1.49

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NATIONAL ASSOCIATION OF COUNTIES
MARCH 1, 1993
WASHINGTON, D.C.

I. INTRODUCTION

- Thank Andy Warren (chair, transp. committee) for intro
- Recognize John Stroger Jr. (NACO president)

  Sen. Dominici

  EPA Administrator Carol Browner

A. Local officials face same problems as Washington: jobs, health care, education.

- Want to work with you -- partnership.

B. Former Mayor of Denver -- understand challenges and responsibilities that you face.

1) In transportation alone counties responsible for:

-- 1.7 million miles or 43% of total road mileage;

-- 219,000 bridges or 45% of nation's bridges;

-- 34% of the nation's airports.

2) Your transportation challenges today are:

-- congestion in urbanized areas

-- clean air problems

-- how to keep rural America connected -- including Essential Air Service.

B. How will Clinton Administration help you meet these challenges?

1) Economic package is first step: Represents fundamental change.

2) Commitment to change is typified by National Service initiative President Clinton is announcing today at Rutgers in New Jersey.

-- Americans have a new sense of determination; they want their country back.

-- Everyone has a role in changing the country, solving our problems.

- National Service initiative encourages people to serve. Will:

-- rebuild communities

-- send thousands to college

-- bring people together

- Initiative has 2 parts:

-- help young people take low-paying public service jobs; pay off college loans over time as percentage of

income.

-- create opportunities for young people to serve (fighting crime, teaching, pollution clean-up, etc.) and pay for college.

- To start program: Summer of Service
  - -- 1,000 young leaders
  - -- 8 week program: tutoring children; immunizations; lead poisoning detection, etc.

II. GOAL OF ECONOMIC PLAN:

SUSTAINED ECONOMIC GROWTH

A. Create jobs

B. Increase incomes

C. Better standard of living now and for next generation

D. Fundamental economic change

III. COMPONENTS OF PLAN

A. Immediate economic stimulus

B. Long-term investment strategy

C. Deficit reduction

IV. STIMULUS PACKAGE

A. Immediate shot in arm for American workforce

1) Some signs of recovery; still no new jobs

B. $30B package creates 500,000 jobs by end of '94

C. Combination of Investment/Incentives = a down payment on long-term investment

1) Infrastructure ($4B)

2) Communities ($2.5B for CDBG)

3) 683,000 summer jobs

4) private investment incentives (tax credits, etc.)

V. TRANSPORTATION INVESTMENT

A. Infrastructure investment is key to long and short term economic growth

B. Stimulus Package

- $4 billion for:
  - highways, bridges ($3B)
  - transit ($752M)
  - airports ($250M)
  - Amtrak ($188M)
- 70,000 jobs in 93/94

  90,000 jobs over 4 years

C. Will the economic stimulus work?

1) Been working with state and local governments,

targeting only ready to go projects.

2) All normal requirements apply - ensures only worthwhile projects go forward - no "pork barrel" projects.

3) Money not used within 60 days of passage is redistributed.

D. Long Term Investment

1) $14.3B more requested for 94-97

2) Creates 187,000 jobs over 4 years

3) Additional money brings ISTEA near full funding, which we all support.

VI. ROLE OF COUNTIES AND DOT'S ISTEA PHILOSOPHY

1) Modes must be complementary

2) Flexibility at state and local level

3) Expanded role of MPO's & county officials in decision making -- more responsibility -- selecting projects, clean air, etc.

E. How DOT can help

1) Improving regulatory process is top priority and here's why:

-- 10 days after becoming Secretary sent to

OMB regulations on how MPO process in ISTEA will work.

-- Told OMB it is my top regulatory priority

-- OMB responded: regs published in Federal Register tomorrow.

2) Need your help in monitoring whether regulations work -- whether change takes place.

VI. CLOSE

- We have a window of opportunity for once in a generation economic change.
- This is a bold, comprehensive action plan.
- It is balanced, fair, honest and effective.
- Special interests can't be allowed to derail it.
- This organization has provided tremendous leadership in the past.
- Urge you to join us in fight for change and against status quo: We need NACO's active public support.
- Thank you for your effort so far: need to keep it up. Once passed, need you to monitor implementation of stimulus package.
- Welcome your input, suggestions, want to work

with you in partnership.

###

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AMALGAMATED TRANSIT UNION
MARCH 4, 1993
WASHINGTON, D.C.

I. INTRODUCTION/ACKNOWLEDGEMENTS

Jim LaSala, president

Ellis Franklin, executive vice president

Oliver Green, secretary-treasurer

Mike Rucker, Denver local

II. CLINTON ADMINISTRATION WILL LOOK DIFFERENTLY AT THINGS YOU CARE ABOUT.

A. Economy riding mass transit into 21st century

1) Campaign bus trips

2) President Clinton and I believe very strongly that infrastructure is key to getting our economy back on track and transit is a very important part of that.

3) Transit has suffered the past 12 years.

-- Between '81 & '92 Federal highway funding doubled and transit declined by almost a billion dollars ($4.6-$3.7B)

-- Has meant longer headways between buses

4) Transit investment is key to meeting:

-- mobility goals - needed by low income people who have no other way to get to work, by elderly to get to health care, by rural Americans otherwise isolated.

-- clean air goals - one person using transit for a year instead of driving alone saves 9.1 pounds of hydrocarbons, 62.5 pounds of carbon monoxide, and 4.9 pounds of nitrogen oxides.

-- energy goals - 10% increase in transit use nationwide would save 135 million gallons of gasoline each year; New York with largest system has lowest energy-per-capita consumption in America.

-- most important, THE ECONOMY -- transit as a means to rebuild the economy.

B. Labor issues

1) Early actions give you an indication of what you can expect of Administration.

-- PATCO -- President willing to take another look

-- Beck -- President reversed order that unions had to post sign in work place stating that people didn't have to belong to union

-- Davis-Bacon -- President reversed Bush order waiving Davis-Bacon on local construction with federal funds.

2) Know you care about:

a) 13C, a labor protection clause, - it's important to you; will work with Secretary Reich on implementation issues.

b) drug and alcohol testing -- will look for your input during public comment period.

c) privatization - Denver experience; need to examine what, if any, role federal government has in privatization.

3) want to work with you on all these issue.

III. CLINTON ECONOMIC PLAN

A. Goals

1) Create jobs

2) Increase incomes

3) Better standard of living now and for next generation

4) Fundamental economic change

B. Components of Plan

1) Immediate economic investment

2) Long-term investment strategy

3) Deficit reduction

IV. INVESTMENT PACKAGE

1) Economic investment to create jobs now, while laying the foundation for long-term economic growth.

2) $30B investment includes $14B in tax incentives and $16B in new spending.

3) Will support 500,000 new jobs by the end of FY '94.

4) Investment package is making a payment on long term investment.

A. Transportation Infrastructure portion

-- highways, bridges ($3B)

-- transit ($752M)

-- airports ($250M)

-- Amtrak ($188M)

B. Transit portion

-- $482M formula grants

--$270M discretionary grants dedicated to buses

-- Cities in 26 states have run out of formula capital money. This investment gives them money for vital ready-to-go projects.

-- Detroit, for example, goes from no capital resources to $5.9M, enough to buy 30 new buses.

-- Five transit systems are ready to buy 708 new buses, pumping $149.1M federal dollars into economy. (Chicago, New Orleans, Denver, Los Angeles, Seattle).

C. Overall transportation increase in '94 - $14B

-- FY '94 budget proposes 21% growth in transit

programs in total funds; 90% of ISTEA-authorized levels,

-- More growth in one year than transit has seen in the past four years.

-- Operating will be funded at current level.

-- Unfortunately we cannot fund everything we would like to fund. Had to make decisions. Decided to put more emphasis on capital.

C. Gas tax -- Yesterday in a hearing on the budget Senator Sarbanes raised a question about rationale for depositing the 2.5 cents gas tax into the highway account.

-- Transit account does not need additional revenue in order to fund the ISTEA authorized levels. Also, transit partially funded from the general fund.

V. LONG TERM INVESTMENTS

A. Target resources to areas starved for resources and critical to economy:

1. Rebuilding America
2. Lifelong learning
3. Rewarding work
4. Health care
5. Private sector initiatives

Rebuilding America

1. Highways, transit, airports, rail
2. Clean environment
3. Energy self-sufficiency
4. Rural and urban community housing, business development

Lifelong Learning

Education and training for all ages

1. Headstart (full funding)
2. Women infants and children (full funding)
3. Ambitious program of worker training (including defense workers)

Rewarding work: People who work hard and play by the rules

- increased unemployment benefits
- earned income tax credit expansion: families of full-time workers shouldn't live in poverty

Health Care

- AIDS funding
- Drug treatment/prevention
- Veterans medical services

Private sector initiatives: Government doesn't create jobs, private sector does

- Target $24B over 4 years to private sector investment;

- Technology Development such as High Speed Rail
- Plant Worker Productivity

Deficit Reduction

By 2003, deficit will increase to $600B if we do not take action right now.

Goal: $325B by 1997

How:

1. Cut government: $9B in administrative cuts
2. 150 programs
3. $243 in spending cuts over four years
   - eliminating unneeded programs
   - management efficiencies (planes, cars)
   - health care costs
   - tax fairness (energy tax)

VI. CLOSE

A. Thanks for public support of short term investment.

B. We have window of opportunity for once in a generation economic change.

C. This is a bold, comprehensive action plan.

D. It is balanced, fair, honest and effective.

E. Special interests can't be allowed to derail it.

F. Need your continued support; welcome your input, suggestions.

###

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NATIONAL LEAGUE OF CITIES
WASHINGTON, D.C.
MARCH 7, 1993

I. INTRODUCTION/ACKNOWLEDGEMENTS

1) Thank Carolyn Long Banks, Second Vice President of National League of Cities, for introduction -- Councilwoman at Large/Atlanta

2) Acknowledge Donald Fraser, President -- Mayor of Minneapolis

II. CITIES TO DRIVE ECONOMIC RECOVERY

A. As a former mayor, I understand that the federal government in recent years has abandoned this nation's cities.

B. Local communities are facing same issues as D.C.

1) education for kids

2) health care for families

3) job for anyone who wants one

C. President Clinton understands that cities are the engine that drives our economy and will drive our economic recovery.

1) Appointed two mayors to cabinet positions -- helps guarantee the cities will have a voice in the Administration.

2) In these tough budget times, I cannot promise you the federal government will fund every program to the extent we might like. I can promise you that you will see more investment and we will always be your partner.

III. OVERALL DOT GOAL

A. Transportation supports a strong global economy.

1) Job creation

2) Industries: airlines; maritime

B. Coordination of transportation & environmental policies.

C. Create a truly coordinated, intermodal system.

D. Improve quality of life.

E. Foster development of new technology.

IV. CLINTON ECONOMIC PLAN

A. Know you have been briefed on the President's Economic plan and its three components:

1) Immediate economic investment

2) Long term investment strategy

3) Deficit reduction

B. Intend to focus on transportation investment

1) Transportation investment is key to a strong economy.

a) Denver proved the value of transportation as a local economic stimulus. Strategic investment plan, bond issue, built airport and other transportation and turned the economy around.

2) Transportation is a key social program: elderly, inner city poor, disabled, etc.

a) Milwaukee Mayor Norquist's task force is looking at ways transportation policy can be integrated with urban issue.

V. SHORT TERM INVESTMENT PACKAGE - TRANSPORTATION

A. Transportation ($4B)

1) Over 70,000 jobs in '93/'94

2) 95,000 over 4 years

B. Highways - $3B

1) Will mean full funding of ISTEA for highways.

2) Working with states to get short term investment funds into projects that are ready-to-go.

C. Transit - $752M

1) Transit has had it tough for 12 years.

a) Between '81 & 92 Federal highway funding doubled and transit funding declined by almost a billion dollars ($4.7-$3.8B)

b) Each year previous administrations proposed cutting your program by 75%.

c) For five years, sent up $1.2B capital budget, compared with $3.7B under the first year of ISTEA.

d) Tried to eliminate operating assistance.

e) Thanks to Congress, transit survived, but you've had to work to maintain the status quo, when you should have been able to move forward.

2) Administration strongly supports mass transit because:

a) Clean air

b) Energy

c) Mobility

d) Most important reason, THE ECONOMY!! Transit is an important part of our transportation system that is essential to rebuilding the economy. And especially to relieving urban traffic congestion.

D. The transit portion of President's plan includes:

1) $482M formula capital grants

2) $270M discretionary grants dedicated to buses

3) 20% increase in FY'93

4) Targeted to buses: for example - Chicago, New Orleans, Denver, Los Angeles and Seattle can buy 708 new buses.

a) New jobs in bus manufacturing industry which is operating at only a fraction of its capacity.

E. Other transportation programs part of short term investment:

1) Amtrak ($188M) for track and station repairs

2) Airports ($250M) for runway construction

F. Will short term investment work?

1) Funds to be spent only on projects that are ready to go;

2) Money must be obligated within 60 days of time of allocation or it will be redistributed to agencies that can use it right away;

3) Short term investment funding only good for this fiscal year which ends September 30;

4) No change in rules, only worthy projects go forward.

5) Will work because groups like the National League of Cities are helping to make it work. Your survey identified many ready-to-go projects.

a) Need you to work with state DOT's to get projects moving (PS&E's).

VI. LONG TERM INVESTMENT

A. Administration and National League of Cities are partners in support of goals of ISTEA:

1) More flexibility

2) Less competition among modes

3) Same match for transit as highways

4) Priority given to ISTEA regs published 3/2

a) League and NGS need to work together to improve MPO process

5) Integration of transportation and environmental policies

B. Overall transportation budget increase in '94-'97 - $12B

1) FY '94 budget proposes significant increases in transit.

a) 90% of ISTEA authorized levels.

b) More growth in one year than transit has seen in the past four years.

c) Fully utilizing trust fund authorized amounts.

2) High speed rail/mag lev = $931M/94-97

VII. CLOSE

A. Thanks for support. National League of Cities has been a powerful force for progress and we need your continued support, not only to get the plan in action but to monitor its implementation.

B. We have window of opportunity for once in a generation economic change.

C. This is a bold, comprehensive action plan.

D. It is balanced, fair, honest and effective.

E. Special interests can't be allowed to derail it.

###

investment;

2) Technology Development

3) Plant Worker Productivity

VI. DEFICIT REDUCTION

A. By 1998, deficit will increase to $390B if no action taken

1) Goal: $325 by 1997

B. How:

1) Cut government: $9B in administrative cuts

a) DOT -- $150 M; 2,800 FTE

2) 150 programs

3) $243B in spending cuts over 4 years

a) Eliminating unneeded programs

b) Management efficiencies (planes, cars)

4) Health care costs

5) Tax fairness (energy tax)

VII. CLOSE

A. Thanks for support. APTA has been a powerful force for progress and we need your continued support, not only to get the plan in action but to monitor its implementation.

B. We have window of opportunity for once in a generation economic change.

C. This is a bold, comprehensive action plan.

D. It is balanced, fair, honest and effective.

E. Special interests can't be allowed to derail it.

F. **Join us so that mass transit truly can carry the economy into the 21st century.**

###

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AMERICAN PUBLIC TRANSIT ASSOCIATION
WASHINGTON, D.C.
MARCH 8, 1993

I. INTRODUCTION/ACKNOWLEDGEMENTS

1) Louis J. Gambaccini, chairman APTA, (SEPTA general mgr.)

2) Jack Gilstrap, executive vice president APTA

II. PAST 12 YEARS: TOUGH FOR TRANSIT

A. As a former mayor, I know what it's like to have a federal administration actively trying to gut programs that matter.

1) Between '81 & 92 Federal highway funding doubled and transit funding declined by almost a billion dollars ($4.7-$3.8B)

2) Each year previous administrations proposed cutting your program by 75%.

3) For five years, sent up $1.2B capital budget, compared with $3.7B under the first year of ISTEA.

4) Tried to eliminate operating assistance.

5) Thanks to Congress, transit survived, but you've had to work to maintain the status quo, when you should have been able to move forward.

III. MASS TRANSIT IS BACK-- CARRYING THE ECONOMY INTO THE 21ST CENTURY

A. Clinton Administration supports mass transit and funding is there to prove it.

B. Why?

1) Clean air - one person using transit for a year instead of driving alone saves 76.5 pounds of pollutants from the air.

2) Energy - 10% increase in transit use nationwide would save 135 million gallons of gasoline each year.

3) Mobility - needed by low income people who have no other way to get to work, by elderly to get to health care, by rural Americans otherwise isolated.

4) Most important reason, THE ECONOMY!! Transit is an important part of our transportation system that is essential to rebuilding the economy.

a) In New York PATH carries 45,000 thousand passengers a day into and out of the basement of the World Trade Center. The PATH trains resumed operations as early as Monday after the bombing disaster. Otherwise

45,000 people would not have been able to get to work. That's how important transit is to our economy.

b) Even the Federal Highway Administration projects that highways alone won't meet transportation demand.

C. Support goals of ISTEA:

1) More flexibility

2) Same match for transit as highways

3) Priority given to ISTEA regs.

4) ISTEA means a coordinated transportation network. Your mapping project is an excellent contribution because it will give us a mass transit network to coordinate with the national highway network.

5) Intermodal philosophy will apply to DOT internally. Have been working to appoint Administrators who will work well together and understand the importance of the other modes.

D. President's plan includes short term and long term increases in mass transit funding.

III. CLINTON ECONOMIC PLAN

A. Goals: Change; Invest in People

1) Create jobs

2) Increase incomes

3) Better standard of living now and for next generation

B. Components of Plan

1) Immediate economic investment

2) Long-term investment strategy

3) Deficit reduction

IV. SHORT TERM INVESTMENT PACKAGE

A. Economic investment to create jobs now, while laying the foundation for long-term economic growth.

1) $30B investment = $14B in tax incentives, loans, unemployment insurance + $16B in new spending

2) 500,000 new jobs by the end of FY '94.

B. Transportation Infrastructure portion - $4B

1) Highways, bridges ($3B)

2) Amtrak ($188M)

3) Airports ($250M)

4) Transit ($752M)

C. Transit portion

1) $482M formula grants

2) $270M discretionary grants dedicated to buses

3) 30% more this year

4) Targeted to buses: for example - Chicago, New Orleans, Denver, Los Angeles and Seattle can buy 708 new buses.

a) New jobs in bus manufacturing industry which is operating at only a fraction of its capacity.

D. Will it work?

1) Funds to be spent only on projects that are ready to go.

2) Money must be obligated within 60 days of time of allocation or it will be taken back and redistributed to transit agencies that can use it right away.

3) Short term investment funding only good for this fiscal year which ends September 30.

4) No change in rules, only worthy projects go forward.

5) APTA has been working with its members to get projects ready to go, and we've been working with the Federal Transit Administration to be sure we can be as helpful as possible.

V. PRESIDENT'S PLAN: LONG TERM INVESTMENT

A. Target resources to areas starved for resources and critical to economy:

Rebuilding America

Lifelong learning

Rewarding work

Health care

Private sector initiatives

B. Rebuilding America

1) Highways, transit, airports, rail

a) Overall transit and highway budget increase in '94 - '97 -- more than $12B over current levels.

- FY '94 budget proposes 21% transit increase; 90% of ISTEA authorized levels.

- More growth in one year than transit has seen in any of the past four years.

a) Emphasis on technology development.

Clinton-Gore technology initiative announced on February 22, noted that nearly one out of every six dollars of GDP is now spent in transportation related activities.

- Technologies that improve the transportation sector will also increase the economy's competitiveness and ability to create jobs.
- Toured Transportation Testing Center in Pueblo, Colorado recently. In another day when more emphasis was placed on transit technology, the center did many projects for mass transit. Hope to see more transit technology in future.

2) Clean environment

3) Energy self sufficiency

4) Rural and urban community housing, business development

C. <u>Lifelong Learning</u> -- Education and training for all ages

1) Headstart (full funding)

2) Women infants and children (full funding)

3) Ambitious program of worker training (including defense workers)

D. <u>Rewarding work: People who work hard and play by the rules</u>

1) Increased unemployment benefits

2) Earned income tax credit expansion: families of full-time workers shouldn't live in poverty

E. <u>Health Care</u>

1) AIDS funding

2) Drug treatment/prevention

3) Veterans medical services

F. <u>Private sector initiatives: Government doesn't create jobs, private sector does</u>

1) Target $24B over 4 years to private sector

LONG VERSION

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
CALIFORNIA LEGISLATORS ANNUAL VISIT
MARCH 9, 1993
WASHINGTON, D.C.

I. INTRODUCTION/ACKNOWLEDGEMENTS

A. Willie L. Brown, Jr., Speaker of House

B. Assemblyman Jim Costa, Chairman, Democratic Caucus

C. State legislatures face same issues as Washington

1) health care

2) education

3) jobs

D. President Clinton as former Governor, and I as former Mayor, understand challenges and needs of local government. Want to work in partnership.

II. ROLE OF TRANSPORTATION IN CALIFORNIA

A. California is unique among states in its transportation needs.

1) Most populous state in union -- nearly 30M people.

a) Diversity ranges from urban sprawl in Los Angeles to compact urbanization in San Francisco to the vineyards of Sonoma County and farmland of Encino County to high tech Silicon Valley.

b) California economy is seventh largest in the world in terms of GNP.

c) Over 250 million vehicle miles traveled by more than 22 million cars, trucks and motorcycles, expected to put 84% of freeways in LA and SF at capacity by year 2000.

d) Californians spend nearly $4 billion a year for travel.

B. In transportation, your state doesn't have a little of anything. It has a lot of everything. This fact sets your state's destiny.

1) Nation's 3rd largest airport at LAX

2) Nation's largest containerport at LA/Long Beach

3) 10 of Amtrak's 20 busiest stations in your state

4) Mass transit expanding: Opened recently -- Red Line in LA, commuter rail lines in Sacramento, Santa Clara and San Diego. And you have the Blue Line from LA to Long Beach.

C. Size and diversity creates special transportation needs.

1) Congestion - California drivers are forced to waste more than 400,000 hours a day because average urban highway speed has fallen to about 20 MPH during commuter hours.

2) In past 5 years, California economy has withstood Loma Prieta earthquake, devastating droughts, floods and fires.

3) Necessity has placed you on the cutting edge of many new transportation developments.

a) You in state government had to make some tough decisions:

- In 1989, you temporarily raised state sales tax by 1/4 cent for one year to pay for earthquake damage to highways; raised state gas tax by 5 cents a gallon; put an additional 5 cents a gallon phased in over five years to help meet transportation needs; 19 cents a gallon by next year.

- You became a successful pilot state in toll road financing, bringing in private sector to help meet needs; (3 corridors in Orange County, in progress - San Joaquin Hills Transportation Corridor; Eastern Transportation Corridor; and Foothill Transportation Corridor.)

- Became a pioneer in IVHS technology -- Pathfinder on the Santa Monica Freeway was the first smart car and smart highway system to move from drawing board into the highway.

- One of few states to open new transit systems.

- Adopted tougher clean air standard than called for in Clean Air Act.

D. President Clinton understands that transportation is the engine that drives your economy. Administration will be your partner in investment to meet complex transportation problems.

III. CLINTON ECONOMIC PLAN

A. 3 parts: short term investment

long term investment

deficit reduction

B. Transportation investment is key to a strong economy.

1) California has been in deepest recession in memory, state unemployment rate still above the national average.

V. SHORT TERM INVESTMENT PACKAGE - TRANSPORTATION

A. Transportation ($4B)

1) Over 70,000 jobs in '93-'94

2) 95,000 over 5 years-'93-'97

B. Highways - $3B

1) Will mean full funding of ISTEA for highways.

2) Working with states to get short term investment funds into projects that are ready-to-go.

3) California $260.5M

4) Caltrans has notified us of a number of projects it considers ready-to-go, such as:

a) State Route 101 in West Los Angeles County -- $13.7M for interchange modernization.

b) Interstate 101/Route 880 in Santa Clara County -- $21.6M for interchange modernization.

c) State Route 58 in Kern County -- $12.4M for pavement rehabilitation.

C. Transit - $752M

1) $482M formula capital grants

2) $270M discretionary grants dedicated to buses

3) 29% increase for these two programs in FY'93

4) California $69M

5) Targeted to buses: for example - Chicago, New Orleans, Denver, Los Angeles (21 buses) and Seattle can buy total of 708 new buses.

a) New jobs in bus manufacturing industry which is operating at only a fraction of its capacity.

6) Caltrans gave us a list of transit projects that are ready to go. These include:

a) Portions of Los Angeles Union Station Gateway Multimodal Facility -- total cost $102M, includes transit center with bus plaza, metro rail portal pavillion.

b) City of Montabello -- $650,000 project for Greenwood and Pivo-Rivora bus terminal demolition and preparation for reconstruction.

c) City of Burbank -- $22.6M project for signal improvements, and changes to meet Americans with Disabilities Act standards.

E. Other transportation programs part of short term investment:

1) Amtrak ($188M) for track and station repairs

2) Airports ($250M) for runway construction

F. Will short term investment work?

1) Funds to be spent only on projects that are ready-to-go;

2) Money must be put to use within 60 days of time of allocation or it will be redistributed to agencies that can use it right away;

a) in case of highways, funds must be obligated and bids received;

b) in case of transit, funds must be obligated.

3) Short term investment funding only good for this fiscal year which ends September 30;

4) No change in rules, only worthy projects go forward.

5) Need your help in ensuring that projects are ready to go because this short term investment money must be spent immediately to put people to work.

VI. LONG TERM INVESTMENT

A. Administration and California are partners in support of goals of ISTEA:

1) More flexibility: Makes particular sense for states like California with diverse transportation needs.

2) Less competition among modes

3) Same match for transit as highways

4) Priority given to ISTEA planning regs published 3/2

a) California is leader in MPO process envisioned in ISTEA.

b) For example, the Metropolitan Transportation Commission, San Francisco Bay Area's MPO, anticipated the planning requirements in ISTEA before the legislation was enacted and began work.

- Created a Bay Area Partnership, consisting of 36 govt agencies to begin multimodal priority setting process.

- Developed a screening and scoring system in a public process. Process was used to allocate $214M in transportation funding.

5) Integration of transportation and environmental policies

a) California has set the pace in clean air standards.

- toughest emissions standards in country.
- Electric car research -- One of Caltrans' ready-to-go projects awaiting FTA funding is a $30M Electric Vehicle Battery Exchanger Demonstration Program that would test converting 100 gasoline-powered vehicles to electric battery-powered. It would demonstrate feasibility of change.

B. Overall highway and transit budget increase in '94-'97 - $12B

C. Emphasis on Technology Development

1) Clinton-Gore technology initiative announced on February 22 in San Jose, heart of the Silicon Valley, technology center of world.

a) Nearly one out of every six dollars of GDP is now spent in transportation related activities.

b) Technologies that improve the transportation sector will also increase the economy's competitiveness and ability to create jobs.

c) Transportation technology needs range from better pavement and concrete to rapid rail transit improvements.

d) Necessity will be your friend once again as California develops ways to use defense-related technology in transportation:

- FHWA, NHTSA and Lawrence Livermore National Laboratory in Livermore, California, are involved in research on the feasibility of adapting defense-related computer technology to all aspects of IVHS technologies -- safety as well as congestion.

- The Livermore project is studying ways to use defense technology to reduce impact in motor vehicles collisions to reduce the number of fatalities and severe injuries occuring on our nation's highways.

- Other defense conversion opportunities must be uncovered.

2) IVHS technology started in California and your state continues to lead.

a) Pathfinder test project on the Santa Monica Freeway in 1990 has been completed and declared a huge success.

- Pathfinder on-board computer alerted motorists to accident ahead, plotted and suggested new alternate non-freeway route through back streets and side roads, using some unused capacity to relieve congestion.

b) Six of the 16 projects selected by DOT as IVHS Operational Tests in 1993, are in California -- located in San Francisco Bay Area, Los Angeles, Orange County, and San Diego.

- In LA and Orange County, testing wireless communications (developed by defense industry) for traffic signal control;

- In San Diego, testing emergency call boxes;

c) Total FY '93 Federal funding of IVHS for California -- $13.7M includes these tests and other IVHS projects such as California's PATH (Partners for Advanced Transit and Highways) research program, which has been on the cutting edge of research on control of the vehicle.

VII. CLOSE

A. Thanks for support: please work with us.

B. We have window of opportunity for once in a generation economic change.

C. This is a bold, comprehensive action plan. Transportation is a key component.

D. It is balanced, fair, honest and effective.

E. Special interests can't be allowed to derail it.

###

1.44

U.S. Department of Transportation

News:

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

STATEMENT OF SECRETARY FEDERICO PEÑA

March 15, 1993

This morning, I have communicated with representatives of the British government my intention to pursue a renegotiation of the current U.S. - U.K. bilateral aviation agreement and I will be meeting shortly with my British counterpart to initiate these discussions. U.S. carriers need a new agreement to gain fair access to the British market and beyond. In the meantime, I believe it is important to act judiciously and expeditiously on the proposed arrangements between British Airways and USAir, consistent with our obligations under the law and with our existing international agreements. Prompt action is not only required, it is important to the employees, communities, and customers of USAir.

One of my top priorities as Secretary of Transportation is to revive the ailing domestic aviation industry. Hundreds of thousands of jobs, the health of hundreds of communities, and the continued competitiveness of one of our leading industries is at stake. Toward that end, members of Congress have joined with the administration to support a 90-day commission to examine the problems, and more importantly, to offer solutions to strengthen this critical American industry.

Even as the commission moves forward, the U.S. government must take an assertive position to defend the rights of U.S. carriers abroad

and work toward a global level playing field in aviation. Already, I have initiated action to preserve the rights of U.S. carriers with regards to Japan (in response to a complaint by United Air Lines) and Australia (in response to a complaint by Northwest Airlines), where I believe our bilateral agreements have been breached to the disadvantage of our domestic carriers.

My ability to act, however, is defined by existing U.S. law and by bilateral agreements developed by previous administrations. This administration has had no role in shaping these laws or negotiating these agreements.

It is in this context that I am required to make a decision on the proposed investments and cooperative service arrangements between British Airways and USAir.

This is the second time that these parties have filed an application with the U.S. government. Last year, USAir and British Airways reached an agreement whereby BA would invest $750 million in USAir, in return for a substantial share of USAir's equity, representation on USAir's board of directors and various powers to influence USAir's decisions and operations. This agreement was withdrawn in the face of the perceived likelihood of disapproval by the Department.

On January 21st of this year, the two airlines reached a new agreement with a three-phase investment schedule. In the first stage,

which has already been consummated, BA invested $300 million, for which it initially acquired 19.9% of USAir's voting equity and the right to appoint three of USAir's sixteen directors. The second and third stages would involve additional investments of $200 million (within three years) and $250 million (within five years), respectively. The parties also contemplate cooperative arrangements that include code-sharing and wet leases by USAir to BA. The investment agreement also requires USAir to divest its three U.S.- U.K. routes.

On February 1, Delta Air Lines, United Air Lines, Inc. and American Airlines, Inc. filed a petition asking the Department to institute a proceeding to review the investment agreement. On February 3, USAir requested a statement of authorization for the code-sharing arrangement with BA, and on the same date BA applied for exemption authority to allow it to operate over the routes covered by the code-sharing agreement. Finally, on February 12, USAir applied for a statement of authorization for its proposed wet lease to BA.

Let me now summarize the Department's ruling as set forth in the order we are issuing today.

First, the Department will open a formal review of the proposed investment arrangements. Our preliminary finding is that the $300 million investment by British Airways does not impair USAir's "citizenship." However, in view of the ongoing nature of the investment agreement, the Department of Transportation is instituting

a proceeding in the Docket 48634 to review the entire transaction and its effect on USAir's citizenship. USAir is directed to file the investment agreement and related documents in that docket by March 19, and all interested persons wishing to comment on the matter are directed to file such comments by April I6, 1993. Answers to the comments will be due on April 30, 1993.

Second, the Department approves the BA/USAir code-sharing request. It is granted for a period of only one year. We also grant USAir's request to lease aircraft and crews (wet leases) to British Airways between London and Pittsburgh and between London and Baltimore. However, we grant this authority to both carriers for a period of only one year.

It is important to note that these operational authorities are provided for in the current U.S. - U.K. bilateral aviation agreement renegotiated in 1991. The agreement allowed U.S. carriers access to London's Heathrow Airport in return for British rights to pursue joint operating arrangements, including code shares, in the U.S. market. U.S. carriers have benefitted under the agreement for the last two years. British Airways is now exercising its rights under the agreement in its proposed arrangements with USAir.

Third, the Department of Transportation has dismissed one element of USAir's wet lease request, namely that portion seeking authority to wet lease aircraft to British Airways in the London-Charlotte market.

British Airways is not designated by its homeland under the U.S. - U.K. Agreement to conduct scheduled operations in this market, and holds no underlying economic authority from the Department to do so.

Fourth, the order makes clear that DOT's prior approval is needed for Phase Two or Phase Three of the transaction to occur. It is also our opinion that Phase Two or Phase Three cannot be completed without action on the part of the U.S. Congress amending our foreign ownership law.

As I stated earlier, I have communicated with the appropriate officials in the British government the need to re-negotiate the current bilateral agreement entered into by an earlier administration. I strongly believe that we must eliminate restrictions that undermine competition and which limit U.S. carriers access to the British markets. I will be meeting with my counterpart, Mr. John MacGregor, Secretary of State for Transport, in the near future to pursue this matter.

Finally, let me send a clear message to all those with an interest in this decision.

To our friends in the U.K., we have fulfilled our obligations under our own law and under our mutual agreement. We contend that the current U.S. - U.K. bilateral agreement, negotiated by an earlier administration, does not offer U.S. airlines sufficient access to British and European markets. Even as we honor the existing agreement, the

administration will pursue a new agreement this year that incorporates "open skies" provisions.

To our other trading partners, we have indicated our intent to honor our obligations, and we expect them to do the same. Further, we will continue to move towards a more openly competitive global marketplace, in which our carriers can compete on a level playing field.

To all of those with a stake in a viable USAir, we acknowledge the importance of the airline to its employees, its communities, and its customers and recognize its place in a competitive airline industry.

To our other domestic carriers, let me reaffirm this administration's absolute resolve to vigorously defend the rights of U.S. carriers abroad. We will do everything we can to ensure the ongoing viability and competitiveness of the U.S. aviation industry. Let us work together and with the Airline Commission to review fully our current aviation laws, policies, and agreements. And let me urge the industry to take this opportunity to comment on the record and emphasize to all that the approvals granted to BA and USAir are fixed at one year.

To the American people, we will work to preserve and increase American jobs and, as importantly, to secure an aviation system that provides affordable, accessible, and safe air service.

In closing, let me just restate that the administration will adhere to existing U.S. citizenship law and honor our bilateral agreements, even as we actively defend the rights of U.S. carriers abroad. Today's decision is consistent with those principles and with our foremost goal of restoring the vitality of the U.S. domestic aviation industry.

LONG VERSION

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
LIFESAVERS 11
MARCH 16, 1993
CHICAGO, ILLINOIS

I. INTRODUCTION/ACKNOWLEDGEMENTS

A. Thank John Cullerton, Illinois State Senator, for introduction.

B. Acknowledge:

1) Illinois Secretary of Transportation Kirk Brown (will be at head table).

2) Gary March, Illinois governor's highway safety representative (put together this program).

3) Terry Gainer, Illinois State Police superintendent, who led a very successful belt use program last year. He will receive an award later in the program.

C. Most people to the extent that they think about the Department of Transportation at all probably think about bricks and mortar or asphalt and steel, but I feel very strongly that transportation is really a quality of life issue. It's how we get to work or to school or to a doctor's appointment or even how we take our kids to the park. Nowhere is this human factor more prevalent or more compelling than

in the area of highway safety. In this area it is DOT's mandate and responsibility to make sure that not even one preventable death or injury occurs on our nation's highways and that's a responsibility that I take very seriously.

D. The Clinton Administration is advocating a lot of change in government but in the area of highway safety we need to do more of the same.

1) You in this room are headed in the right direction. And you have a new partner in the Secretary of Transportation who has both the commitment and motivation to save more lives and prevent more injuries on our nation's highways.

2) I've just come from a press conference, sponsored by the National Safe Kids Campaign to announce a new "Children At Risk Campaign." It includes a number of initiatives to keep young children safe on our highways. As the father of two young daughters, I have special interest in this safety effort.

3) We hope to be able to announce a new Administrator of the

National Highway Traffic Safety Administration shortly, but I can tell you it will be someone:

a) who is very pro-safety;

b) who will take a balanced and fair approach to keeping our nation's transportation system safe;

c) who will take an energetic approach to the work of NHTSA;

d) who recognizes that the federal government and DOT have a very legitimate and active role in making sure safety issues are addressed;

e) who will put DOT back in the leadership role in transportation safety and that's a role in recent years Congress has had to fill;

f) who will make sure NHTSA regulations are responsibly carried out in a timely manner;

g) who understands the importance of public education; and

h) who will work in full partnership with the broad range of constituent groups;

i) in short, someone who believes as I do, that no family

should suffer the tragedy of losing a loved one in a preventable highway accident, and someone whose mission is -- as yours is -- to make that goal a reality.

II. PROGRESS IN DECADE

A. Progress on highway safety issues in the past decade is due in large measure to your efforts. You have literally changed the culture and consciousness of America. Your movement created an awareness of the actions needed to stop deaths and injuries on our highways ... and a national resolve to do something about it.

B. Thanks to you thousands of deaths and injuries have been prevented. Thousands of parents have been able to see their babies grow up health and strong. Thousands of high school proms are fond memories instead of tragic nightmares. Thousands have been spared the pain of a hospital vigil for a loved one in the aftermath of an accident.

1) 10 years ago the influence of Mothers Against Drunk Driving (MADD), Students Against Driving Drunk (SADD) and Remove Intoxicated Drivers (RID) was just beginning to

take hold. Prior to that, the dangers of drinking and driving had not really entered the public awareness. Drinking and driving was common and often tolerated.

a) Today drinking and driving has become socially unacceptable through the combined efforts of federal, state and local governments, and citizens groups.

2) 10 years ago organizations such as American Coalition for Traffic Safety (ACTS) and Network of Employers for Traffic Safety (NETS) didn't exist, and community traffic safety programs -- the backbone of highway safety -- were an oddity in a few states. Today we have 400 local programs across the country.

a) You've helped make highway safety a national issue, and are keeping it on the front burner through such activities as the designated driver program and the buckle up campaigns, for example.

3) Lifesavers Conference = '82 = 250 people
'93 = 1,000 people

C. What has been the result of all your hard work? Fewer people

are dying on our nation's highways.

1) Highway fatalities -- '82 = 43,945

'92 = 39,500

a) A 10% drop in 10 years.

b) '92 is lowest number of fatalities in 30 years.

2) '92 alcohol-related traffic deaths - 11% lower than '82.

a) 10,500 lives were saved (over that 10 years).

3) Safety belt usage -- '82 = 11%

'92 = 62%

a) 27,000 lives were saved (over that 10 years).

b) Today 42 states have safety belt use laws.

4) In '82 child safety seats were rarely seen in automobiles; in '92, child safety seat laws in all states, usage high.

5) You've made great progress. And you've done it by working unbelievably hard. For many of you in this room the work you do is not a job. It's a mission. Many of you have lived through the horrors of senseless highway deaths. Instead of letting unimaginable grief stop you -- you have dedicated your lives to making sure no one else has to go through what you've been through. For that we thank you

and pledge to be your partners. And a special thanks to efforts of people such as the 15 who will receive public service awards today ... and everyone in this room.

6) Still, 39,500 people were killed on our nation's highways last year and that's 39,500 too many.

C. Progress from here on will not come easily. We have convinced many responsible citizens to use safety belts and to not drive after drinking.

1) Now we are closing in on the heart and soul of the highway safety problem -- the "hard core" -- the people and behaviors that are most in need of change.

2) Bringing them into the fold also will have the greatest impact on reducing casualties and social costs.

3) You have shown that you have the dedication and resolve to go the rest of the way as hard as it may be and I'm here to tell you that I do too.

III. HERE'S WHY WE WILL SUCCEED

A. We all agree that highway death is senseless and we must do everything in our power to stop it. But there's a reason even beyond this human one and that is the astronomical and avoidable cost that these injuries add to an already out of control health care system.

B. You have an Administration that is focused on health care and an opportunity to mesh that concern with highway safety gains. You can put the spotlight on highway safety as a health care issue because you have a President who cares.

C. Health care and the economy were the two big issues of President Clinton's campaign because:

1) Health care costs are out of control. What Americans are charged is rising four times faster than their wages.

a) Millions of Americans can't afford insurance and that's unacceptable. Many people wind up in poverty because of medical bills and that's unacceptable. Some people can't

get insurance because of a previous illness and that's unacceptable.

b) That's why President Clinton is so committed to fundamental health care reform. The issue is so important that the First Lady has taken the lead in heading a Health Care Reform Task Force.

2) I learned the cost of highway safety as Mayor of Denver. Our general hospital has the best emergency room in the entire state. We saw so many people injured from riding a motorcycle without a helmet. These accidents were of course tragic, but they were also a serious drain on our resources.

3) Highway safety measures could knock $1B a year off health care costs.

4) Highway safety is the best example I know of good, sound economics as well as preventive medicine.

D. Annual Costs:

1) Traffic crashes, injuries, and fatalities cost society more

than $137B in medical costs, lost productivity, property damage, and other direct expenses -- a third of this year's increase in the national debt (2% of GDP).

a) Medical costs = $14B.

b) Productivity losses = $51B.

c) Emergency Medical Services = $2B.

d) Insurance administration = $10B.

e) Legal and court costs = $9B.

f) Property damage = $46B.

g) Travel delays and other costs = $7B.

h) Nearly 30% of these costs for the first year are paid with tax dollars.

2) It's obvious that any gains in highway safety can have a tremendous impact on health care costs.

E. Highway safety is a top priority of the Clinton Administration.

1) Let me assure you that I will work as hard as necessary to see that highway safety programs get the funding they need

to achieve success.

2) On my first day as Secretary of Transportation, we withdrew a proposed rule change that would have permitted an increase in the amount of time commercial truck drivers are allowed on the road without an eight hour rest break. We were very concerned about the rule's effect on highway safety. We knew it was our responsibility to be sure that no driver on our nation's highways was ever put at risk by too lax rest standards for truck drivers.

IV. WHERE DO WE GO IN THE NEXT 4 YEARS?

A. If we increased safety belt use to 75% we could save an additional 1,850 lives each year.

1) Getting to 75% would require a combination of new and strengthened state use laws, enforcement of use laws, public information and education.

B. If we reduced the proportion of alcohol-related traffic fatalities to

43% of total highway traffic deaths, we could save another 1,850 lives each year.

1) Current proportion is 46%.

2) To get to 43% would require more effective state laws, intensive enforcement, appropriate sanctions, public information and education.

C. If we could get all states to recognize the need for motorcycle helmet laws, we would strike a serious blow for highway safety. In 1991 the motorcycle fatality rate was 40 times higher than the automobile rate.

D. If we seek more strict enforcement of child safety seat laws fewer families will have to go through the pain of losing a child.

V. CONCLUSION

These are the kinds of things I'm going to ask the new NHTSA Administrator to look at and work with you to achieve. I can promise you will never find a Secretary of Transportation who shares your

goals more than I do. Important as infrastructure is to our economy, safety is more important than bridges, subway cars and miles of highway. Safety is important because of its impact on people's lives. I will take none of my responsibilities more seriously than saving lives. I respect and admire your dedication to your cause. It is a cause I share with equal enthusiasm.

###

SHORT VERSION

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
LIFESAVERS 11
MARCH 16, 1993
CHICAGO, ILLINOIS

I. INTRO

A. Cullerton

Brown

March

Gainer

B. Transportation = human

1) Quality of life

2) Especially highway safety

3) DOT is responsible

C. Clinton Administration

1) Continue on same path

2) Safe Kids Press Conference

3) NHTSA Administrator - active role

II. PROGRESS

A. Complete cultural change

"national resolve"

B. MADD, SADD, RID

C. ACTS; NETS - 400 local programs

D. Lifesavers '82 = 250

'93 = 1,000

E. Result

1) Highway fatalities -- '82 = 43,945; '92 = 39,500

a) 10% drop in 10 yrs.

b) '92 = lowest number of fatalities in 30 yrs.

2) '92 alcohol-related traffic deaths - 11% lower than '82.

a) 10,500 lives saved over 10 yrs.

3) Safety belt usage -- '82 = 11%; '92 = 62%

a) 27,000 lives saved over 20 yrs.

b) 42 states have belt use laws.

4) '92 child safety seat laws in all states.

F. For you, not just a job; a mission

G. The future:

1) hardest core offenders

2) toughest to reach

3) share your resolve

III. THE TIE TO HEALTH CARE COSTS

A. Health care is Clinton's top priority

1) First Lady has taken lead, heading task force.

2) Why? Too many uninsured; poverty-medical bills.

3) Denver -- hospital emergency room.

4) $1B = savings from improved highway safety

B. Current costs:

1) $137B in medical costs, lost productivity, property damage --

1/3 of this year's increase in national debt - 2% of GDP

C. Will work for funding for your programs.

E. First day: truck regulation

IV. THE NEXT 4 YEARS

A Belt use @ 75% = 1,850 lives each yr.

B. Drunk driving @ 43% = 1,850 lives each yr.

C. Helmet laws. Current motorcycle fatality rate = 40 x auto.

V. CONCLUSION

A. New NHTSA Administration & I will share your goals.

B. Safety is my most important responsibility.

C. Admire and praise your work; pledge to be your partner.

###

1.41

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SAVINGS BOND COORDINATORS' LUNCHEON
MARCH 17, 1993
WASHINGTON, D.C.

I. INTRODUCTION/ACKNOWLEDGEMENTS

A. Happy St. Patrick's Day and thank you for agreeing to work on the federal savings bond campaign.

B. You are the backbone of the campaign -- coordinators and vice chairmen are the people who get the work done.

II. I am glad to serve as 1993 chairman of the Federal Savings Bond Campaign.

A. President Clinton supports savings bonds, and he sent you this message: **(read Presidential Message)**

B. I personally believe in the savings bond program.

C. Had a successful program in Denver City Government.

I. Worked with the program for many years.

D. Know from personal experience how valuable steady savings program can be.

III. Savings bond program

A. Best known savings bond program in our nation.

1. Millions of Americans have heard about it.

2. Millions use it every day.

B. But millions have <u>not</u>.

1. Taken the time to look at what it offers.

2. Taken the time to sign on (to one of the best savings plans available).

IV. We have a big job ahead

A. Campaign will reach 4.6 million federal employees and members of armed services.

B. Need to: Encourage more people to sign on; increase savings rate of current bond holders.

V. Our Goals

A. Those not buying:

1. Educate all of the employees who are not buying bonds about the advantages of savings bonds.

B. Current bond Holders:

1. Ensure every current bond holder has the opportunity to increase his or her savings.

VI. In 1992 Americans purchased $17.7B in U.S. savings bonds.

A. January 93

1. Best January sales in history of program

2. Record $2.55B invested in bonds.

VIII. Our 1993 goals

A. 40% participation in each agency

B. Enroll 10% of each dept's or agency's workforce as <u>new savers</u> in the payroll savings plan.

C. Have 20% of current bond holders increase their present bond allotments.

IX. Your job is tremendously challenging and rewarding

A. To spread the word to every employee (4.6M)

X. Good luck

A. We have a great product to sell.

B. Great way to save for college, a home, etc.

C. It's something you do for <u>yourself</u>.

XI. Thanks again for helping let federal employees know about this option.

XII. I pledge to you my most earnest and untiring effort.

XIII. Together we <u>can</u> meet our goals

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
THE NEW FRONTIER: AIRLINE LABOR RELATIONS IN THE GLOBAL ERA
MARCH 18, 1993
WASHINGTON, D.C.

I. INTRODUCTION/ACKNOWLEDGMENTS

A. Thank Randy Babbitt, ALPA President for introduction.

II. COMPETITION IN A GLOBAL ECONOMOY

A. The current economic state of the aviation industry illustrates what happens when a government adopts a policy of inaction and indifference.

1) Airlines have lost $8B in 3 years. Air frame manufacturers have seen order backlogs shrink. Tens of thousands of jobs have disappeared. 1/5 of the industry is operating under bankruptcy code.

2) Just last Friday the Wall Street Journal reported that Standard & Poors had downgraded the debt of the big three airlines -- our largest and strongest -- to "junk" status.

B. I can tell you that President Clinton knows that it is an economic necessity that we have a healthy aviation industry. We must have a strong, viable airline industry in order to compete in the global

marketplace.

III. WHAT ARE THE SOLUTIONS

A. Band aid solutions won't work. It's not enough for the government to tell the industry to lower labor costs; not enough to have one more merger, one more buyout, one more fare war, one more bankruptcy court protection. We must have long term structural change.

B. The Airline Commission will provide some of the answers. As you know, legislation, supported by Congress and the Administration, calls for a 15-member National Commission to Ensure a Strong Competitive Airline Industry. That bill currently is in _____.

1) The Commission will assess the financial condition and future of the U.S. airline and aircraft manufacturing industries and make a report to the President and Congress in 90 days.

2) We will be bringing the best minds in the country together to focus on the industry's problems, to come up with

specific suggestions and shape a national policy. The range of issues the group will consider run the gamut from looking at bankruptcy laws to foreign investment and what our unified global strategy should be.

3) But there are things we can be doing now even before the Commission is formed.

IV. WHAT GOVERNMENT CAN DO NOW

A. As President Clinton's plan to strengthen our domestic economy takes hold, the airline industry will begin to rebound. Generally speaking, the two are interlocked because the aviation industry is a fundamental part of the President economic recovery plan.

1) But we can and must do more.

B. The government must work to eliminate airport capacity problems -- building new runways, new airports, better traffic management. (* Airport Improvement Program (AIP) is funded at $2.05B in '93, including $250M stimulus).

1) In Denver, one of the reasons we built an international

airport, is because the airlines were experiencing $120M a year in delay costs.

2) Nationwide, what do you think airport delays cost? In 1991, 1.5M hours of delay cost the airlines $2.5B in operating costs alone. Total delay costs in '91 were $8.1B. That's enough to offset the airlines' losses of the past three years. And costs of delays were down in '91 compared to previous years because less fuel was used due to the recession.

a) And these figures do not measure one important factor -- a delay of more than 15 minutes at O'Hare, for example, has a ripple effect throughout the entire national airspace system.

b) Imagine what we could do for the airline industry if we could eliminate those kinds of delay costs in major airports around the country.

C. Likewise, if we modernize the airspace system we will increase the productivity and efficiency of the airlines. I am making an intensive

effort to get the Advanced Automation System (AAS) back on track and fully operational as soon as possible.

1) Even before I became Secretary of Transportation, during the time I served as head of the transition cluster group , I learned that the $5.1B contract to build the AAS was 14 months behind schedule. That's on top of a 19-month delay announced a couple of years ago.

2) The FAA says the government failed to exercise sufficient top management focus on the contract; the conractor says, among other things, that too many changes were proposed; perhaps there are flaws in the government's contract oversight process; nobody should pointing a finger of blame. We should instead focus on fixing the problem.

3) And I am determined to get this project moving because it will give our airlines increased productivity and safety benefits. I will be personally involved in the progress of the AAS until the system is tested and in operation.

D. We are taking a serious look at the rate of testing for drug and

alcohol in the airline industry.

1) Drug testing had been set at 50%. Many think that the rate is unreasonable and certainly costly. We all agree that testing is necessary. We all agree it must take place, but we want to be fair and not work an undue burden on any of the parties involved. A public hearing was held on the issue earlier this month.

E. I intend to be a vigorous advocate of our domestic carriers in the international arena. Our carriers provide the finest, safest service in the world. Often our carriers are put at a disadvantage in the international marketplace by the fact that other governments subsidize their airline industry or outright own it. As you know, we don't own industries in this country.

1) But I can assure you of this. I will do everything within the power of the Secretary of Transportation to help our carriers be more competitive in the global environment. We have a number of bilateral agreements up for renegotiation this year. One of my priorities is to ensure that in those

agreements, U.S. airlines are able to have a level playing field.

2) In early February I took two actions. I approved a complaint by Northwest against the government of Australia for restricting the number of passengers that can be carried on flights between Osaka and Sydney. I also approved a United Airlines complaint against the government of Japan for restricting proposed flights between Tokyo and Sydney. We are in negotiations with both governments in an effort to make sure our airlines get a level playing field. And I will take other actions where I believe our bilateral agreements have been breached to the disadvantage of our domestic carriers.

3) Just this week, I notified the British government of my intention to pursue a renegotiation of the current U.S.-U.K. bilateral aviation agreement. It is obvious that U.S. carriers need a new agreement to gain fair access to the British market and beyond.

a) In the meantime, I felt that prompt action was required

on the proposed arrangement between USAir and British Airways. The action I took Monday was important to the 46,000 employees, communities and customers of USAir.

b) Therefore, the Department approved the BA/USAir code-sharing request as well as the USAir request to wet lease to BA between London and Pittsburgh and between London and Baltimore. Both these approvals are for one year.

c) At the same time we opened a review of the investment proposal. Our preliminary finding is that the $300 million investment by BA does not impair US Air's "citizenship."

d) However, final outcome of this entire package depends upon bilateral negotiations with the U.K. and on any change Congress makes in the law.

e) The Administration will adhere to the existing U.S. citizenship law and honor our bilateral agreements, even as we actively defend the rights of U.S. carriers abroad.

These actions show my commitment to represent U.S. carriers in the international arena.

V. HERE'S WHAT INDUSTRY AND LABOR CAN DO

A. Management can help in restoring the overall health of the airline industry by recognizing that human resources are its most valuable asset. Our airlines are the greatest in the world not only because they are technologically superior, but because of the people who make them work.

B. Labor has made concessions the past few years; still labor costs are 30% of the cost of doing business in the airline industry. Labor must take a look at what it can do.

C. Industry and labor need to put aside the confrontational relationship that has dominated the past and find some way to work together.

D. Industry and labor need to work with government. We can no longer afford adversarial relationships in this country. We have a partnership. You are dealing with an activist, pro-active, positive-thinking government, one that is ready to work in partnership with

both industry and labor.

VI. CONCLUSION

A. President Clinton is not going to stand idly by and watch another airline go down the drain. We simply cannot afford the loss in human terms or in economic terms. I'm offering you a unique opportunity you've never had before, a tripartite partnership with government, industry and labor sharing equal roles. But my offer requires a bold step on your part.

B. Near the turn of the last century the Wright brothers took a bold step on a windy beach in North Carolina and the 20th century belonged to the United States and its aviation industry. Today I'm asking you in this room to take an equally bold step that would give the 21st century to us as well.

C. That bold step requires us -- government, labor and management -- to work together for the good of the industry and the country. Admittedly, it's a new approach -- a new frontier -- to borrow from the

topic of your conference. Our partnership will be traveling in uncharted waters. It's never been done. But if we are fair and true to ourselves and to the nation, it's the answer to what ails us. And together, we will succeed.

###

1.39

U.S. Department of Transportation

News:

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

STATEMENT BY SECRETARY OF TRANSPORTATION
FEDERICO PEÑA

March 18, 1993

I am delighted that President Clinton has announced his intention to nominate Mort Downey for the position of Deputy Secretary of Transportation. Within the transportation community, Mort is well known as a creative, strong and effective manager.

His extensive background in transportation at both the federal and local level will be critical to our success in leveraging transportation investments and policies to rebuild the economy. Just as important, Mort's financial and budget skills, along with his ability to improve government services while holding the line on costs, make him perfectly suited to our efforts to reinvent government and use scarce resources strategically.

As Executive Director and CFO of the nation's largest independent public authority and in his earlier positions at DOT and in the Congress, Mort has proven his strength as an innovative manager who can make large government institutions perform and deliver. I look forward to welcoming Mort back to Washington and back to DOT.

# # # # #

DEFENSE REINVESTMENT AND CONVERSION

MARCH 19, 1993

AGENDA

1. Announcement last week of $1.7 billion in FY93 programs

   - o workers
   - o communities
   - o dual-use technology
   - o civilian technology investments

2. Base closure process

3. Interagency coordination and collaboration

   - o staff-level group
   - o Technology Reinvestment Group (ARPA, NIST, DOE, NSF and NASA)
   - o deputies group

4. Regional outreach meetings by Technology Reinvestment Group

5. White paper/framework to be released in early April

   - o to help frame the debate and tie this issue to broader changes in the global economy
   - o to flag key issues (e.g., need for acquisition reform)
   - o to provide a roadmap of relevant federal programs
   - o to describe next steps
   - o to indicate how we will measure success

6. Input from agencies

   - o reaction to outline/themes
   - o inventory of relevant programs; how much flexibility to target?
   - o what would it mean to provide "one-stop shopping"?
   - o other ways to streamline process (e.g., EPA and base cleanup)

DEFENSE REINVESTMENT AND CONVERSION FOR AMERICA'S ECONOMIC GROWTH

Outline of White Paper

Policy Goal: the reinvestment of defense assets (people, facilities, and technology) into the commercial economy to create jobs and promote economic growth.

Principles/Criteria:

1. encourage community- and state-based planning
2. build on existing programs and organizations
3. assure a market orientation
4.

I. Defining the Problem

A. Overview of the New Global Economy and Major Structural Economic Changes

B. How Many People/Firms will be "Converting" and What That Means for the Economy

C. What Should our Expectations Be?

I. People: Equipping Workers for the New Economy

A. Minimizing Involuntary Separations

B. Retraining and Employment Assistance: Reich vision

C. Encouraging Former Defense Personnel to Enter Public and Community Service

II. Communities: Reinventing Community Economic Development

A. [Introducing One-Stop Shopping]

B. Planning and Implementation Assistance: DoD's Office of Economic Adjustment and Commerce's EDA

C. Improving Facilities and Infrastructure: FAA airport modernization, CDBG, water projects, highway funds

D. Creating "Sticky Regions"

III. The Special Problems of Base Closure

A. Accelerating Environmental Cleanup

B. Facilitating Base Reuse

IV. Dual-Use Technology and Commercial-Military Integration: "Converting" DoD and the Defense Industrial Base

A. Why We Must Move to a Single, Integrated Technology Base

B. How We Will Do That:

1. Technology Reinvestment Program (1-800-DUAL-USE)

2. Other Dual-Use Programs (including baseline)

3. Expansion of IR&D; SBIR and STTR

C. The Key: Reforming the Acquisition System

IV. Civilian Technology Investment: Creating New Jobs and Opportunities

A. Information Highways

B. Etc.

C. Etc.

V. Organizing the Federal Government for Defense Conversion

A. Shaping a Long-Term Strategy: Key Issues

1. community economic development
2. lab conversion
3. acquisition reform
4. CIA/NSA/DIA
5. future of aerospace industry
6. export controls
7.
8.

B. Coordinating and Streamlining Policy Development

C. Providing for Integrated Policy Implementation

Crosscutting themes:

1. Defense conversion is a high priority; the Clinton Administration cares deeply about this.

2. Conversion must be viewed in the context of major structural changes that are creating a new kind of international economy. Understanding and anticipating what this new economy means for workers, firms and communities is essential. We must be realistic about what is going on and how we can affect and accommodate it.

3. The key to successful conversion of a defense-dependent community is increased local (and state) authority and accountability. Plans and programs for economic diversification have to come from the affected communities/states. States and regions became very active in the 1980s in promoting economic development and industrial competitiveness. We should build on those efforts because they represent a more intimate knowledge of local conditions and industry than the federal government could possibly have.

4. The federal government can support that process by providing funds and removing obstacles; moreover, the federal funds can be -- must be -- provided in a more flexible and integrated way. [one-stop shopping; environmental cleanup] In short, defense conversion can be a kind of pilot program for delivering federal funds and services in a new way.

5. Defense conversion is one of several major structural economic changes that require a comprehensive strategy to assist workers who are faced with finding new jobs. The goal is to ensure access of dislocated workers to an enriched array of services including job search assistance, retraining, income support and other transitional re-employment assistance.

6. Federal investments in civilian (and dual-use) technology are also key to creating new jobs and opportunities. As described in the technology white paper, R&D partnerships between the federal government and industry, with industry setting the direction and sharing the cost, will be key. Efforts to commercialize and deploy technology are no less important; here, the federal government can take advantage of the very good programs that states have pioneered.

7. The Department of Defense must itself go through a "conversion" to increased use of commercial (or "dual-use") technology, which costs far less and is often superior to defense technology. Thus, even a leaner DoD can plan an important role in supporting commercially-relevant R&D and procuring leading-edge commercial products.

8. The major obstacle to that change is an arcane acquisition system. Reform of the acquisition system will also make it easier for defense firms to move to commercial production. For these and other reasons, reforming the acquisition system will be a high priority of this Administration.

9. The dual-use programs are focused on subtier firms, for several reasons: (1) they are in a better position to make the transition to commercial manufacture, since many of them are already dual-use; (2) they produce largely in the U.S., in contrast to many primes; and (3) they often lag larger firms (and their foreign counterparts) in technological sophistication.

10. Defense reinvestment/conversion will represent a "pilot program" for achieving the President's vision for economic renewal and for reinventing government.

DEFENSE REINVESTMENT AND CONVERSION
MARCH 11, 1993

Today, President Clinton announced a major Defense Reinvestment and Conversion Initiative that will go into effect immediately. In a sweeping policy shift, the Clinton Administration will distribute $1.4 billion that Congress appropriated last year for defense conversion, which the Bush Administration had opposed and declined to spend. In addition, the Clinton Administration has redirected funds and proposed other FY93 spending totaling $300 million. By 1997, the investments for defense conversion would almost triple to over $5.2 billion, with a total of nearly $20 billion invested in FY93–97. These investments will promote economic growth while preserving a strong military and defense industrial base.

In today's announcement, the President described in detail the $1.7 billion in specific programs that will be implemented in 1993. The immediate conversion package includes four major areas of new investment:

1. **WORKER TRAINING AND ADJUSTMENT**
2. **INVESTING IN HARD-HIT COMMUNITIES**
3. **DUAL-USE TECHNOLOGY AND COMMERCIAL-MILITARY INTEGRATION**
4. **CONVERSION OPPORTUNITIES IN NEW CIVILIAN TECHNOLOGY INVESTMENT**

A National Economic Council interagency working group on defense reinvestment and conversion will issue a white paper in early April.

BRIEF SUMMARIES
1993 DEFENSE REINVESTMENT AND CONVERSION INITIATIVE:

1. MILITARY AND CIVILIAN WORKER TRAINING AND ADJUSTMENT: Now that we have won the Cold War and are readjusting our defense posture, we cannot leave the talented individuals who are responsible for that victory out in the cold. To achieve the economic strength that will ensure our national security in the new era, we must refocus the talents, energy and dedication of the men and women involved in national defense on creating economic growth and serving their communities. That is why the President's Defense Reinvestment and Conversion Initiative will dedicate over $375 million in FY93 alone to transition assistance, employment services and job training. Some defense funds will be transferred to the Labor Department and other agencies to carry out these programs. During FY93–97, the President's defense conversion plan will allocate nearly $4 billion for worker adjustment. FY93 funding includes:

- o $150 million for government- and employer-sponsored training programs for displaced defense workers

- o $112 million for transition initiatives for members of the guard and reserve and severance pay and health benefits for separating civilians

- o Early retirement benefits for military personnel with 15 or more years of service; retirement credit for service in law enforcement, teaching and other critical professions

- o Pilot programs to train separating military personnel and defense workers to enter critical jobs in teaching, law enforcement and health care

In addition:

- o The Department of Energy is redirecting $25 million for employee retraining and assistance programs.

2. INVESTING IN HARD-HIT COMMUNITIES: There is a compelling need for actions that will speed and ease the transition of workers, communities and firms that are being hard hit by cuts in defense spending. Scores of defense-dependent communities are undergoing distress, as their workers lose jobs and their businesses contract. The recession and high unemployment have aggravated all of these problems. For communities that lose a military base, environmental clean-up is a major obstacle to base reuse. The 1993 package helps hard-hit communities by providing:

- o $30 million to substantially expand DoD's Office of Economic Adjustment so that every community with a military base scheduled for closure will have the tools and expertise to plan and adjust and create new economic opportunities

- o $80 million for revolving-loan programs and grants through the Commerce Department to target the communities that will be most hard-hit by declines in the industries affected by the defense contraction

- o $84 million for Defense Department programs that allow retired military and reserve personnel to address unmet needs in the nation's schools and communities

In addition:

- o DoD will streamline environmental clean-up to speed local economic recovery; a new DoD deputy undersecretary for the environment is being created to make this happen.

- o The Administration will explore the potential for using unneeded military facilities for community health and other programs.

3. DUAL-USE TECHNOLOGY AND COMMERCIAL-MILITARY INTEGRATION: For too long, our nation has denied itself the benefits to economic growth and technological advancement that could result from integrating the pursuit of defense and civilian goals. But we can no longer separate national security from economic security; in a post-Cold War world, they are one and the same. We must restructure the military-industrial complex so that commercial firms play the dominant role, since they now produce much state-of-the-art

technology. That is why the Defense Advanced Research Projects Agency (DARPA) was renamed the Advanced Research Projects Agency (ARPA) -- as the agency was known before 1972. This change symbolizes the Clinton Administration's commitment to supporting dual-use technology and integrating the commercial and military sectors.

- o ARPA is now ready to accept proposals for over $500 million in technology and industrial base programs. These funds will support industry-led R&D consortia in critical dual-use technologies and pioneering state/local efforts to commercialize and deploy technology. All programs require matching funds and merit-based selection. (For information, call: 1-800-DUAL-USE.)

- o ARPA and four other agencies (Commerce, NSF, Energy and NASA) are cooperating to jointly implement these programs through the Technology Reinvestment Project. The agencies will hold a series of regional outreach meetings in early April to brief potential applicants and answer questions. These programs, some of which were mentioned in our technology initiative, include:

- o $255 million for government-industry partnerships to develop advanced materials, manufacturing and other dual-use technologies

- o $100 million for "regional technology alliances" among firms to share information and develop new products and markets

- o $100 million for state and local manufacturing extension programs to assist small defense firms in making the transition to commercial production

- o $100 million for other programs to help small defense firms acquire dual-use capabilities

In addition:

- o ARPA has $200+ million for industry research to develop electronics and materials technologies with both commercial and military application.

- o DoD is redirecting $85 million of Small Business Innovation Research (SBIR) funds to companies that are developing dual-use technology in such areas as electronics, materials, and instrumentation.

- o To encourage large defense firms to pursue dual-use and commercial applications, DoD is enlarging the scope of independent research and development (IR&D) reimbursed under defense contracts. This should result in the redirection of some share of IR&D activities, which total several billion dollars annually.

4. CONVERSION OPPORTUNITIES IN NEW CIVILIAN TECHNOLOGY INVESTMENTS: Technology is the engine of economic growth. By investing more in new civilian technologies, we can create exciting new opportunities for defense workers and firms, enhance U.S. competitiveness, and tackle unmet domestic needs. That is why the Clinton Administration has redirected funds and proposed other FY93 spending totaling $300 million.

Proposed spending in the President's stimulus package includes:

- o an additional $94 million for Department of Energy R&D partnerships with industry

- o $117 million for the Advanced Technology Program and other activities of the Commerce Department's National Institute of Standards and Technology

- o $64 million for pilot projects to demonstrate the benefits of computer networking to schools and libraries

11-Mar-93

Defense Reinvestment and Economic Growth Initiatives

Budget Authority ($ in millions)

	1993	1994	1995	1996	1997	1993-7
Assistance for Defense Workers, Personnel and Communities						
Department of Defense Personnel Assistance and Community Support	597	697	697 1/	697 1/	697 1/	3,385
Department of Energy Personnal Assistance	25	100				125
Department of Labor Displaced Worker Training	2/	300 2/	400 2/	400 2/	400 2/	1,500
Department of Commerce Community Diversification Assistance (EDA)	15 4/	33	55	55	55	213
Total: Worker and Personnel Assistance Programs	637	1,130	1,152	1,152	1,152	5,223
Department of Defense Dual-Use Technology Reinvestment	845 5/	964 5/	964 1/	964 1/	964 1/	4,701
New Federal High Technology Investments (Conversion Opportunities) 6/	185	1,206	2,329	2,758	3,175	9,651
Grand total: Programs that will assist defense workers, personnel, communities and firms	1,667	3,300	4,445	4,874	5,291	19,575

1/ This is the 1994 level. Specific estimates for 1995, 1996, and 1997 will not be available until the DOD completes its comprehensive review of Defense programs this year.

2/ $75 million will be transferred in 1993 from the Department of Defense.

3/ This is the portion of overall investment increase that could be expected to be used to retrain displaced defense workers.

4/ In addition, $90 million will be transferred in 1993 from the Department of Defense.

5/ This excludes impact of broadened scope of allowable IR&D reimbursement.

6/ This includes investment programs that provide direct conversion opportunities (e.g., Department of Energy/industry R&D partnerships and NASA civil aviation research) and 50% of programs that provide some conversion opportunities (e.g., Department of Commerce programs for information highways, manufacturing and advanced and advanced technology.) Not included are increases for Enterprise zones, Community Development Banks, National Science Foundation, highway programs, and the R&D tax credit that will provide opportunities for defense firms and workers, and help develop infrastructure useful for community economic diversification.

11-Mar-93

Defense Reinvestment and Economic Growth Initiatives

Details of 1993 Programs
Budget Authority ($ in millions)

Assistance for Defense Workers, Personnel, and Communities

Department of Defense Personnel Assistance and Community Support	
Temporary early retirement	10
Temporary health transistion assistance	11
Guard and reserve transition initiatives	40
Separation pay and civilian health benefits	72
Troops to teachers/healthcare/law enforcement personnel	6
DOD Environmental scholarships and grants	1/
Job training and employment services (Department of Labor)	75 2/
Job bank program	4
Military personnel occupational conversion & training	75
Transition Assistance/Relocation Assistance Programs 3/	60
Office of Economic Adjustment	30
Philadelphia Naval Shipyard Economic Conversion (1-time)	50
Community diversification (Department of Commerce)	80 4/
Retired military and reserve support of community programs 5/	84
Subtotal: Department of Defense	597
Department of Energy Personnel Assistance	25
Department of Commerce Community Diversification Assistance (EDA)	15 6/
Total: Community Adjustment and Assistance Programs	637

1/ Program in development.
2/ These funds will be transferred to the Department of Labor.
3/ Although this is a continuing program, it is shown here because it is an important element of the Department's transition program.
4/ These funds will be transferred to the Department of Commerce.
5/ This includes high school training programs and Civilian Community Corps/National and Service programs.
6/ In addition to this funding, the Department of Commerce will have $80 million transferred from the Department of Defense.

11-Mar-93

Defense Reinvestment and Economic Growth Initiatives

Details of 1993 Programs

Budget Authority ($ in millions)

Department of Defense Dual-Use Technology Reinvestment	845 2/
Reinvestment initiatives	327
Dual Use Technology Partnerships	95
Commercial-Military Integration Partnerships	48
Regional Technology Alliances	95
Agile Manufacturing/Enterprise Integration	29
Advanced Materials Partnerships	29
Advanced Manufacturing Technology Partnerships	23
Manufacturing Engineering Education Program	29
US Japan Management Training	9
Less baseline programs included above	(30)
Manufacturing/Technology Extension 1/	190
Electronics and Materials Initiatives	243
High definition systems	92
Optoelectronics	23
Metal matrix and ceramics	9
Diamond substrates	9
Multi chip modules/high temperature superconductivity	14
Multi chip modules	25
Advanced lithography	71
SBIR refocused to dual use	85
New Federal High-Technology Investments (Conversion Opportunities)	
Direct conversion opportunities for defense firms and workers	
Department of Energy	94
Government/industry R&D partnerships, civil	47
Government/industry R&D partnerships, defense	47
Some conversion opportunities for defense firms and workers	
Department of Commerce	181
National Institute of Science and Technology (NIST)	117
Information highways	64
Assume 50% of this category provides conversion opportunities	91
Total: New Federal high-technology investments (conversion opportunities)	185
Grand total: Programs to assist defense workers, personnel, communities, and firms.	1,667

1/ Program to be managed by the Department of Commerce (NIST) with active DOD participation; FY 1993 funds support program over two year period.

2/ Excludes impact of broadened scope of allowable IR&D reimbursement.

DEFENSE REINVESTMENT AND CONVERSION INITIATIVE
DOD PROGRAM SUMMARIES

Personnel Assistance Programs

Early Military Retirement

This initiative would offer retirement benefits to military personnel with 15 or more years of service. Previously, DoD offered retirement benefits after 20 years of service. The goal of the new incentives is to encourage voluntary retirements of military personnel with greater than 15 but less than 20 years of service, and thereby minimize lay-offs. This program is targeted at military personnel who are not covered by other retirement or separation incentives, such as the Voluntary Separation Incentive/Special Separation Bonus, which are aimed at personnel with between 6 and 15 years of service.

Health Transition Assistance

This program is aimed at providing transitional health insurance to separating military personnel from the time they leave the armed services until the time they obtain health insurance through their civilian employer.

Guard and Reserve Transition Initiatives

These initiatives are designed to ease the transition for members of the guard and reserve who are released as a result of the defense cutbacks. The initiatives include, among other things, new retirement incentives, separation pay, and priority placement in open positions in guard and reserve units.

Separation Pay and Civilian Health Benefits

This initiative would offer retirement and resignation incentives to DoD civilian personnel. The goal of this initiative is to encourage voluntary retirements and resignations among the civilian workforce, thereby minimizing layoffs. The incentives would be equal to $25,000 or the amount of severance pay to which an individual would be entitled, whichever is less. This initiative also offers transitional health insurance to separating civilians.

Troops to Teachers/Health Care/Law Enforcement Personnel

This initiative would establish three pilot programs to train separating military personnel, DoD and DoE civilian employees, and private sector defense workers to enter three public service professions for which many are particularly well suited: teaching, health care, and law enforcement. These programs use as a starting point the "Troops to Teachers"

legislation passed for fiscal year 1993.

DoD Environment Scholarship Program

The FY93 defense conversion package called for scholarships, fellowships, and training administered by DoD for the purpose of enabling individuals to qualify for employment in the field of environmental restoration and waste management in DoD. Program details are being developed.

Grants to Colleges for Training in Environmental Restoration

The FY93 legislation authorizes DoD to establish a program to assist institutions of higher education to provide education and training in environmental restoration and hazardous waste management techniques applicable to DoD and Doe facilities. Program details are being developed.

Job Training and Employment Services

This initiative will establish a $75 million program to provide job training to separating military personnel, DoD civilians, and private sector defense workers. The program will be carried out by the Department of Labor.

Job Bank Program

DoD will expand access to the Interstate Job Bank, a Department of Labor-administered list of job openings. In addition, DoD will improve integration of existing databases of jobs and resumes to improve job search services for separating military and civilian personnel.

Military Personnel Occupational Conversion and Training

This $75 million program will provide employer-sponsored, DoD-approved job training for veterans. Employers who participate in the program would agree to hire individuals following on-the-job training. DoD will work closely with the Departments of Veterans Affairs and Labor in implementing this initiative.

Transition Assistance/Relocation Assistance Program

Each of the armed services offer transition assistance programs for their separating personnel. These programs provide services such as pre-separation counseling, employment assistance, and a variety of other services and benefits.

Community Adjustment and Assistance Programs

Office of Economic Adjustment

DoD will increase substantially the activities of its Office of Economic Adjustment (OEA). OEA is responsible for leading DoD's efforts to work with communities severely affected by reductions in defense spending. In particular, OEA will assist each community affected by a base closing develop a plan for economic conversion and revitalization. OEA works closely with other federal, state, and local government organizations to bring the full range of assistance programs to bear on affected communities. OEA grants will help communities develop adjustment plans and states develop assistance and diversification programs.

Philadelphia Naval Shipyard Economic Conversion

The 1993 Appropriation Act stated that $50 million may be available for conversion projects in Philadelphia. DoD is ready to work with Philadelphia to develop effective defense conversion programs using these funds. If the entire sum is not required for these programs, DoD proposes to use the remaining funds to run defense transition demonstration projects.

Community Diversification

DoD will dedicate $80 million to pay for adjustment programs for defense-dependent communities to be carried out by the Economic Development Administration (EDA) of the Department of Commerce. The charter for EDA's Title IX program allows it to provide funds to pay for a variety of services in communities experiencing economic dislocation. EDA grants and revolving loan funds can be used to support business development, technical assistance, public works, or almost any other activity that addresses economic adjustment problems that have been identified in each community's economic adjustment plan. DoD will execute a memorandum of agreement with EDA to transfer the $80 million. EDA will speed up the application process and provide priority attention to applications for these funds, and to reduce sharply its processing time for such applications.

Retired Military and Reserve Support of Community and Educational Programs

The Department of Defense will expand its support of a variety of programs that allow retiring and reserve personnel to address unmet needs in the nation's schools and communities. In particular, programs that foster youth development -- such as the National Guard Civilian Youth Opportunity Pilot Program and Junior ROTC Career Academies For At-Risk Youth -- can put to good use the mentoring skills of retiring defense personnel.

Defense Reinvestment Technology Programs

Dual-Use Critical Technology Partnerships

This program will support partnerships aimed at developing technologies that have both military and commercial applications. Industry will take the lead in submitting proposals, and may include federal laboratories, universities, and other entities.

Commercial-Military Integration Partnerships

This program will support partnerships aimed at developing and maturing dual-use technologies with clear commercial viability. Industry again takes the lead in submitting proposals, with other research institutions involved as industry deems appropriate.

Agile Manufacturing/Enterprise Integration Program

This program is designed to capitalize on the emerging shift from mass production to flexible or "agile" manufacturing. Agile manufacturing allows independently-owned companies to form instantaneous partnerships with firms that have complementary capabilities in order to exploit market opportunities. These partnerships -- called "virtual enterprises" or "virtual corporations" -- will leverage our nation's strengths in information technology. Agile manufacturing capabilities are required in both the commercial and military sectors and are key to reconstituting military capabilities in any future national emergency. Industry will take the lead in submitting proposals in partnership with universities and other appropriate institutions.

Advanced Materials Synthesis and Processing Partnerships

This program will support partnerships aimed at improving industry's ability to take new materials from the laboratory to commercial production. Industry takes the lead in submitting proposals with other institutions involved as appropriate.

Advanced Manufacturing Technology Partnerships

This program will fund partnerships aimed at developing new manufacturing technologies with dual-use applications with particular emphasis on significantly reducing health, safety, and environmental hazards associated with existing manufacturing processes. Industry will take the lead in submitting proposals with other institutions involved as appropriate.

Manufacturing Engineering Education Grant Program

This program will support manufacturing engineering education programs at colleges, universities and other institutions of higher education, on a matching basis. Educational institutions will submit proposals in partnership with industry and other institutions as appropriate.

Manufacturing Experts in the Classroom Program

This program will support teaching, curriculum development and other activities of manufacturing experts with practical experience at institutions of higher education. Educational institutions will submit proposals in partnership with industry or labor organizations and other institutions as appropriate.

US Japan Management Training Program

This program provides training for US scientists, engineers, and managers in Japanese technology management, language, and culture, and provides research opportunities in Japan to: 1) increase understanding of Japanese industry and technology management methods, 2) provide US scientists, engineers, managers, and students an understanding of Japanese business and social culture, and 3) provide opportunities for direct involvement in research, engineering and management activities.

Manufacturing/Technology Extension Programs

Manufacturing Extension Program: this program will assist small manufacturing (with up to 500 employees) in upgrading their capabilities to serve commercial and defense needs. Modelled after the agricultural extension program, this program will fund on a matching basis the efforts of state and local governments to deliver services to small manufacturers. State and local governments will submit proposals under this program in partnership with other institutions as appropriate.

Dual-Use Extension Assistance Program: this program will assist businesses economically dependent on Department of Defense expenditures to acquire dual-use capabilities through a variety of mechanisms. The program will involve state and local governments, the private sector, nonprofit organizations and other federal agencies.

Electronics and Materials Initiatives

These initiatives support industry research to develop dual-use technologies in: higher definition systems, optoelectronics, metal matrix and ceramics, multichip modules, multichip integration, advanced lithography, diamond substrates, multichip modules/high temperature superconductivity, battery technology, and composite materials manufacturing.

For information on the above programs, call 1-800-DUAL-USE.

New Civilian Technology Investments

R&D partnerships between industry and the National Labs: This initiative provides $235 million in FY93 to encourage partnerships between industry and the Department of Energy's defense and civilian labs. These labs are home to more than 59,000 scientists, engineers and technicians who perform over $6.6 billion worth of R&D each year. With the end of the Cold War, the mission of the National Labs should expand to include partnering with industry in areas such as renewable energy, microelectronics and photonics, environmentally-conscious manufacturing, and high-performance computing. Using Cooperative Research and Development Agreements (CRADAs) and other mechanisms, the labs can increase the share of their resources devoted to industry-driven, cost-shared partnerships.

Advanced Technology Program: The Commerce Department's Advanced Technology Program, managed by the National Institute of Standards and Technology, provides matching grants for industry-led R&D projects, which are proposed by single companies or joint ventures. The Advanced Technology Program has provided funding for projects in machine tools, advanced automotive manufacturing, recycling of plastics, and flat panel display manufacturing. ATP can help defense contractors make the transition to the civilian sector. One defense contractor commented that "I've got a better perspective of the way commercial businesses operate than I did prior to our collaboration with... [joint ventures partners]... on the ATP."

Information Superhighways: Although the private sector will take the lead in deploying an advanced communications network, government can act as a catalyst by helping non-profit institutions such as schools link up to national networks. With the right investments, students will be able to tap into on-line electronic libraries, conduct scientific experiments using equipment anywhere in the country, and collaborate with other students on a wide variety of learning projects. In FY93, the National Telecommunications and Information Administration will have $64 million to promote networking pilot projects.

1.37

LONG VERSION -- FINAL

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AIRPORT COUNCIL INT'L & AMERICAN ASS'N OF AIRPORT EXECUTIVES
MARCH 23, 1993
WASHINGTON, D.C.

I. INTRODUCTION/ACKNOWLEDGEMENTS

A. Thank ACI Chairman George Doughty for introduction.

B. Acknowledge:

1) George Howard, ACI President.

2) Charles (Chip) Barclay, AAAE President.

3) Ralph Tonseth, AAAE Chairman.

C. As Mayor of Denver, I gained a good understanding of your tremendous responsibility as airport executives. I also learned the value of airports as magnets for economic growth. And I certainly admire the job you do.

D. Theme is President Clinton and I are ready to work in partnership with you to see that airports get the resources they need to move both the U.S. aviation system and our economy into the 21st Century. We recognize that airports are a key to whether our economy is strong and competitive in a global economy.

1) For major U.S. cities, the airport is the economic hub,

2) For smaller cities and rural areas, convenient, affordable air service is their economic lifeline.

3) Like all parts of our transportation system, airports can make or break the quality of life.

4) We knew this is Denver and that's why we built our new airport.

II. ECONOMIC STATE OF AVIATION INDUSTRY

A. A major concern in everyone's mind today is the economic state of the aviation industry. You already know the facts because you have to live with them everyday:

- $8B loss = 3 yrs
- 1/5 industry in bankruptcy
- Boeing = 28,000 jobs

B. Even though you don't run airlines, I know your operations and the future of your airports are closely tied to the level and quality of air service.

C. So I'm going to talk first about things we're doing to help the aviation industry; then I'll focus more on what I know is a top priority of yours and that is infrastructure investment. And the role of airports in our transportation system.

III. SOLUTIONS TO AIRLINES' PROBLEMS

A. Band-aid solutions won't work. Must have major reforms -- both within the aviation industry and throughout the broader economy.

B. The Airline Commission will take a fresh look at the problems and provide some of the answers. As you know, legislation calling for a 15-member National Commission to Ensure a Strong Competitive Airline Industry has passed the House and Senate.

1) Broad scope of issues to be considered -- ranging from bankruptcy laws to foreign investment, foreign competition, aircraft industry management.
2) Will make recommendations within 90 days.
3) Important that this be a top priority, quick turnaround review -- not a study that sits on a shelf and gathers dust.
4) We are now in the process of reviewing candidates for the Airline Commission. As currently envisioned the House will name 5; the Senate, 5; and the President,
5. Let measure you that we know how important it is that your concerns and issues of specific interest to airports be fully considered.

C. I also have made it clear that I intend to be a vigorous advocate of our domestic carriers in the international arena. One of my priorities is to ensure that U.S. airlines are able to compete on a level playing field.

1) Northwest complaint against Australia.
2) United complaint against Japan.

D. The BA-USAir deal involved more than the issue of a level playing field, but that was part of the question. BA-USAir was a very complicated situation and no decision was going to make everybody happy.

1) So what we've done is taken steps consistent with our obligations under existing U.S. law. We have agreed to allow BA and USAir to go forward with codesharing and wetleasing, but also put a one-year time frame on that approval.

   a) The code-sharing provisions will give cities in which many of you work better links to international destinations.

2) In the meantime, we will be looking to come to a new agreement with the British government that will give domestic carriers a more level playing field.

3) Just as critical, USAir will still be operating and this is very important to the 46,000 employees, communities and customers served by the airline.

4) I said at my confirmation hearings, and I feel very strongly about this, it is important to have more than 3 viable domestic airlines -- important to the airlines, important to the employees and communities served, and vital to the economy. This requires us to be pro-active.

D. Now, let's look at issues of specific interest to airports.

IV. WHAT ELSE MUST WE DO?

A. Airport capacity is a major national economic problem, not only for the airlines, the airports, and passengers but for the economy in general.

1) We must work together to eliminate airport capacity problems -- that means investing in existing infrastructure to use it to its maximum advantage, and investing in new capacity where needed and practical.

2) In Denver, one of the reasons we built an international airport, is because the airlines were experiencing annual flight delay costs of $120M.

3) Nationwide, in 1991, 1.5M hours of delays cost the airlines $2.5B in added operating costs alone.

4) In 1990, 23 airports each exceeded 20,000 hours of airline flight delays. Assuming no improvements in airport capacity are made, 40 airports are forecast to see this much delay by the year 2000.

B. I am aware that the financial problems of the airlines have not lessened the stress on airport terminal facilities. In fact, while the airlines are losing money, the actual number of passengers flying has increased.

1) U.S. scheduled air carriers enplaned more passengers in '92 than in '90.

   a) 471M enplanements in '92; 465M in '90.

   b) 738M enplanements projected in 2004.

2) This means your job of operating a facility, providing security, service and quality of life for travelers has increased. And will increase into the 21st Century.

IV. INVESTMENT IN THE FUTURE

A. President Clinton said during the campaign that the first thing we have to do is reinvigorate our economy. One of the best ways to do that is to invest in infrastructure. One important infrastructure investment is our airports and we're already beginning to take steps to do that.

B. The Administration's 3-part program passed the House pretty much intact last Friday.

1) First, we are dead serious about deficit reduction; taking a serious look at where cuts can be made; DOT doing its part, 2,800 FTE; $9M. We ought to trim before we ask people to sacrifice.

2) The second part of the President's plan is a $30B short term investment to jump start the job generating machine; includes $4B for transportation infrastructure, will create 70,000 jobs in transportation by the end of next year alone.

a) Needed because even though the economy seems to be recovering, it is a jobless recovery. We haven't even felt the impact of recently announced layoffs.

b) Short term investment plan includes $250M for airports, bringing total Airport Improvement Program funding to $2.05B in '93.

c) The FAA used the airports' 5-year development plans to begin an assessment of where to put the $250M.

d) Is compiling a list of potential projects which range from runway extensions to sound-proofing schools and homes for noise abatement and installing runway and taxiway lights for safety.

e) Criteria used:

- Eligible for AIP discretionary funds normally.
- All preliminary work must be completed (such as environmental studies, planning and specifications, estimates).
- Projects must be ready for contract now.
- Construction or manufacturing jobs created.

f) We expect the projects to be deliberately spread out across the country to airports of all sizes. This way we are not looking at tying up the money in one place but rather to making improvements and creating jobs all across the country.

g) We want to continue work with you ahead of time to make sure all the paperwork is in order so that once the funding is approved, we can get it to you quickly.

3) The third part of the President's Economic Plan calls for long term infrastructure investments which are the lynchpin of economic growth; including an additional $12B over 4 years in transportation.

D. But your most important funding source, the airport grant program expires this year (September 30). I want you to know that I am absolutely committed to ensuring that there is no interruption in AIP funding. It is critical that you have this stable and steady funding source.

1) However, as I said earlier, the Airline Commission will look at a broad range of issues and mold an overall aviation policy that looks to the future.
2) We want to be sure that AIP Reauthorization reflects the Commission's findings.
3) Therefore, I will shortly be sending up legislation to extend the AIP program through FY 1994 at its current funding level to ensure that the stability of your program is maintained. I will urge Congress to act before September 30. I look forward to working with you on this important effort.

4) Then as soon as we have the Commission's report we can work together on a long-range, strategic plan that will be incorporated in to a multi-year AIP Reauthorization .

E. I know that PFCs are an important funding mechanism for you. PFCs are your stable funding source at the local level.

1) You have moved aggressively to apply for PFCs.

2) As of March 18, FAA had approved 85 applications, having total approved collections of nearly $6B. Only one application was disapproved.

3) I support strategic use of PFCs as a reliable revenue stream; and, of course, the PFC is playing an important role in development of the Denver airport, so I have first hand experience.

V. Role of Airports: Meeting needs of modern economy.

A. Finally, as you can see this Administration is thinking in a pro-active, futuristic way to meet the needs of the 21st Century. On this, I ask your support. We need your expertise. We need you to employ pro-active, futuristic, creative thinking in two specific areas.

1) Intermodalism. We must think on a broader scale. We can no longer think of moving airplanes, trains or motor vehicles. If we are to meet the demands of the future we must think of systems that work to together to move people and cargo.

a) DOT is developing a national rail policy and will

invest in railroads. We need you to think about how your airports can complement these new rail lines we need you to not see other modes -- particularly rail -- as a threat.

b) You have shown your ability to think intermodally. For example, the Miami International Airport is a leader in development of a $1.4B terminal intermodal terminal that has brought together every modal administration in the Department of Transportation. The terminal is in the initial planning stages and its funding will be primarily by highways-transit-railroads. But we've had maritime, the Coast Guard and the FAA involved. It will be a prototype for the future, but let this be just one example of the kinds of things we have to come up with.

2) Second, research and technology are a part of thinking futuristically and creatively. We must use technology to develop the kinds of systems that will carry our economy safely and efficiently into the 21st Century. That's why the Clinton Administration supports a strong research and development that will produce such programs as:

a) Airborne data links or digital communications which essentially go from human voice communications to E mail. The FAA is currently putting about $30M a year into research and development of this technology that will cut the air traffic controller workload and increase safety and productivity.

b) Satellite programs -- using the Global Positioning

System (GPS) will eventually replace ground navigation aides. This should improve airport efficiency and productivity.

c) Terminal automation programs will use computers to put the airplanes exactly five miles apart on the theory that better management of airplanes in the terminal can improve airport capacity. We are spending 12-15M a year in research on this project. In Denver, we are doing rapid prototyping, putting the technology into the field and letting the air traffic controllers help design and develop it as it is actually in use -- parallel with other systems, of course.

3) Efficiency and productivity in the 21st century is why we are promoting intermodalism, and technology. It's also why we are going to get the Advanced Automation System (AAS) back on track.

a) I am making an intensive effort to get the AAS back on track to meet our operational targets.

b) The AAS is 14 months behind schedule, on top of a 19-month delay announced a couple of years ago.

c) Nobody should be pointing a finger of blame, but instead focus on fixing the problem.

d) And I am determined to get the project moving because of the productivity and safety benefits.

VI. CONCLUSION

A. The economic strength of the entire aviation industry and in fact, the U.S. ability to be competitive in world markets depends upon the people in this room. Without adequate, well managed, airport facilities our economy cannot move forward.

B. You are doing an outstanding job under difficult circumstances, dealing with a changing industry and a changing economy.

C. You now have an activist President, who is not going to sit idly by and hope things get better. We are ready to work with you for creative solutions to problems of today and for the future. So today, I'm extending the hand of partnership to you. Let's work together.

###

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
MEXICAN AMERICAN LEGAL DEFENSE AND EDUCATIONAL FUND
MARCH 31, 1993
SAN FRANCISCO, CALIFORNIA

(Thank you Antonia Hernandez, President and General Counsel; recognize dinner chair Guy Rounsaville, Executive VP & General Counsel, Wells Fargo Bank)

When MALDEF was formed twenty three years ago, it had a very big mission: to improve the lives of this country's Hispanic citizens and remove the barriers to opportunity they faced. MALDEF would do its work through education, and through the courts and legislatures of this land. These goals, these values and this commitment led me, as a young attorney, to work for MALDEF. Tonight, I am proud to be back with you as part of a national Administration that shares

your commitment to fundamental change and wants to work with you to make these goals a reality.

Last November, this country voted for change. Americans were tired of a government that for too long had failed to meet their needs and -- even worse -- seemed not to even understand their problems. This was especially true in California. Once a leader in our national prosperity, California had become a different kind of leader: the frontrunner in our national economic decline. The country's second highest unemployment rate. Hispanic joblessness even higher at double digit rates. Major economic sectors like high tech and aerospace that had once been international leaders laying off tens of thousands of workers. And of course a Bay Area hit even harder by fire and earthquake.

Californians were scared. But they put their faith in Bill Clinton and his promise to reinvent government, to again connect government to the needs of its people, and to invest in the American people again. The country's Hispanic community -- even more alienated from their government than other groups-- joined to elect Bill Clinton President. Across the country, Hispanic voters turned out at record levels, levels twice as high as in 1988. Here in California, Hispanic voter turnout was an unprecedented 55 percent. In my home state of Colorado, Hispanic voters helped win the state for a Democratic presidential candidate for the first time in many years. More than any other group, Hispanics told the pollsters that they had confidence in Bill Clinton's ability to change the

direction of this country. President Clinton will not let them down.

During the campaign, President Clinton began a dialogue with American people from all walks of life. Today, that dialogue continues as he and the cabinet criss-cross the country listening to people, learning about their needs and discovering how government can work better for them. In the past six weeks, I've been to Colorado, to Kentucky, to Illinois. While I'm here in California, I'll be meeting with community people here in San Francisco, in Los Angeles and San Jose and finishing up my trip in Sacramento. It is all part of reconnecting government with its people, and it's a process that will continue over the next four years.

One of the best steps we can take to reconnect government with its people is to make sure government reflects America's diversity. The more we have people within government who represent the broad spectrum of America, the more the government's policies, priorities and programs will serve the broad spectrum of America.

President Clinton pledged to select a cabinet that looks like America, and he has. We have the most diverse cabinet is history. Of the 15 cabinet members, four are African American; five are women; and two are Hispanic. And for the first time, minorities and women have not been relegated in traditional roles. We have an African American Secretary of Agriculture,

a female Attorney General, and, of course, an Hispanic Secretary of Transportation.

This commitment to diversity continues in our sub-cabinet appointments, and our goal is to have Hispanics represented at the senior level in every Department. Already, we've appointed Hispanics as Assistant Secretarys at Veterans, at Education and at Health and Human Services. Just last week, President Clinton announced that he would nominate San Francisco Port Director Michael Huerta as my Associate Deputy Secretary and Director of our Office of Intermodalism. Katherine Archuleta, who was with me in Denver and serves on your board of directors, is now a senior member of my staff at DOT. Michael and Katherine are perfect examples of the top notch

Hispanic candidates who are joining the Clinton team. I know that MALDEF has been instrumental in identifying qualified candidates for the Administration, and I hope you'll continue to help us in this area.

Within the Department of Transportation, it's clear we need to do more to foster diversity. Eighteen percent of DOT employees are minorities, and only four percent are Hispanic. Not only is that not enough, but most of these employees are in low level positions. We need to do a better job of attracting, retaining and promoting minority employees, and to do that we are looking at high school apprenticeship programs; at mid-level career development programs to break the glass ceiling and help prepare minority employees for senior level positions; and at a new program to recruit

Hispanics and other minorities directly into middle management positions. We are working with the Hispanic Association of Colleges and Universities to produce more graduates with transportation related skills and with the National Association of Hispanic Federal Executives to attract qualified candidates.

Finally, beyond hiring at DOT, the Department needs to find better ways to reach out to Hispanic and other disadvantaged businesses and make sure they are fully aware of opportunities to participate in DOT programs.

Now, let me turn to what this Administration is doing to make good on its promise to California and the rest of the nation. For the first time in many years, America has a national administration that believes that government must take an active role in creating

economic opportunity. That means not just fostering job creation, but also focusing on the kind of support people need to prepare them for jobs: things like education and skills training, and even affordable health care and a decent place to live. A little more than two months into his Administration, President Clinton has laid out a bold, comprehensive plan to not only get our economy headed in the right direction, but to make us world leaders again. And, because the President understands that the United States will never recover economically unless California recovers economically, his plan is specifically targeted to California's needs. It includes an overall investment and deficit reduction strategy; a high technology competitiveness strategy; and a comprehensive defense conversion strategy. The

Department of Transportation will play a key role in each.

The first part of the President's economic plan is an immediate $30 billion investment specifically designed to create jobs. Unlike past recoveries, this recovery is not yet creating jobs, and we've yet to even feel the impact of recent layoff announcements. Under the President's plan, we'll provide unemployment insurance for those who need it; $2.5 billion in additional Community Development Block Grant funding; $1 billion to create 700,000 summer jobs for kids; and $300 million to immunize the nation's children. There's $4 billion in additional transportation investment: in highways, transit,

airports, and Amtrak -- investment that will create 70,000 jobs by the end of next year alone.

For California, this short term investment means an additional $260 million for highway projects and $69 million for transit. $18 million of this transit funding is targeted to San Francisco. The way the package is designed, this funding will be spent quickly on projects that are ready to go and ready to create jobs immediately for a California construction industry that's lost nearly a third of its jobs in just three years. We will be working closely with the nation's Mayors to make sure all of this funding is equitably distributed and benefits a wide array of communities and constituencies.

The second piece of the President's plan is a comprehensive, long-term strategy to invest in areas that are starved for resources and are critical to economic recovery. His initiative is divided into five key areas. By fostering Lifelong Learning, we'll make sure that every American has the skills training and educational opportunity to prepare for a good job. Part of this important initiative is full funding for Head Start and for the WIC program. Next, we'll Reward Work. People who lose their jobs will have the unemployment insurance they need, and we'll increase the Earned Income Tax Credit, because no one who works full-time should have a family living in poverty. Third, we'll improve health care services with things like additional funding for AIDS programs and for drug treatment and

prevention. Fourth, we'll invest $24 billion over the next four years in Private Sector Initiatives to create jobs, develop new technologies and improve productivity. Finally, we'll Rebuild America with an additional $12 billion for infrastructure investment. I know that here in San Franciso, you still have a lot of earthquake rebuilding to do and that a lot of those projects have taken longer than any of us would have liked. I have asked Rodney Slater, who I hope will soon be confirmed as my new Federal Highway Administrator, to make these projects one of his top priorities and to get them moving as quickly as possible.

The third major piece of the President's comprehensive economic plan is the most serious deficit reduction effort in history. A key part of his strategy is trimming government before we ask others to contribute. At DOT alone, four years from now we'll have the equivalent of 2800 fewer employees, and administrative costs will be $150 million less.

In addition to his overall economic plan for the nation, the President has announced two other initiatives that are key to California and the Bay Area: comprehensive strategies for defense conversion and to revive the high technology sector.

We all know that the Bay Area would be hit hard by the recently recommended base closings, with 5 closures slated and over 30,000 jobs at stake. The Clinton Administration will not let the Bay Area go through this alone. We have a $1.7 billion assistance effort for FY93 that includes $375 million in worker training and transition assistance; investment in the communities that are hardest hit; and promoting the conversion of military technologies to civilian use. The Department of Transportation will play a key role in supporting this technology conversion. When the President unveiled his plan several weeks ago, he did it at a Westinghouse plant where they are using military technology to develop a new product to cut down on aircraft windshear, and for a new battery designed to

power the electric cars of the future. Here in California, you have two of the most innovative examples of this kind of conversion: the Calstart electric vehicle development initiative and Project California, a comprehensive effort to make California the world leader in advanced transportation systems by the Year 2000. As Secretary of Transportation, I'm committed to supporting projects like these and to making sure DOT puts new emphasis on transportation r&d. Similarly, DOT will also play a critical role in the President's plan to revive our high technology sector, with support for IVHS projects -- many of which are right here in the Bay Area -- and support for development of mag lev and new high speed rail technologies.

Also critical to the California economy, we have already begun the complex task of reviving the nation's aviation industry, including the critical aircraft manufacturing sector. The Congress recently passed legislation creating the new National Commission to Ensure a Strong Competitive Airline Industry. This 15 member body, which includes the country's best experts, has 90 days to issue a specific action plan to rejuvenate an industry in which thousands of local workers have lost their jobs.

These then are the steps the President and our Administration have taken to make good on our promise to the American people. As you can see, new transportation initiatives and infrastructure investment will play a key role. Why is transportation so

important? While it's easy to look at transportation as just so much steel and asphalt, so many buses and trains, as Secretary I feel strongly that the work we do is about something very different. Every time we invest in transportation, it means that a mother has an easier time getting her son to day care; that an inner city 18 year old can get to college; that a construction worker can provide for his family; or even that a grandmother can afford the plane fare to visit her granddaughter. That's why we care so much about a transportation system that's safe and efficient; that's good for our environment; that works together as an integrated whole and takes full advantage of technological advances. And, most important, that supports this nation's economy.

California has the most complex transportation challenges of any state in the country, and you in California and in the Bay Area will be the leaders in this new transportation agenda. In many ways, you already are. That's why Michael Huerta is our new head of intermodalism; why you're leading the nation in IVHS development and transportation applications of military technology; why you've done the most to integrate transportation planning with environmental concerns. Californians are on the cutting edge of many of the transportation innovations I'd most like to advance as Secretary, and as Secretary, I look forward to working with you on them.

Let me end by again giving my sincerest congratulations to MALDEF for what has not only been an obviously successful annual dinner, but more important, for the very critical work you are doing to bring Hispanic people in this country into the economic mainstream. I hope that tonight I have convinced you how sincere President Clinton and our Administration are in our commitment to the goals we share with you. We are going to be doing a lot of new and exciting things over the next four years, and we need your help to make them work. I urge you to learn about what we're doing, stay involved, and work closely with us to make sure what we do for the country benefits the Hispanic community. I urge you to stay very active in your state government, your local government and your

local business community. And most of all, I urge you to keep working as hard as you have for the past 23 years as our partners in fundamental change. This is a once in a generation opportunity: let's take advantage of it.

Thank you.

SHORT VERSION: MALDEF

o Thank you: Antonia Hernandez, President
Recognize: Guy Rounsaville, Dinner Chair

I. INTRO

A. MALDEF : 23 years old

- change lives, remove economic barriers
- FP's first job
- Clinton Admin shares goals
- partnership

B. America voted for change

- gov't didn't understand needs; ignored problems

C. Californians were scared

- once a leader in prosperity, now a different kind of leader: frontrunner in national economic decline

- 2nd highest unemployment rate; Hispanic = double digits

- high tech; aviation layoffs

- Bay Area: fired, earthquake

D. Californians & Hispanics put faith in Clinton to reinvent gov't; make it work for people; invest in people

- Hispanic turnout 2x as high as '88;
- 55% in California
- helped win Colorado
- polls: most faith in Clinton's ability to change country

E. Campaign: began a dialogue that continues

- President's, cabinet trips to listen & learn
- FP trips: Denver, Chicago, Kentucky
- This trip: SF, LA, San Jose, Sacramento

II. IF GOV'T IS TO SERVE ALL PEOPLE, IT MUST REFLECT ALL PEOPLE

A. Diversity in gov't isn't just a matter of fairness; it's a matter of understanding people's needs so they can be met.

B. Cabinet: most diverse in history

- 15 members
- 4 African American
- 5 women
- 2 Hispanic
- non-traditional roles: Justice, Ag, DOT

C. Goal: Hispanics in senior level in ea. Dept.

- So far, for example: Hispanic Asst. Sec'ys at Veterans, Education, HHS
- Michael Huerta; Katherine Archuleta
- MALDEF: help identify candidates

D. DOT isn't doing enough

- 18% minority employees, incl. 4% Hispanic
- most in low level positions

E. DOT looking at:

- high school apprenticeships
- mid-level career preparedness programs
- direct recruiting into middle management
- working with HACU; Nat'l Assn. of Hispanic Federal Execs.
- better ways to work w/ Hispanic businesses

III. THE CLINTON ADMINISTRATION IS TAKING AN ACTIVIST ROLE IN CREATING ECONOMIC OPPORTUNITY

A. gov't must take active role

- job creation and supports: educ.; health care; housing; training

B. comprehensive plan:

- investment & deficit reduction
- defense conversion
- high tech revitalization

C. Short term investment

- create jobs; recovery isn't yet
- 30b
  unemployment insurance
  CDBG: 2.5b
  1b=700,000 summer jobs
  300m: immunize kids
- 4b for transportation
  CA= 260m highways
  = 69m transit, incl 18m for SF
  CA construction industry: almost 1/3 jobs lost in 3 yrs.
- work w/Mayors to distribute $ fairly

D. Long Term Investment

- invest in areas starved for resources, critical to recovery
- Lifelong Learning: training, Head Start, WIC
- Rewarding Work: unemployment; Earned Income Tax Credit
- Health Care: AIDS, veterans, drug treatment & prevention
- Private Sector Initiatives: new technologies; productivity
- Rebuild America: $12b for transportation
  (Slater: ask him to make earthquake rebuild a priority)

E. Deficit Reduction

- most serious effort in history
- to free up resources for investment
- DOT: 2800 employees; $150m

F. Defense Conversion & High Tech

- Bay Area: 5 bases; over 30,000 jobs
- $1.7b in assistance for FY93
- Includes: worker training; community investment; technology conversion
- DOT will support tech conversion to transportation:

  Westinghouse - windshear; electric car battery
  California- Calstart electric car project, Project California
  IVHS
  mag lev, high speed rail

G. Aviation Industry

- Reviving industry = top priority
- Commission: 90 days; action plan

IV. TRANSPORTATION = QUALITY OF LIFE ESPECIALLY IN CALIFORNIA

A. As part of reconnecting gov't with people, important to understand that transportation is more than steel, asphalt. Investment:

- helps: a mom get her kid to day care
- an inner city 18 yr. old get to college
- a construction worker support his family
- a grandmother afford plane fare to visit grandkids

B. To realize human benefits, broad DOT goals are system that's:

- safe, efficient
- environmentally sound
- well integrated
- technologically advanced
- supports economic growth

C. California has toughest transportation challenges; will lead new agenda. Already:

- Michael Huerta
- IVHS and conversion leader
- integration of transportation planning, environmental issues

V. CLOSE

- You should take great pride in your work.

- We share your goals and want to work with you.

- We need you to stay involved; understand what we're doing.

- Need you to work with local officials, business community so programs will benefit Hispanics.

- Let's take advantage of opportunity.