete internationally in the 21st century, our

chances at success ride the rails, trucks and barges and containerhips of CSX and thousands of other private transportation providers.

Or, as John Snow put it at a meeting last summer in Washington kicking off the development of the national transportation strategy: "The answer to whether or not we hold our share of world markets lies in the efficiency, productivity and innovativeness of our transportation system." John, you are absolutely right.

The national transportation strategy -- which will be announced in a few weeks -- will stress as much as any other point that private industry involvement in transportation is the wave of the future. And CSX is a perfect example of one organization in one industry already prepared to move in step with that strategy.

You, in the transportation business, understand your role, which is this: To develop the technology, and make the bold, innovative moves to accomplish safe and efficient transportation.

You have harnessed the forces of deregulation to rebuild your infrastructure and prepare it for the future. Ten years ago, your rail industry was flat on its back --

dying. Its obituary had already been written. Bankrupt lines and deferred maintenance were the norm.

However, under the Staggers Act a rebirth took place. Increased flexibility under that act has allowed railroads to respond more quickly to the pressures of the market and to compete more aggressively for traffic.

Railroads have not only become more sensitive to shippers' demands, but they have also been able to adjust their own operations and capital plans to reduce costs and redirect expenditures to critical maintenance and service. Since the Staggers Act, for example, railroads and shippers have entered into 90,000 contracts covering rail rates and services.

You, at CSX, have redirected your attention to the transportation part of your business. You have diversified into trucking, barges and steamships, looking forward to the day when intermodalism will be commonplace. That day will come sooner rather than later. The number of Sealand officials in this audience tells me that CSX takes very seriously its role as an integrated full service transportation company. By doing this, you have helped to make the railroad industry part of the "seamless" flow of commerce that

has become a watchword in our discussions of national transportation strategy.

With a balanced, multimodal system and effective connections between the various modes and ports, each mode can draw on its own strengths and use the strengths of the others. U.S. companies will be able to count on having their goods delivered in domestic and international markets at the times they are needed.

You have been a leader in using advanced technologies such as image processing to transmit bills of lading, artificial intelligence to produce freight bills and fiber optics to transmit voice and data; and double-stacked trains have increased productivity.

I am convinced that the entire transportation industry must follow this lead in exploiting new and emerging technologies in order to move freight and passengers even more safely and efficiently. Only by increasing productivity will railroads and other modes of transportation be able to help our industries compete in the global marketplace.

Let me assure all of you here today that I understand the government's role, which is simply this: To foster an

economic environment in which the private sector can flourish.

We know the value of the Staggers Act and will fight any efforts to turn the clock back.

We will also rededicate ourselves to removing inequitable labor requirements that limit productivity in the railroad industry.

The repeal of the Federal Employer's Liability Act, for example, can have positive benefits for shippers, consumers, the railroads, and more importantly, for the industry's employees. Today, the railroads and their employees are under an archaic and outmoded system of injury compensation that fails to serve the vital interests of either. It is adversarial. It is not sound public policy to retain a system of employee injury compensation which is based on establishing who was at fault. Especially not after fault-based systems have been rejected by virtually every other facet of American industry. Reform of this labor provision is long overdue.

There is another area of growth in the railroad sector which requires our attention. That is the area of high-speed rail service. I realize this is at the moment a passenger issue. But someone down the line will decide whether it has application to the hauling of freight. Magnetic levitation systems, already being demonstrated in Europe, may spread to North America. This may be a development of great promise to this nation's future transportation system -- to alleviate the crowding of our skies and our highways. It may become another opportunity for further enhancing the value and use of railroad rights-of-way.

I am proud of the small role the government will play and grateful for the big role you and other private sector firms will play in moving America. However, as we move forward we cannot overlook the important issue of safety. Safety is my first priority and, John, I know it is yours too.

I'm sure you have been as concerned as I have about a number of highly visible CSX accidents in the recent years. The CSX derailment in metropolitan Washington that interrupted red-line Metro service in 1987; several mishaps in Pennsylvania and Virginia, including the head-on collision at Trego; and most notably, the Freeland, Michigan derailment, hazardous materials fire and evacuation in July 1988. We've all received considerable public pressure, as is justified.

I'm happy to report some good news on that score. Joe Walsh, Associate Administrator for Safety for the Federal Railroad Administration, sat down with Jerry Davis and at least half a dozen of his top officers, in October. During the five-hour meeting FRA expressed our concerns regarding CSX safety performance and asked your people to provide a specific action plan within 60 days to address those concerns. You agreed with us. And you followed through with action to remedy safety problems.

FRA Administrator Gil Carmichael and I applaud your corporate responsibility in making safety a number one priority and taking action. Keep up the good work. We must afford the American people a safe transportation system.

An important element of transportation safety is to keep our transportation systems drug free. CSX has been a leader in voluntary drug-testing, "Operation Red Block." I applaud your voluntary efforts and I'm pleased that you have extended the random testing program to managers and supervisors not required by federal regulations. This shows your real dedication to helping to rid the industry of a tremendous safety threat.

As you know all transportation industries will begin the federally-mandated random drug testing program this month. We recognize the practical complexities and difficulties in carrying out this program. This is a difficult issue. I know the problems it presents. I am a reasonable man and I want to work with you in every way I can. But when it comes to safety the American people are entitled to a drug free environment. The Department and CSX will work together to improve the number of post-accident drug positives we are seeing.

Now, in closing, let's return a moment for a lesson in history. Within 30 years after E.H. Harriman set the speed record and brought Alice Roosevelt home safely, Governor Averell Harriman would break his father's rail speed record, spanning the United States in 57 hours.

I say railroads -- with their skills in intermodalism and ability to work with oceanliners, truckers and shippers alike -- will not only keep up the railroad tradition of doing things first but move our economy at an unprecedented speed.

The basis of that conclusion is this:

First, railroads have capacity. You are not suffering from the congestion we see on some of the major interstate highways or in the airports. The amount of additional traffic a railroad line can handle can be increased beyond most foreseeable demands, with sophisticated signaling and traffic control. I understand that many lines are presently used far less than capacity would allow and can take on additional volumes where there is traffic demand, without the kind of investment in land and resources required to build new highways.

Second, as I mentioned earlier, we are sensitive to the fact that when the demand is there, the railroads - as private companies that build and maintain their own rights-of-way -- can be there with the investment dollars. When the Department talks about our partners in transportation, we are not just thinking about state and local governments who take part in highway

programs, or local transit providers, or airport authorities. We are talking about the private sector which is the backbone of the American system. We cannot neglect any part of that equation, particularly with the ever-increasing emphasis on the need for additional capacity, making the best use of our infrastructure, and broadening the base for meeting the needs of the nation.

I have no doubt that transportation will move our economy forward into the 21st century. We will be strong competitors in a global marketplace. It is a legacy our parents left us and one we must pass on to the next generation. We can settle for nothing less.



U.S. Department of
Transportation

News:

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REMARKS AS DELIVERED BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AMERICAN EXPRESS AIRLINE INDUSTRY SEMINAR
JANUARY 17, 1990
NAPLES, FLORIDA

It is a pleasure to be here tonight with so many of my friends in the airline industry. You surely are the cream of the crop in the aviation industry. You are providing the leadership for one of America's most important industries.

So I wondered, what views could I offer that would be of any interest to such a distinguished group. I decided that, rather than have the federal government tell you what it thinks is wrong with the airline industry, I might be so bold as to borrow the slogan of an unnamed investment house and tell you why I'm bullish on America and our great airline industry.

These are exciting times. Everywhere we look, we see evidence of momentous change, a new global economic environment with significant opportunities for accelerated growth and development. I cannot think of an industry for which these developments hold more promise than the airline industry.

Years ago, American air carriers pioneered the new world of commercial aviation. Today, stimulated by a domestic market made robust and competitive by deregulation, they remain the unchallenged world leaders by just about every measure we know. That is true even in the U.S.-Japan market, where we enjoy a healthy trade surplus -- yes, surplus -- in the bilateral trade in commercial air services.

As we enter this decade of change, business activity will rely more and more on air transportation, both for passenger and cargo movements. With the increased trade between countries resulting from this new political environment, travel between countries will undoubtedly increase. In a time when we are witnessing the first decline in airline passenger traffic since 1981, the events in Europe must be a breath of fresh air. But unless the federal government, working together with industry, seizes this historic window of opportunity, this already tough business will get even tougher.

- more -

I came down to this conference to send a clear message -- this Administration wants to be your partner as you expand your services abroad. So that there can be no doubt where I stand -- deregulation of the U.S. airline industry is working and working well. Now, it is high time that we work to deregulate international aviation markets. Let's push the door wide open to free and unfettered competition for air transportation around the world.

Far too many arbitrary, unnecessary governmental regulations remain that impede growth in international aviation markets. In fact, for all intents and purposes, the phrase "international aviation market" is today a contradiction in terms. Airlines operating internationally work under circumstances that represent the very opposite of market conditions. Pent up demand goes unserved. Supply is choked by the heavy hand of government. We must develop a genuine global market for aviation services.

The emerging global economy simply will not tolerate the inefficiencies built into the present legal framework for international air services. In today's world, efficient, competitive, low-cost service is sacrificed in the pursuit of mirror-image reciprocity. This complex web of international bilateral agreements agreed to at the Chicago Convention in 1944, is outdated and unnecessary.

As Secretary of Transportation, I pledge here tonight to begin tearing down the walls that were erected to prevent open skies around the world. We intend to work hard to free the so-called "international aviation market" from unnecessary governmentally imposed restrictions just as we did here in the U.S. Americans have always been on the leading edge of aviation, and the time is right to move against unnecessary international barriers to competition.

It wasn't long ago that these regulatory restrictions were present in our domestic market. Many believed the air transportation system that functioned best was one in which the government told airlines which routes they could serve and how much they could charge. But deregulation of the domestic airline industry changed all that. It stimulated a phenomenal expansion of our domestic air transport market, and produced huge economic dividends for consumers.

Deregulation produced an airline industry that is more creative, more responsive to the marketplace, and more efficient. Hub-and-spoke systems, yield management programs, and sophisticated computer reservation systems -- developments widely emulated abroad -- are all products of this environment. Innovation spurred by market forces has made our air transportation system the most efficient in the world.

There is, in my view, no reason why these extraordinary benefits should be limited to our domestic market. It is my hope that all the people of the world can enjoy the same benefits of deregulation that U.S. travelers enjoy. How do we get there? Here are my thoughts.

Number one, we must work hard, within the bilateral context, to establish liberal agreements with as many countries as possible.

The United States is party to over 70 bilateral aviation agreements. Most establish some form of control over airline service and pricing initiatives. Some of these agreements permit government regulation of virtually every aspect of the

business: the number of carriers that can serve the market, the routes that can be flown, the number of seats and frequencies that can be offered, and the prices that can be charged.

These traditional bilateral restrictions stifle innovation, promotion, and market development, significantly reducing the social and economic benefits that should flow from aviation. So, over the past decade, the United States has worked to establish more liberal aviation regimes with a number of countries both in Europe and in Asia.

A comparison of developments in the U.S.-Germany and U.S.-Italy air service markets demonstrates why this is so important.

In 1977, U.S. airlines carried more passengers between the U.S. and Italy than between the U.S. and Germany. By 1988, after the introduction of a more liberal agreement with Germany, U.S. carriers transported almost three times as many passengers to and from Germany compared to Italy. The number of U.S. carriers serving Germany increased from one to five, and the number of nonstop routes from one to 15.

We have recently proposed to several of our major trading partners -- the United Kingdom, France and Germany -- the establishment of an unrestrictive aviation regime without government controls.

In each case, the U.S., for the first time, has offered to allow the airlines of our partners to fly to any and all U.S. cities. This "open skies" proposal is a major step in the development of a new, more progressive era of international aviation.

The U.S.-London, U.S.-Paris and U.S.-Frankfurt routes which would be covered by such open regimes are both major local markets as well as important connecting points for traffic throughout Europe, the Middle East and Africa. Given the strategic importance of these markets, advances in opening up these air service regimes are likely to serve as a catalyst for opening up our aviation regimes with other countries as well.

So far, we have yet to reach an agreement on the basis of these dramatic new proposals. After clamoring for this new access to our aviation market for many years, our partners finally got what they wished for. And now they are trying to understand the implications of our offer.

Despite the disappointing early responses, we remain optimistic that, over the long run, we will be able to obtain agreement to much more open and market-oriented aviation relationships. We are prepared to work with our partners to develop pragmatic solutions to their concerns about the impact of unrestricted competition on their airlines.

Number two, we are creating new opportunities for air travel outside the traditional horse-trading bilateral negotiating process.

The Department will adopt a proposal announced last year to allow foreign air carriers to provide service between their homelands and cities in the U.S. which currently do not receive any service to that foreign country.

The details of this new policy will be spelled out very shortly in a DOT order. We are convinced that the initiative will improve international service to many communities in the U.S. and help them realize the economic benefits of improved air transportation. It also provides further evidence of our commitment to a truly competitive international aviation regime and our willingness to try innovative ways to encourage other countries to adopt our approach.

Number three, the Department, in cooperation with other agencies of government, is considering other ways to create more free trade in international aviation services. To derive maximum benefit from the economic changes that are likely to occur during the next decade -- to realize our vision of a freer system of international aviation by the year 2000 -- we must develop innovative ways to achieve that goal.

We are looking at alternatives to the bilateral negotiation process. This traditional way of doing business should continue to provide the forum for effecting change. But we may have to try a different approach to foster effective dialogue.

For example, the European Economic Community is scheduled to become a unified economic entity in 1992. The integrated internal European market will include aviation services. The liberalization of Europe as an aviation market should produce the same kinds of benefits there as we realized in the U.S. as a result of deregulation.

Developments in Europe and elsewhere may warrant a departure from the one-on-one negotiating system that we have used for over forty years.

One obvious possibility, of course, is to engage the EC in a dialogue on aviation through conversations with the EC Commission. Already, U.S. aviation officials have conducted a number of useful, although informal, meetings with their Commission counterparts during the past year or two.

But the Commission does not yet have authority from the member states to negotiate with respect to aviation, and so those conversations tend to be more theoretical than practical. Nor does the European Civil Aviation Conference, representing the aeronautical authorities of some 23 countries.

Should we be discouraged by this lack of legal authority to engage us in a multilateral negotiation on the future of aviation? I don't think so. The United States stands ready to conduct discussions in any forum -- formal or informal -- in which the prospects for the creation of a genuine market for international aviation services can be advanced.

If we are to realize this goal -- if we are to open up the international aviation marketplace -- there must be a partnership between the public and private sectors, between government the aviation industry.

By the time I leave this office, I want America to be well on the way toward building the transportation system it must have in the 21st century. That is the purpose of the Department's forthcoming national transportation strategy. I also want to have started down the path I've described tonight -- a path that leads to a more competitive aviation system for the entire world. As major players, the aviation industry can make a strong contribution.

A couple of years ago, millions thrilled to the saga of two pilots -- a man and a woman -- who rode a typhoon across the Pacific. They piloted a small, untried graphite ship of the air all around the world. Together, they were part of a modern day adventure unmatched since Lindbergh flew to Paris and Chuck Yeager broke the sound barrier.

In the wake of his historic journey, Dick Rutan struck the keynote of our philosophy. The free market system is so conducive to pioneering that, as he put it: he had to fill out only two pieces of paper in the six year history of Voyager. One was an application for airworthiness. The other, an application for a tail number.

With your support, the Department and this Administration intends to be a leader of this effort to promote the free market system worldwide.

But we must start now, and I hope you will join me in this partnership.

FINAL COPY

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
BUSINESS-GOVERNMENT RELATIONS COUNCIL
WASHINGTON, D.C.
JANUARY 18, 1990

The stated purpose of your organization -- to improve business understanding of government -- is a very timely one. If we are going to maintain the world's best transportation system in the 21st century, business and government must work together as never before.

The companies you represent recognize that they will not be able to succeed in the increasingly competitive world market without the productivity gains afforded by good transportation. That is what I want to talk about today: where we have been, where we are today and where we are going in meeting the transportation needs of this country in the next century.

On January 18, last year I was still making my pre-confirmation courtesy calls on Capitol Hill. Exactly one week later, my confirmation hearing took place before the Senate Commerce Committee and a week after that, I was confirmed by the U.S. Senate to be the 10th Secretary of Transportation. So it has been almost a year since I became Secretary, but what a year it's been.

The job description did not include several disasters, but we learned something valuable from each one.

- When Pan Am 103 blew up over Scotland in December 1988, we recognized that international terrorism has escalated to a new level -- from hijacking to aviation sabotage.

- We took immediate steps to heighten airport security, to work with other countries on a continuing basis to fight terrorism, and to require the latest in automated explosion detection systems to screen checked luggage at the most heavily used international airports here and abroad.

- Thermal neutron analysis systems (TNA's) are the best available technology. I've seen the one at JFK airport and it works very well. But TNA's are only the beginning. The fight against international terrorism is a drama without intermission.

- Then came the Exxon Valdez oil spill in Prince William Sound, Alaska. Lessons learned were that it's much easier to prevent an oil spill of this magnitude than it is to clean one up.

- As a result, we have insisted on better licensing and piloting procedures, better contingency planning and tests to be sure the plans work.

- We also have strongly supported comprehensive oil spill liability legislation, and will be working with the

House and Senate conference committee to achieve compromise on the two versions of the bill that past.

- Then came Hurricane Hugo in Charleston, South Carolina and the Virgin Islands.

- That was followed by the earthquake in the San Francisco/Oakland area.

- The hurricane and earthquake taught us the fragility of our infrastructure and emphasized the tremendous dependence of our nation's economy on the term infrastructure.

- To those people in California, infrastructure now means productivity in the marketplace, jobs, access to goods and services. It means economic vitality. It means safe transportation. It means quality of life.

- In spite of all the disasters, we completed one of the most comprehensive outreach efforts ever conducted by a government agency to develop a national transportation strategy.

- It will be announced in a few weeks following the President's State of the Union Message and the budget. The strategy will provide the framework for taking our transportation system into the 21st century.

-- 117 public events in 43 cities and towns across the country; literally a national town meeting.

● While the strategy is still in the final stages of the review process, I can give you a preview of five major strategies that will be incorporated in it.

● They are all designed to increase our reliance on the private sector, state and local governments. They are designed to stimulate competition and allow the magic of the marketplace to work.

● First, we envision a stronger, healthier partnership among federal, state and local governments.

● Second, we're going to be looking for new and creative ways to apply the time-tested user fee principle.

A third strategy will be to stimulate more private investment in transportation.

Fourth will be to remove unnecessary regulations.

-- Get rid of Tort-based system of liability and damages under the Federal Employers' Liability Act so that railroads can operate under state workers compensation systems as other industries do.

-- Push hard for product liability reform and its impact on many businesses, including general aviation.

- Complete deregulation of the trucking industry.
- Remove unnecessary federal requirements that hamstring U.S.-flag ships trying to compete in world trade.

- Fifth, one of the major thrusts of the new strategy will be to promote new technology and more support for efforts in research and development, both in the public and private sectors.

- U.S. industries, such as the railroad industry with "Mag-lev" and high-speed rail, and the auto industry with IVHS "smart cars," have shown the leadership and the capability to find innovative systems.

- We believe the time is right for a national transportation strategy. It will help shape the major transportation legislative reauthorizations that will be enacted in the next several years -- the federal aviation program, highways and highway safety, and mass transit.

- It reminds me of a story about a Washington cab driver who was driving a family from out of town around the city on a sight-seeing tour. As they passed the National Archives, the 10-year-old daughter read aloud the inscription over the entrance to the building: "The past is prologue."

- She said, "Daddy, what does that mean?"
- The street wise cabbie looked back over his shoulder at the little girl.
- "Honey," he said, "it means you ain't seen nuthin' yet."
- The 1990s will be the decade of "you ain't seen nuthin' yet" in transportation and, I am confident, the national transportation strategy will set us on the right course.
- By the time I leave this office, I want America to be well on the way toward building the transportation system it must have in the 21st century.
- But we must start now -- and I hope you will join me in a new partnership for doing this great work.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES
JANUARY 23, 1990
WASHINGTON, D.C.

- I welcome the opportunity to participate in this discussion about the disruptive influences of earthquakes in our nation's transportation system and the major economic impact of such disasters.
- Let me say at the outset that the decision of the Center for Strategic and International Studies to run two earthquake simulations in the spring is very timely and will fulfill a great need in this country. The fact that the state of California prepared itself with mock simulations several months before the Loma Prieta Earthquake led to the quick reaction.
- Your earthquake run-throughs -- featuring some of the best minds and leaders in our nation -- will be a tremendous contribution to this nation's ability to deal with earthquakes in the future. I want to work with you in anyway I can.
- Everyone here is aware of the increasing concern over the potential for a catastrophic earthquake in the Eastern United States, yet we must work together to heighten the level of awareness nationwide.

- Of all the disasters I reviewed last year -- whether it was Hurricane Hugo, the earthquake in Northern California, or the Exxon-Valdez oil spill -- the one lesson that stood out was this:

- Those communities, industries, and people with a disaster plan that had been tried and tested had the best chance of minimizing damage and human suffering.

- For example, no one was prepared for an oil spill of the size and intensity that struck Prince William Sound Alaska. Someone had a plan written on paper, gathering dust on a shelf somewhere but it had not been tried and proved to be inadequate to respond to the situation.

- In California, on the other hand, many structures were built with earthquakes in mind. The problem was some were built with 1950s technology and, in the case of Interstate Highway 880, the retrofiting program had not caught up with the need.

- Caltrans, as many of you know, had a three-phase retrofit program under way; Phase 1 -- the roadbeds of freeway overpasses had been tied together to keep them from dropping; Phase 2 -- reinforced single column freeway supports had just been started; Phase 3 -- the strengthening of

freeways with multi-column supports where, for example, two or three columns are positioned under the freeway to support the bed. This phase had not begun when the earthquake hit.

-- Still, there is little doubt that the \$60 million Caltrans had spent on implementing its retrofitting program saved many lives.

-- Caltrans is way out front on retrofitting for seismic purposes.

- Caltrans estimated the initial damage to the Federal Aid System at \$459 million. Of that amount, we estimate that \$432 million would come from Federal Highway Emergency Relief funds. We moved money out of Washington at a record speed to cooperate in every way we could with Caltrans.

- To those people in California, the word infrastructure took on a new meaning. It became the means to productivity in the marketplace, jobs, access to goods and services. Infrastructure means economic vitality. Safe transportation. Quality of life.

- To the nation it became clear from the California experience that the sudden loss of transportation facilities and systems in a major size earthquake can

have a ripple effect upon regional and national commerce.

- If, however, the transportation facilities are able to withstand destructive tremors and continue operation, this can have benefits far beyond the single building, airport or bridge. The ability of utilities, communications, hospitals, supply depots and key government buildings to respond to an earthquake's devastation will depend on the resilience of the transportation system.
- If, for example, it had not been for the fact that the Bay Area Rapid Transit System was able to continue operating, the impact in San Francisco would have been much worse.
- DOT has been active in trying to minimize potential damage and loss of life in earthquakes.
 - For example, the Federal Highway Administration has succeeded in getting forceful seismic countermeasures incorporated into the AASHTO standards for future highway and bridge construction.
 - FAA has emphasized that the latest seismic design guidelines are observed in all new construction associated with airways modernization.

- Since the Loma Prieta Earthquake, within the Department we have re-examined what we can do to reduce our long run vulnerability of the nation's transportation system.

- One of the things we have found is that, outside of the Highway areas I have mentioned, our constituencies have in general used local building codes for their standards for earthquake protection. Some of these may not provide adequate protection against earthquake risk, and are not representative of transportation priorities, especially in the East.

- Much research has been done in the last 10 years, and the lessons from recent earthquakes documented.

- We are beginning the process of pulling it all together in one place, so we can use it as a basis for an extensive education program for our constituencies and our grantees to identify specific measures that can reduce vulnerability.

- We will also use this work as the basis to develop a uniform Departmental philosophy for designing-in seismic protection. This would provide a basis for both safety regulation and guidance for our

grantees on building standards, specifications, design criteria, and construction practices.

- We recognize that designing-in is far more efficient but even at that, it can add three to five percent to construction costs for a typical high risk area.
 - We also intend to develop more definitive policies about retrofitting, recognizing that it tends to be very expensive but in some applications can be cost-effective.
 - Since not all geographical areas are equally seismicly active, constant tradeoffs must be made within each region, matching the level of hazard anticipated at a given locality against the cost of risk reduction for facilities.
 - Finally, we intend to assess our own significant buildings and structures to determine their seismic vulnerability.
- I agree with CSIS that neither the private financial sector nor public sector is positioned to deal with a major natural disaster at this time which is why it is so important to work toward solutions now.

- I applaud this organization's plans to increase the awareness of potential economic devastation of earthquakes and what we can do to blunt the force.



U.S. Department of
Transportation

News:

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DEPARTMENT OF TRANSPORTATION
RESPONSE TO GAO STUDY ON
"MANAGEMENT PROBLEMS AND LEGAL CHALLENGES
FACING DOT'S INDUSTRY PROGRAMS"
January 26, 1990

The Department of Transportation has been implementing GAO's recommendations even before the GAO study was released.

Last fall, the Secretary named Terrance W. Gainer to be his Special Assistant for Drug Enforcement and Program Compliance. In that role, Mr. Gainer provides the focal point responsible for coordinating the development, implementation and enforcement of the policy and procedures for the transportation workplace drug testing programs.

The Department already has conducted a series of nationwide seminars to brief industry representatives on compliance with their drug testing regulations; has begun to publish additional guidance material for all regulated industries; is drafting a series of most frequently asked questions and answers; and is working on a common reporting system as well as compliance monitoring procedures for all of its affected modal agencies, so that assessments of the efficacy of these regulations can be made.

DOT also is reviewing public comments on the extent of the alcohol problem in the transportation industry to determine whether the Department's present alcohol abuse rules for the industry are sufficient to address the problem and what additional federal action, if any, should be taken.

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JANUARY 26, 1990, FRIDAY

SECTION: COMMERCE & TRADE

LENGTH: 6450 words

HEADLINE: CB

ADDRESS OF SECRETARY OF TRANSPORTATION SAMUEL SKINNER
US CONFERENCE OF MAYORS
CAPITAL HILTON HOTEL
WASHINGTON, DC

KEYWORD: SEC. SKINNER-01/26/90 US CONF. OF MAYORS

BODY:

SEC. SKINNER: Thank you, Catherine. It is good to be here and you'll hear already that I have a cold. I won't tell you what city I picked that up in lest I ruin your tourism advertisements. But I am delighted to be here. And it has been a year since I met with you in Charleston, and what a year. From Charleston, we of course -- I've been all over the country on transportation matters and have met many of you. I venture to say there's probably been no Cabinet member who has been -- has visited as many different cities in distant parts of this country than I because, of course, I have gone all the way from Valdez, Alaska where I met the Mayor as part of the clean up responsibility for the President to Alaska to the mayors in Miami all the way across North America. It is a pleasure to be here and as we move into the '90s, the decade of achievement, as I call it, we do need to prepare for change. And let me suggest, as the mayors of American cities, as their leaders, you are always ready to acknowledge the challenge of change. In fact, I think it's fair to say that cities is really where many of the changes begin to occur first. I believe that if this administration and this nation is going to be successful in meeting the challenges of the '90s, and I believe we will, it will be in large part due to the fact that the federal government will be working hand in hand in full partnership with state and local governments in the private sector. Local governments have to be full partners, particularly in addressing our nation's transportation needs, which I want to talk to you about today. Fiorello La Guardia, the former mayor of New York, once called city life "a great, living, thrilling adventure." Transportation is very much a part of that adventure, sometimes more of an adventure than we would like. The history of the world is the history of transportation. The 20th century was inaugurated with the first powered flight at Kittyhawk. You might ask yourself how will transportation bring us into the 21st century? God only knows, but I suggest we do know a few things.

And, clearly, if we're going to continue to be on the leading edge, we must forge an even stronger partnership among the federal, state and local governments and the private sectors. Whether it's providing reverse commute service to move inner city residents to jobs in the suburbs, enhancing mobility and safety for all Americans, solving the problems of congestion or enforcing traffic laws, we must work together. While working to solve the problems of inner city dwellers, we cannot ignore the need of farmers in the rural areas, we cannot ignore the needs of truckers who are tied up in gridlock, or suburban householders.

Let me suggest that as we begin to work together on the important issues, let us first begin to work on the issue of safety. While the news headlines often show a tragic air incident, including this morning, the unfortunate fact is that

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over 47,000 Americans lost their lives on the highways last year.

I am pleased to announce today that the United States Department of Transportation will be holding a traffic law enforcement summit April 1st through the 3rd in Chicago. We'll be calling together the law enforcement leaders of all levels of government from all over the nation for this summit. We will have the chief law enforcement officer of every state, a cross section of sheriffs, municipal police chiefs, executive directors of national law enforcement agencies and others. This summit will not consist of lectures. It will allow police chiefs, local sheriffs and highway patrolmen to share problems and, more importantly, to share solutions. Together, we're going to identify areas where the federal government can help.

When we come away from this summit, which will be patterned much along the lines of the President's education summit in Charlottesville, we will know what the problems are, what we need to do to get drugged and drunk drivers off the road, we will know where the roadblocks are to enforcing speed limits and hazardous driving laws, we will know where we stand on increasing safety belt and child safety seat usage, and in commercial motor vehicle safety. Our goal in this summit will be to develop a legislative agenda, a regulatory agenda, a funding agenda, a program agenda for improving law enforcement and safety in transportation.

Having been a participant in the educational summit, I believe the best part of this summit will be when these leading law enforcement officials meet together in sessions of 25 to 30 to

discuss the problems and the solutions that they have found in their particular states and their particular cities and their particular counties. I found that the most healthy and most beneficial part of the educational summit in Charlottesville, and I am optimistic that, with your cooperation and the cooperation of the governors throughout the country, we will have an equally significant experience in Chicago in April.

Let me say that, as a former prosecutor, I'm aware that drugs are very much a part of the crime of the cities, as well as the countryside. Drugs know no borders. Drugs are a safety problem in transportation as well, and I can assure you I am totally committed to a drug-free transportation system. I believe random drug testing is a necessary and essential step to providing the most safe and efficient transportation system possible. More importantly, Americans agree. A recent Gallup poll showed that 60 percent of American workers favor job drug testing. But get this: 94 percent think testing of transportation workers in safety-related jobs is a good idea. That sounds like a green light to me.

As many of you know, our new regulations requiring drug testing in all transportation industries went into effect in December. In January, a few days ago, the United States Court of Appeals for the District of Columbia dealt us a slight setback. After hearing a consolidated appeal by labor organizations, the court held that UMTA exceeded its statutory authority when it issued an anti-drug regulation. Let me tell you what that decision does not do. It does not say that, in safety-related jobs, random drug testing is inappropriate. It basically says that, under the statutes that we operate under in the Department of Transportation, as it relates to grantees in mass transit, the Court of Appeals believes that the authority is not specifically granted by Congress. I will, however, seek immediately legislation and ask the President to seek legislation to provide UMTA with the statutory authority needed to establish its anti-drug rule program. Meanwhile, I urge many of you who have adopted rules and programs, many of which have been adopted with the cooperation of the workers and the unions, to continue to do so. Drug testing is essential for public safety. And let me suggest that I also believe that drug testing in the long

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run, the identification of drug users and their rehabilitation, is a major step in the President's drug strategy and in yours.

Let me also say that we have also tried to take great strides in removing drunk drivers from the streets and from the highways. However, drunk driving remains a major problem. To continue the momentum that is begun, the National Highway Traffic Safety Administration announced last week a new incentive program designed to stimulate greater state efforts against drunk drivers. Qualifying states will share four million [dollars] this year with -- fiscal year to get us stronger, tougher laws across drunk driving -- implemented across the board. Several weeks ago, I had the opportunity visit Nassau County, New York, where I saw a joint program with the cities and municipalities up in the north -- in the Long Island area in conjunction -- (short audio break) -- [TEXT OMITTED] to hear the law enforcement officers talk about the kind of cooperative effort that had been developed between the municipalities and the state law enforcement agencies. They were working together as partners in dealing with this problem. And because they were funded jointly and each had personnel assigned to these programs, they had learned to respect each other and to work with each other. This is the type of program that we want to move forward in the coming years. I also want to take this opportunity to applaud the Santa Fe Safety Belt Challenge and Prevention of Impaired Driver Program winners. This is an important program; it's a long commitment. And this is going to be one of the linchpins of my service as Secretary.

I believe we can make a difference in this area. I believe that this is one of the areas, working together, we can save lives. And I want to make sure that the Department of Transportation and NHTSA is doing everything they can to help you solve this problem.

Let me talk for just a minute about infrastructure in the national transportation policy. It's a strategic plan, as I indicated to you last year, and it is about complete. What we have done is go all over the country visiting over 100 cities in over 110 sessions, meeting with thousands of people to identify problems and get their thoughts on the solutions. I can assure you that this strategic plan is almost done and will be announced sometime in February. Let me also suggest that it will call for some specific things that I think you'll find very significant.

Several years ago, as the story goes, a mayor from a large city one day looked up reading his newspaper in the back of his limousine, which was stalled for traffic, and said, "How long has this been going on?" "Almost a year, Mr. Mayor," answered the assistant. "Do you want us to do something about it?" "Yes, I do," said the mayor, "turn right at the corner." (Laughter.)

Well, I suggest that could just as easily be a Secretary of Transportation. And we're going to try to turn the corner on addressing the nation's transportation needs and our infrastructure problems. Let me tell you a little bit about what we're going to do.

First of all, the policy will make it clear that we will work to replace rigid requirements for performance-related criteria in federal transportation programs. We will strive for additional regulatory flexibility and policies that recognize the diversity of conditions and the needs of the real world. At the same time, a healthier partnership goes hand in hand with reduced dependency on federal money. We believe recipients of federal transportation aid should pay a larger share of project costs. For too long high federal shares for transportation projects have lured cities and states into somewhat inefficient and unwise decisions. By upping the cost for state and local governments we will help bring back the principles of market competition to bear on our financing programs. It will also strengthen state and local

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accountability for wise transportation decisions.

Many of you in this room already realize the importance of greater local participation in transportation and your cities have taken steps in expanding transportation systems without waiting for federal aid. Mayor Dick Berkley Kansas City, for example, has a major downtown improvement project going. It includes a transfer facility and it's a joint development project with the private sector. I was in Kansas City last May with Mayor Berkley to dedicate a new transit development which included 73 new buses, numerous passenger shelters, a new maintenance facility and a \$7-1/2 million passenger facility. My friend, Mayor Federico Pena has been very progressive in starting a new airport in Denver. The groundbreaking was held last year and it will be the first new major airport since 1974. Denver will be economically more attractive because of this airport and because as many of you know, airports attract development like a magnet. And if you want to bring that point home, go west here 20 miles to the Dulles Airport. Many of you know the Dulles Airport was a white elephant in the opinion of many 30 years ago. Congress would not place another dollar into that project. Yet today, the new airport authority is developing that airport by an investment of an additional \$500 million and the economic activity around the Dulles Airport is second to none in the Northeast and probably some of the most aggressive growth oriented communities in the country.

I applaud those of you that have moved forward with your agendas and I suggest also you are in an excellent position to use private investment in transportation to a greater degree. If we're going to benefit from the creative and competitive energy of the American people, we must minimize federal barriers to private participation in the ownership, financing, construction and management of transportation facilities and services wherever it makes sense. And let me tell you, the private sector wants to participate. There is not a day that goes by that someone isn't in my office or hasn't sent me a suggestion as to how they, as private sector partners, can work on transportation projects. Mayor Whitmire indicated to me, and I don't think this is public record, that recently they bid a public project for a private operation in the Houston area. They were hoping to get three or four bidders. They got over 20, 20 private sector partners wanting to participate.

I suggest we should take advantage of their interest, of their investment, of their creativity and of their efficiencies that they have developed over the years. Many of you are already doing this. We have public-private toll road ventures which are springing up in California, in Virginia, just to name a few. You may find that the key which unlocks the door to transportation solutions is right at your doorstep, the private sector. The options involving the private sector do more than simply nibble at the fringes of the problem. Take ride sharing for example. In Seattle, transit accounts for 7 percent of the work trips. Ride sharing accounts for 17 percent. Nationally, car pools and van pools carry over 19 percent of all commuters, almost three times as many commuters as mass transit.

In many cities the private sector helps finance major transportation projects. In New York, for example, over \$100 million in transportation improvements were funded by the private sector. In Boston a private developer leased the South Station, rehabilitated it and added a downtown mall. He now maintains the space and rents it from the transit agency. In Miami a private developer donated the metrorail right-of-way which enabled construction of the Dadeland (sp) South Station. In Denver, in exchange for 65-year air right lease above the bus terminal, RTD, the transit agency, received lease payments of \$400,000 a year and a share of the profits.

We must encourage joint development because that increases cooperation between

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the public and private sectors in planning, construction, renovating and improving transportation facilities. Under these programs the private sector can assist cities in leveraging federal dollars by contributing to local match. Joint development offers other important advantages. It enables cities to use marketing expertise of the private sector to achieve public sector objectives. It benefits transit agencies by financing and constructing station improvements. It can speed implementation. It can make transit more convenient and increase ridership. It can reduce automotive and commuter trips. It benefits developers by increasing rental values. It benefits cities and other local governments by increasing property tax revenues.

A prime example of joint development concerns the Meadowlands in New Jersey where a developer is proposing to maintain a project which will tie together several rail lines, thereby improving access to Manhattan and major developments taking place in the Meadowlands.

Our strategy, which will be announced in a few weeks, will also suggest new and creative ways to apply user fee principles. We intend to recover from the users the maximum practical share of cost that they can absorb and that we can impose. As I said earlier, I want to make it easier for the other levels of government to levy user fees where they're appropriate.

I believe this strategy, when it is complete, will give us a blueprint to move into the 21st century.

It is designed to ensure that America has the transportation system it needs to remain competitive in world markets and improve our quality of life. It will give us a decision-making framework for looking at our national transportation needs with a sharper focus on the proper role of many governments, institutions, industries and private agencies that constitute our transportation sector. It will strengthen the relationship between federal, state and local governments and the private sector. It will help us create new ways to pay for infrastructure maintenance and modernization, and it will suggest new opportunities for private initiatives and private investments. And if we all get on board, and if we all do our part, we believe that we will have a much better transportation system for every American and for every city, town, village, farm and factory in America.

We see in a transportation system a system that moves people and produces more efficiently. It offers travellers far greater ease, convenience and safety that is more caring for our disadvantaged and protects our environment. A city thrives as an extended family, a community of the concerned and the imaginative. A country is no different. We are all in this together, change propels us both. We can put change to work. We can enlist time, itself, as our ally. Our ambition is lofty, but that is the special mission of the city: to articulate dreams, to provide the practical means by which they can be achieved.

I am anxious, as I hope I have demonstrated over the last year, to cooperate and work with you in any way we can. I suggest, as many of you know, there are very few things that are more exciting and more rewarding to mayors or to Secretaries of Transportation, than when we have the opportunity to open a new project and to cut the ribbon on a new facility, a new rail line, a new airport. You have my commitment that we will work together as we move forward, and we will cut more ribbons. Thank you very much.

(Applause).

Mayor Whitmire has -- has asked if I'll take some questions. I'll be delighted to. I think I can see. First one's coming -- oh, I see, good.

Q Good morning, Mr. Secretary. My name is Dave Clark. I'm from the city of San Leandro, and I also have a cold, like you, pardon the hoarseness of the voice.

SEC. SKINNER: Want some Conicidin?

Q I chair the US Transportation and Communication Committee of the US

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Conference of some mayors. I had the pleasure and honor of having before our committee yesterday, the new administrator for FHA of the Federal Highway Administration as well as UMTA. I have a partnership -- in the past, there was one going one direction and one going the other direction, and they never really discussed things.

I have a new partnership in which I was very, very pleased with, and that partnership is that they're going to be working together, with the good government of the United States, but also they committed themselves yesterday to be a partner with the US Conference of Mayors with our committee, and we are going to cooperating with them for the future -- in the future of 1990.

The main thing that we're concerned with is that the trust fund monies that we now currently have that will be wound down, that they go back into the roads where it was intended and not used for offsetting the deficit; the Aviation Trust Fund money be used for aviation, not used for offsetting the deficit; and that we come up with something in the way of a new type of bill in 1991 when H.R. 2 runs out, a new bill where we can all agree on and move ahead toward a very positive new future for the United States.

I just wanted to congratulate you for the appointments -- the President, who made those appointments. It's a very, very positive, positive move.

SEC. SKINNER: Thank you. Let me just observe that that's one of the things that we're trying to do in the Department. Sometimes the right hand and the left hand doesn't really know what they're doing, even though they're in the same Department and on different floors within hundreds of feet.

What we have done, by developing the national transportation policy, and by putting these administrators working together on task force and outreach sessions all over the country, there's synergy has developed between these, as you've identified, and we hope to keep that synergy going as we move forward, because many of the projects can relate not only to highways and to mass transit, and if they're consistent with each other and they help each other, we should have some efficiency. So that's a theme. I'm delighted to hear that it's beginning to show. They're both very responsible people, and I know they want to make it work on what we can an inter-modal basis.

Q Secretary Skinner?

SEC. SKINNER: Yes?

Q Good morning. Lee Cooke, Mayor of Austin, Texas. As you know, I have a keen interest in the airports.

SEC. SKINNER: You sure do. One of the many mayors that's been in my office. We had a very good session, and he's -- anytime I -- just let me -- before you ask your question, let me say, when somebody comes in who's really trying to move a project and make a difference, it rejuvenates me, so I was delighted to see you when you came in, and good to see you again.

Q The main thing I would like to speak to, other than the airport trust, and you've been very gracious in supporting what we're doing, I'm very interested in what is going on in Albany, New York, right now, the whole issue of what and how the Secretary -- your office, as well as the FAA is going to react and whether you work with the public sector or a private entity on airports, because even if we took all the trust money and put it out across the nation, that probably still wouldn't be enough to get us where we need to be as far as airports across the country. And I'm very interested in your response on how we work with the private sector on airport advancement in the next few years.

SEC. SKINNER: All right. Well, as some of you may know, a project was presented to me late in the year from the airport in Albany, asking that the airport be turned over to a private developer for management and operation.

Unfortunately, because the Department had not developed a policy in that regard, I was not able to meet and make a decision on that at that point. But that

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did cause me to begin a task force that will review all aspects of private operation of airports in this country. That task force will report back to me shortly about the advantages of public management versus private management, the alternatives that are available, and some of the guidelines that the federal government should ask for, if in fact airports are going to be turned over to the private sector.

The important thing that we're concerned about is that the airport be operated in the most efficient manner, that the national aviation system be enhanced, and that we not lose a component of that system because we haven't given enough thought to the management structure. So it was a matter of timing as much as anything else. They had a budgetary problem that had to be resolved by year end. That was their -- one of their ways to solve that budgetary problem, and unfortunately, we weren't ready to make a decision. I'm hopeful, by the end of the spring, we'll be in a position to analyze decisions that are giving to us or proposals that are given to us. And again, as I say, I think the private sector can play a role, and I look forward to the report. But I'm sure we'll have something by your summer session.

Yes, sir?

Q Mr. Secretary, I'm -- (name inaudible) -- Charleston, South Carolina. I just want to thank you for coming down and giving us a big boost as we're trying to recover from Hugo. (Inaudible) -- have been very helpful to us.

SEC. SKINNER: Well, thank you. I've been -- as I said, I've been to Charleston several times. That's important, and the Mayor can tell you, and I think the three mayors -- I call them -- Northern California -- as you know, I was also involved in the earthquake. And just as Denver has the three amigos that are going to New Orleans, the mayors of Oakland, Alameda, and San Francisco are my three amigos, because we had been working with them on Northern California. And I think they will tell you, if they haven't already, how important

infrastructure is to an area, because with a mile and a half of bridge, of highway, down and a span of the Oakland Bay Bridge, I think you know what happened: the economy in Northern California basically shut down. So with that in mind, I'm delighted that the President has been supportive. The man that is responsible for that program, you will meet in a minute. There is no question from his commitment in his words to me the night of these disasters that he wanted to do everything he could. So I will pass that on to him when I see him, which --

Q Mr. Secretary, I'm -- (inaudible) -- mayor of Lincoln (?). And we are also in our meetings looking very hard at -- (inaudible). My question is, for over the last year, there's been a lot of contemplation at the FAA and we have been involved in some of those discussions about -- (inaudible) -- national airspace (?) plan -- specifically working out a system that would -- (inaudible) -- the airways -- (inaudible). Do you have any comment on that? And if so, what do cities like Lincoln (?) and -- (inaudible) -- should we wait on the national airspace (?) plan, or should we press ahead with our own concept of -- (inaudible)?

SEC. SKINNER: Well, let me -- let me say what we are going to do and what we're not going to do.

First of all, as you probably -- as you know because you've been involved in it, we haven't built a new airport in this country since 1974. There are very few things that municipalities can do that have heavy population than build a good new airport. It attracts business, and all you have to do is look all over the country. At the same time we have an air space system that it crowded. We have twice as many people flying today as flew 10 years ago, yet we haven't expanded our capacity.

So we are supporting people like Mayor Pena, the mayor of Austin, and others.

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as they move forward in building these facilities. I don't think you will see in the national transportation policy any significant changes in the way air travel will occur. So I think what you can be assured of is that if you have the will, the resources and the cooperation of all the municipalities around you and you can make a good case with the airlines and with your state, you can make a good case with us. And I would encourage you to move forward rather than waiting for some total restructuring of the aviation system of this country, because I think what structuring and restructuring occurs will be based on a very solid nucleus. We do have the most efficient air transportation system in the world.

Thank you.

Q Secretary Skinner?

SEC. SKINNER: Yes.

Q Mayor Terry Milford (sp), Fresno, California. Some of of the previous questions didn't really get to the point that I think is important to a lot of mayors. There are something over \$40 million in the Highway Trust Fund. There is somewhere around \$57 million in the Airport Trust Fund. I guess our feeling is when and how and on what basis can we expect to start to see some of those dollars put into some of the (critical ?) needs of this country?

SEC. SKINNER: Let me say that the numbers aren't quite correct, but we can argue about numbers all day. There are balances in the trust fund. They're not quite what some people think they are because of commitments that have been made. The President is committed and has been for some time to spending down those balances, and the deficit problem obviously is the major factor in that. We think that as we move forward we will begin to spend those down. The exact timing of that can't really be assured.

I would only make one observation on the Aviation Trust Fund, for example. The federal government pays with trust fund revenues and general revenues basically the full cost of the aviation system. 85 percent of our aviation system is used by non-military users. The trust fund funds substantially less than that 85 percent and we rely on general revenues. We're trying to get the system moving and get the trust funds expended so that the trust funds and other funds that are generated all go towards the operation of that aviation system. The revenues that exist today, even those with the balances in the trust fund, are not sufficient to maintain that 85 percent expense level. So therefore, we need to rely on the general revenues, and I suggest that as we move forward, we've got to find different and innovative ways to protect those revenues and to make sure they're spent.

I think you'll see some commitments moving forward in the next couple of years that will satisfy some of your concerns, but I suggest that the real answer is not in spending trust fund balances. They're not that big. It's new, innovative ways at the state and local level to attract investment, attract user fees, in many cases -- as 18 states have done -- raising state and local gas taxes to provide a bigger local share. And when you provide a bigger local share, we'll come in with the federal share.

Most of the discretionary grants in mass transit last year, if not all, went to grant requests that included at least a 50 percent local match. So I think that's the concept we're looking forward to, but we are looking at ways to spend that down, and the President is committed to that during his administration.

(Speaking aside) Are we about ready? Is he here? Oh, he's not here yet. Okay. The last thing you want to do is be up here while the President's there. So -- (Laughter.)

Q A question, then, very quickly. I'm Tom Barnes (sp?), Mayor of Gary, Indiana. As you are aware, we are one of the -- Gary is in contention for our third regional airport out of Chicago. Of course, it's been stated recently that

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you had endorsed a plan for an additional runway or runways at O'Hare. We had a (Pilot ?) Committee meeting just a few days ago, and, of course, -- (name inaudible) -- indicated that that was not true, or at least that he has not heard that directly.

I'm just wondering, have you or have you not endorsed such a plan, sir?

MR. SKINNER: Well, first of all, let's go to where I stand on the third airport. I think we need, as I've indicated earlier, Mayor, we need a number of airports all over this country. One of the places we need an airport in is in northern Illinois or northern Indiana. In that northeastern area, we need an airport. O'Hare is our second most crowded airport in the United States.

I am committed to do everything I can to make sure that a new airport is built in that area if it can possibly be done. At the same time, the airlines will tell me that forget expanding capacity at O'Hare; we have delays at O'Hare that approximate as much as 15 minutes per flight in many cases. We've got to do something to reduce the delay at O'Hare. That is not a substitution for the new airport. It's an answer to relieving the delays.

A new airport for northern Indiana, northern Illinois couldn't be built and opened till the turn of the century, at the earliest. In the meantime, we are losing thousands and thousands of hours of productivity on the runways and on the aprons at O'Hare. So therefore, I have asked, and the city and the aviation officials of the city of Chicago have asked what can be done to increase efficiency at O'Hare Airport, not to expand the number of flights, just to handle the number of flights that we have. The biggest single ingredient is the third runway so we can run triple ILS approaches in bad weather. That is something that, if it can be worked out and can relieve that, in conjunction with a commitment to a third airport, it seems to me to make sense. It is not an alternative to the third airport. There will be no additional runways at O'Hare as an answer in replacing the need of a third airport.

Another question?

Q I'm -- (inaudible.) What are your thoughts on the federal government taking the Chicago skyway and turning it into a freeway? (Laughter.)

SEC. SKINNER: An interesting idea. (Laughter, applause.) If I say I'm against it, the -- you know bonds are trading in the market, if I say I'm against, the market will do one thing, if I say I'm for it, it will do another thing. If I say it's an interesting idea, the market may just take its own course. So, I'm going to say it's an interesting idea. (Laughter.)

Q (Off mike.) (Laughter.)

SEC. SKINNER: Well, the last time I went, I dedicated a -- I went out and announced a bridge and they gave me a hat and I said that was the first \$20 million hat that I'd ever received.

Let me sort of talk just for a minute about the aviation system. We are spending billions of dollars to enhance the capacity of our air traffic control system in the United States. It is a top priority. That's one of the ways we can expand capacity to meet the needs of demand. It is the most innovative, creative, expensive and challenging on-line computer systems that the civilian sector and the United States government has ever tried to implement, with the exception of NASA. It's pretty much on program, but those ILSs are just part of that and they compete for that and we have some fixed criteria. I'll go back and see where the Elkhart ILS stands. I suggest though that there's probably several other people that have a similar request in. So how many of you have a request in for an ILS, raise your hand. One. Two. Three. If I could get by that inexpensively, I'd be lucky. Thank you very much. (Applause).

MAYOR WHITMIRE: Mr. Secretary, Mr. Secretary, in that we have just a couple of more minutes, I think before your boss is going to be here with us, let me

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follow up with one other question has been of interest to a number of our members as we focus on economic growth in our cities and trying to improve the air quality.

We have put an increasing emphasis in all of our cities on public transportation, and those of us, particularly in the Western and Southern cities have found that there's an increasingly competitive atmosphere in Washington to be able to get funding from the Department of Transportation for the development of Public Transportation Systems. Do you see a continuing growth of new public transportation systems being funded by DOT?

SEC. SKINNER: Well -- oh, okay. Well, we've got plenty of time, I guess. I said I was going to be a stand-in. I didn't mean -- a warm-up act, not a stand in. (Scattered laughter). You'd be very disappointed if I'm the stand-in, let me tell you.

The problem with new starts, as Mayor Whitmire indicates, is there's a limited amount of money available for new starts in this country, and most of that has been earmarked for three or four major projects. My observation as a former manager of mass transportation in this country, is that mass transportation has too often had their head in the sand, and hasn't really looked at the problem, and as they've seen their ridership base erode and move to the suburbs, they haven't been challenged enough to find creative ways to service that. That's combined with the fact that many municipalities in the suburban communities have not planned for the amount of population and business growth they have, and they plan on a horizontal rather than on a vertical basis. They don't take the transportation considerations as seriously as they should, so all of a sudden we have cities that growth is inhibited because the highways can't handle it, and we have no alternatives. You have got to be visionaries in transportation today if you're going to get funding from Washington.

Reverse commute, you heard me talk about it -- reverse commute is an important part. We are leaving millions of Americans behind in urban city areas who want to work where the jobs are because they can't get there, and they all don't have automobiles, and they all don't have van pools. And we've got to find ways for mass transit to move that work force, including city dwellers. If the jobs are in the suburbs, we've got to be able to move them and that's the reverse of what we've done in the past. And just because it's a little bit harder doesn't mean we don't do it. And I -- there's nothing that frustrates me more than to hear about a plant closing or moving 40 miles away or 30 miles away and knowing they have a work force of 2000 or 300 people who live around that plant, and now there are no facilities to get them to their jobs. And therefore it's important in these new projects that you design that in mind.

Number two, the Surface Transportation Reauthorization Act, as you know, will occur next year. I think you will find, as that develops, a lot of suggestions in the area of new start in mass transit programs. And, therefore, under those circumstances, I think the new starts that we've got committed to will continue to be funded at reasonable levels and the Surface Transportation Act of '91 will determine how much we're going to have. But if you can't make a good case as city mayors and operators of mass transit facilities for expanded facilities and increased ridership, you're going to have a tough time competing for those valued dollars.

I'm going to put it -- go on, just put it in. (Laughter.)

MAYOR WHITMIRE: You wanted to be President, didn't you?

SEC. SKINNER: That usually means that someone is right behind. Is he in the building?

MAYOR WHITMIRE: I think he probably is.

SEC. SKINNER: Okay. Any other questions. I guess he's --

MR. : He's not here.

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SEC. SKINNER: He's not here. Okay. Any other questions that you might have that -- anybody else want to make a pitch for a bridge or a highway or -- (laughter).

Let me --

MR. : He's here now.

SEC. SKINNER: He's here now. Good. Well, thank you very much. (Applause.)



U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
FY 1991 BUDGET PRESS CONFERENCE
WASHINGTON, D.C.
JANUARY 29, 1990

I am pleased to announce the Administration's proposed budget for the Department of Transportation for Fiscal Year 1991. This request was developed based on an assessment of needs, with particular attention to the resources needed for critical safety programs and for effective, efficient management of our responsibilities. In addition, as the Administration's first full budget proposal, it lays the groundwork for improving the transportation infrastructure consistent with the President's often-stated objective of investing in the future.

Overall, we are requesting \$26.9 billion in appropriations and obligation limitations. This request is 9.1 percent above the FY 1990 President's Budget. Compared to the enacted FY 1990 level, the budget includes areas of significant increases in each mode, but especially for the Federal Aviation Administration (FAA), the U.S. Coast Guard (CG), the National Highway Traffic Safety Administration (NHTSA) and the Maritime Administration (MARAD). Given significant reductions in select program areas, the request overall is 4.2 percent below the FY 1990 enacted level.

With regard to personnel, our request totals 106,161 Full Time Equivalents (FTE), a two percent increase over FY 1990. While I firmly believe that DOT should be staffed leanly and efficiently, much of our staffing increase is necessary, in the face of external events, to meet our safety and security responsibilities. The staffing increase includes additional inspectors in the areas of aviation, railroads, motor carriers, pipelines and hazardous materials.

Before I highlight individual modal budget requests, let me summarize the major themes of the budget.

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Safety

- o We are requesting \$1.6 billion for safety programs, an eight percent increase over FY 1990, needed to carry out the Department's responsibilities to ensure a safe transportation system. This includes inspections, search and rescue, safety grants to States and aviation security.

Infrastructure

- o Our request includes \$18 billion, or 67 percent of the Department's budget, for programs directly supporting capital investments in highway, transit and aviation infrastructure. Such investments are needed to maintain conditions as well as to expand capacity. This includes \$4 billion for aviation investments -- a 27 percent increase over FY 1990. Over the next five years, we propose a 78 percent increase in funding for aviation facilities and infrastructure compared to the past five years. In addition to this direct Federal spending, we are proposing to allow airports to levy passenger facility charges which will generate additional funds for aviation infrastructure.

Drug Enforcement

- o We are proposing \$776 million, a ten percent increase over FY 1990, to support the Department's drug enforcement activities, including \$731 million to support the Coast Guard's role.

Research and Development

- o Our request includes \$422 million for research and development programs, a growth of 26 percent to prepare us for the future and to help make the transportation industry even more competitive.

National Security

- o We are requesting \$372 million, or 1.4 percent of the Department's budget to support the Coast Guard's responsibilities for military readiness as well as the Ready Reserve Force and the National Defense Reserve Fleet in MARAD.

Reliance on User Fees

- o \$20.7 billion or 77 percent of the Department's budget would be financed from user fees, up from 67 percent in FY 1990. Our user fee package includes increased aviation fees and fee proposals in Coast Guard, Railroad Safety and Commercial Space Transportation, all of which are critical to support the funding requests in this budget.

Since the beginning of my tenure as Secretary, I have stressed the importance of, and need for, a national transportation policy because effective and efficient transportation is critical to our global competitiveness, to our quality of life and to our national security. We will soon unveil our policy in detail. However, this budget, with its emphasis on infrastructure, research and development, increasing the role of State and local governments and transportation authorities in financing transportation infrastructure through such means as passenger facility charges, and increased reliance on user fee financing, is consistent with our objectives in developing a national transportation policy.

Modal Highlights

Federal Aviation Administration

For the FAA, we are proposing a budget of \$8.3 billion. This is a 16 percent, \$1.1 billion increase over the FY 1990 level. The request, which parallels our reauthorization proposal, includes a 27 percent increase in FAA's capital programs in FY 1991. This includes:

- o \$2.5 billion for Facilities and Equipment, a 45 percent increase over FY 1990, to continue implementation of the National Airspace System (NAS) Plan without interruption and to finance equipment to support air traffic growth especially at Los Angeles, Dallas and Denver.
- o \$1.5 billion for Airport Grants which, together with a reauthorization proposal to allow airports to collect passenger facility charges, will greatly expand the funds available for airport construction and other capacity projects.
- o \$190 million for Research, Engineering and Development, a 12 percent increase, to address long-term aviation system needs and the more immediate needs of explosive detection, aging aircraft and human factors.

For FAA Operations, we are proposing \$4.1 billion, a seven percent increase over FY 1990, with funds included to support growth to 17,495 controllers, an increase of 495 over the FY 1990 expected employment level; 300 new safety inspectors for a total of 3,058; and 164 new security specialists for a total of 848 -- a 24 percent increase over FY 1990.

In order to provide a program increase of \$1.1 billion, the budget proposes to increase aviation user fees; the passenger ticket tax will increase from 8 percent to 10 percent and related revenue sources will rise commensurately. These changes will add \$623 million in FY 1991. With expected growth in air traffic, trust fund revenues would increase by \$960 million in total.

These user fee increases are essential to meeting the funding needs outlined in the budget. In fact, the budget proposes to increase spending from the trust fund (i.e., outlays) by \$2.5 billion, \$1.6 billion more than the increase in revenues; which in turn helps to reduce the trust fund balance.

Eighty-five percent of the FAA budget is proposed to be financed from the trust fund. This heavier reliance on the trust fund for FAA support (versus 55 percent average in the past five years) together with increased spending for capital programs will reduce the trust fund balance. At the year's end, under our proposal, the trust fund uncommitted balance would drop 16 percent to \$6.4 billion compared to the projected FY 1990 level of \$7.6 billion. By FY 1995, we anticipate that the trust fund's uncommitted balance would be cut by 53 percent to \$3.0 billion.

U.S. Coast Guard

We are proposing a \$3.387 billion budget for the Coast Guard, a six percent increase over the FY 1990 level which included operating funds from the Department of Defense. The budget includes increased funds for all of Coast Guard's missions. In particular, the budget includes \$229 million for marine environmental protection activities. Coast Guard's support for drug interdiction programs will increase eight percent to \$731 million. The budget also proposes to collect \$200 million in user fees associated with Coast Guard's vessel services.

Federal Highway Administration/National Traffic Safety Administration

Our proposals for the Federal Highway Administration (FHWA) and the National Highway Traffic Safety Administration (NHTSA) will continue our efforts to meet highway infrastructure and safety needs. The Federal-aid highways obligation limitation is set at \$12.013 billion, 6.2 percent above the FY 1990 President's Budget. The highway budget also requests funds to accelerate our role in promoting the development and use of new highway technology to address congestion problems. NHTSA and FHWA are also jointly funding, in partnership with private industry and academia, the development of an advanced driver simulator. In line with the President's commitment to reduce the extent of drunk driving, the NHTSA budget includes \$8 million -- double the FY 1990 funding level -- for section 410 grants to help States enforce drunk driving laws.

Urban Mass Transportation Administration

Our \$2.3 billion request for transit programs recognizes broad support for transit and seeks to focus the Federal dollar on the most cost-effective use, especially maintenance of the transit infrastructure. This request is 47 percent above the FY 1990 President's Budget. We request \$1.15 billion for formula grants for capital and operating assistance but propose to eliminate operating assistance to cities over one million in population. The Federal subsidy in those cities averages less than six percent of total operating budgets, whereas for smaller cities, reliance on the Federal dollar is greater. Our proposal of \$1.14 billion for discretionary grants would provide funds to help transit authorities address requirements to improve air quality and increase access to transit services for disabled persons. New starts funding is limited to three projects with full funding contracts, and the second phase of the Los Angeles project for which a contract is expected to be signed. Funding for Washington Metro is \$38 million, sufficient to cover management and construction costs planned for the 89.5-mile system.

Federal Railroad Administration

We are requesting \$69.6 million for the Federal Railroad Administration (FRA) in FY 1991, which provides a funding increase of 24.6 percent for our three main operating programs. No Federal subsidy is proposed for Amtrak in FY 1991, given the budget constraints we face. However, Amtrak has made significant progress in increasing its revenue-to-cost ratio and does play a role in meeting transportation needs. The Administration will work with Congress, Amtrak and other parties to determine how best to make Amtrak services more cost effective and obtain needed private capital. In other rail programs, we are proposing to increase railroad safety inspector employment and expand our research efforts to determine the safety requirements for magnetic levitation (Maglev) and high speed passenger systems and encourage the development and manufacture of advanced Maglev transportation systems in the U.S.

Maritime Administration

In the Maritime area, the budget requests \$297 million including \$225 million for the Ready Reserve Force, more than double the FY 1990 level, to help meet the nation's sealift requirements. The budget continues the current Operating Differential Subsidies program. At the same time, I have initiated a review of our Maritime programs in order to assess future policy directions.

Research and Special Programs Administration

Our \$27.5 million request for the Research and Special Programs Administration (RSPA) will continue the support of our safety and regulatory efforts in pipeline and hazardous materials transportation as well as other vital programs. Our proposal includes funding for a total of eight additional safety inspectors for RSPA.

Office of the Inspector General

The budget requests \$33.9 million for the Office of the Inspector General (OIG), a seven percent increase over FY 1990, to support investigations and other activities to promote economy, efficiency and effectiveness of the Department's programs and to detect fraud and abuse. The OIG plays an important role in ensuring the integrity and efficiency of the Department's programs.

Office of the Secretary

For the Office of the Secretary (OST), we are requesting \$102.7 million. Several areas deserve mention.

- o For Essential Air Service, unlike past Administration budgets that proposed to eliminate funding, we are requesting \$23.6 million, a decline of 23 percent from the FY 1990 level, to continue an orderly phasing out of the program over time.
- o For the Office of Commercial Space Transportation, we request \$4.5 million to support the regulation of this new industry, as well as actions to encourage its growth. Our proposal includes safety research, licensing and inspection activities, and also industry analysis and research. We are also proposing to consolidate funding for these activities in a single account.
- o For Salaries and Expenses, we are requesting \$60 million to support 620 FTE, a 1.6 percent reduction from the 1990 enacted staffing level.

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