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Transportation Trends

SECRETARY OF TRANSPORTATION
FEDERICO PEÑA

STATEMENT ON
ALCOHOL AND DRUG RULES

WASHINGTON, D.C.
FEBRUARY 3, 1994

Today, in announcing new drug and alcohol testing rules for America's transportation industries, we are acting on one of my highest priorities: the safety of the American travelling public.

This Secretary and this Department of Transportation are deeply committed to reducing the safety risks to the American people from drug and alcohol abuse in all forms of transportation.

That is why we are today announcing a detailed new program to cover alcohol misuse in our transportation industries and we are also extending our current drug testing requirements to cover intrastate trucking, motor coach operations and mass transit. Taken together, these new rules will cover 7.4 million people -- up from 3.6 million covered today by drug testing rules.

The approach we are taking will, I believe, prove an effective one in reducing alcohol and drug-related safety hazards. We have devised a series of carefully-considered strategic measures -- as regards required testing and consequences for violations -- that are based on years of experience and consultation with industry and employees.

Tough as these new rules are, we have also built into them clear, common-sense incentives for both individual employees and transportation industries to take responsibility for achieving our common goal: dramatically reducing alcohol and drug-related safety risks. Those who do poorly will face more stringent requirements. Those who do well, will be rewarded.

Before I outline the specifics of our new alcohol and drug testing requirements, let me briefly recount for you what has brought us here today. We know that alcohol and drug abuse are major problems in our country.

Just this week, the Secretary of Health and Human Services reported that drug abuse is rising again among our youth.

- more -

U.S. Department of Transportation
Office of the Secretary, Public Affairs
(202) 366-4570

The National Institute on Drug Abuse has estimated that drug abuse costs American society over $60 billion a year in health care costs, drug treatment and lost productivity. The National Institute on Alcohol Abuse and Alcoholism has estimated that the cost of alcohol abuse is almost double that: $117 billion.

These dollar numbers are significant, but the human cost is enormous. We are speaking of precious lives lost. Let us remember the five people killed and 171 injured in a 1991 New York subway crash where the driver had an unimaginably high .21 blood alcohol level. We recall the 16 passengers killed and 174 injured in the tragic Chase, Maryland rail crash where members of the crew smoked marijuana right before the accident. Think of the 13,000 crashes every year that involve truck drivers who have been drinking, and the thousands of injuries, millions in damage, and hundreds of needless deaths these crashes cause.

These tragedies are what bring us here today. We are also here because of the leadership of the Congress -- especially Senators Hollings and Danforth.

In 1991, in the wake of the New York subway crash, the Congress recognized this public safety problem and passed legislation requiring DOT to issue drug and alcohol testing regulations for certain transportation industries.

Today, we are fulfilling that mandate, and it's only proper that I give Congress credit. I also want to thank citizens like Roger Horn and Arthur Johnson of Safe Travel America and many others who have demonstrated time and again that the voice of our citizens can make a difference.

Let me also, before I outline the specifics of these new rules, credit all those from the transportation industries; the unions; safety groups; and many others who have spent countless hours providing thoughtful, helpful comments on our proposals.

These rules are comprehensive and in many instances they are unavoidably complex. For many questions we faced, there are no easy answers.

But while there may be disagreement on the "means", those of us who have been involved in this process have never disagreed on the "end": protecting the safety of the travelling public.

Our transportation system is the safest in the world. But every person who makes our system run, especially those of us who are charged with overseeing it, have a special responsibility, a unique trust, to the millions of lives we safeguard every day.

The American people place their trust in our transportation systems every day. We owe them our committment to provide for their safe passage.

Today we are making that committment to the American people.

We will do everything we can to ensure that when your child boards a school

bus, the driver has not been drinking. We are working to ensure that when you board the subway, or a plane, a train, or a bus -- those responsible for your safety will have strong incentives to be sober and fit for duty. Even when you drive your own car, we are working to make you as safe as possible from the risks posed by drug and alcohol abuse by others.

The drug and alcohol regulations we are announcing today build on the transportation industry's track record with drug testing over the past three years.

In many ways, they improve on our existing regulations to detect and deter drug abuse among transportation employees.

Our approach rests on four fundamental tenets. First and foremost, protecting the safety of the travelling public. Second, deterring the misuse of alcohol by transportation industry employees. Third, addressing the financial and administrative burden on industry -- in ways consistent with our first two goals. And fourth, equally important, respecting the rights and privacy of employees.

These regulations do differ among modes, but in general, we are requiring each industry to educate its employees about the misuse of drugs and alcohol and the consequences of drinking or using drugs on the job. We require rigorous and thorough testing procedures. We encourage employee rehabilitation and counseling programs. And we will impose sanctions both on individual employees and on industries themselves for failure to comply with these rules.

These rules will take effect for larger employers on January 1, 1995. For smaller employers they will take effect on January 1, 1996.

WHO WILL BE COVERED?

(Slide #1) The testing rules we announce today will apply to 7.4 million transportation industry employees. That compares to 3.6 million who are currently covered by our drug testing requirements. These are employees who are in safety sensitive positions. In the aviation industry, that includes pilots, flight attendants and mechanics. The rules cover all holders of commercial drivers licenses, including truck drivers, school bus drivers, and intercity bus drivers. Rail employees covered include engineers, dispatchers; and signal system operators. Transit operators, dispatchers, and mechanics are covered.

And, we are extending our drug testing requirements. Today these rules apply to aviation, rail, maritime, pipeline and interstate motor carriers. We are now extending these rules to cover mass transit employees and intrastate commercial driver's license holders, such as school bus drivers, who were previously exempt.

WHAT IS PROHIBITED?

(Slide #2) What is prohibited is simple. If you are a safety-sensitive employee who either uses alcohol on the job, or who has an alcohol level of .04 or greater while on the job, or who uses alcohol within four hours of going to work

-- eight hours in the case of flight crews -- you will be removed from your position. Immediately.

Also, safety-sensitive employees are barred from using alcohol for up to eight hours after any accident. And an employee who refuses to take any test required by these rules is treated as though he or she had failed that test.

HOW WILL WE DETER AND DETECT ALCOHOL USE?

(Slide #3) To deter alcohol misuse by employees who are in safety-sensitive positions and to ensure that an employee who has been drinking is not allowed to jeopardize public safety, we are instituting a five step strategy to detect and deter alcohol misuse.

All employees who are in safety-sensitive positions are subject to the following five alcohol tests, which are similar to those currently required under DOT's drug regulations. They are:

1) Pre-employment testing before starting any safety-senstitive job.

2) Testing after any crash where alcohol misuse could have been a factor.

3) Random testing at an adjustable, performance-based rate starting at 25% annually.

4) Testing when an employee's supervisor has reason to suspect alcohol misuse.

5) Testing before returning to work and additional testing at least 6 times in the first year after any employee who has misused alcohol and undergone treatment returns to a safety-sensitive position.

All testing will be conducted with a certified breath testing device and by trained technicians. This technology provides the most accurate results. It is widely available. And it provides immediate results, so that any employee who violates the rules can be taken off a safety sensitive job immediately -- or, if he or she passes, can get back to work immediately.

A COMMON SENSE APPROACH TO RANDOM TESTING

(Slide #4) One of the toughest issues we had to address in finalizing these rules was setting the appropriate level of random testing. After input from hundreds of transportation industry managers and employees; alcohol abuse and safety experts; and many others, we have set an initial level of 25% annual alcohol testing.

This means that on January 1, 1995, alcohol testing rates will begin at 25% for all transportation industries. However, if in any given year, the positive random alcohol testing rate for an affected industry is 1% or higher, the industry must double its testing rate to 50% to increase deterrence and detection.

Conversely, any industry with positive alcohol test rates of less than .05% for two consecutive years can reduce its overall random testing rate for employees to 10%.

The 25% testing rate was chosen on the basis of

our experience with random drug testing over the years. It also takes into account the differences between alcohol and drugs. As a society we are much more familiar with the affects of alcohol. As a general rule, most employers can more easily detect -- and take action on -- a worker who's been drinking than a worker who has been taking drugs.
Indeed, many companies already have alcohol abuse programs in place.

(Slide #5) As respects drugs, today we are issuing a Notice of Proposed Rule Making which proposes a similar performance-based approach for random drug testing. Under this proposal, industries could reduce their current mandatory testing rate from 50% to 25% -- but no

lower -- if their positive rate is less than 1% for two years in a row.

We hope to complete this rule making this year.

Obviously, successful industries whose performance deteriorates will find their mandatory random testing levels raised right back up again.

My message to the 7.4 million transportation employees affected by these rules and to the industries that employ them is very straightforward: those employees and industries who take drug and alcohol abuse seriously and act to eliminate it will be rewarded. Those who fail to do so will be required to step up their efforts.

We believe this is the right approach to ensuring safety and deterring misuse. It also takes into consideration the rights of employees and the burden on industry. We believe this is a clear, common-sense approach to showing that we take employee alcohol misuse very seriously.

And, let me emphasize that random testing is only one of many tools -- or deterrent strategies. Taken together, this program of testing and deterrence will ensure steady progress toward an alcohol and drug-free national transportation system.

WHAT HAPPENS IF THE RULES ARE BROKEN?

(SLIDE #6) For transportation industries and employees who violate these drug and alcohol misuse rules, there are serious consequences.

First, any employee who violates the rules, including, but not limited to failing a test:

- will be immediately barred from performing any safety sensitive duties.

Second, before returning to safety-sensitive duties the employee:

- must be evaluated by a substance abuse specialist

- must undergo any recommended treatment or rehabilitation consistent with individual employers' programs and policies

- must be re-tested before returning to work

Third, after returning to work, the employee:

- must be re-tested at least six times in the year

after he or she goes back to work

We expect these strategies and tests to be a powerful deterrent to drinking or drug use on the job.

Let me close by again thanking everyone who has worked so hard with us on these rules--both within and outside of DOT.

We will continue to work closely with all the affected industries and their representatives throughout the implementation process to provide as much assistance as we can.

As I said earlier, we believe that these rules take an important step forward in improving the already good safety record of our transportation system and in ensuring the safety of the travelling public. They provide an effective deterrent, taking into account the burden on industry, and protecting employee rights and privacy.

Now, I'll take some of your questions on overall policy, but I want to also point out that Neil Eisner and Donna Smith, two of our Department's principal experts on these rules, are here to answer your more technical questions after I've answered the policy questions you have for me.

Before we do that, though, I'd like to introduce two distinguished guests who'll be speaking briefly on these new rules: Arthur W. Johnson, the chairman of Safe Travel America, and Chuck Hurley from the board of directors of Mothers Against Drunk Driving.

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FY 1995 BUDGET PRESS CONFERENCE
SCRIPT FOR SLIDE PRESENTATION

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logo logo **INTRODUCTION**

We have always been a nation in motion. Americans have moved farther, gone faster, and made more progress in our short history than any other country on earth.

Together, the transportation industry represents 17% or about $1 trillion of our Gross Domestic Product and the capital stock of our transportation infrastructure is valued at over $1.4 trillion.

As we approach the next century, our transportation system remains critical to the well-being of this nation.

This budget recognizes the importance of transportation to our economy.

Several months ago, the President sat down with his Cabinet and senior advisors to begin putting this budget together. When I met with him, the President and I talked about the role of transportation investment in our economy.

-- about the nearly 25,000 quality jobs created for every $1 billion investment in transportation infrastructure;

-- about the critical role that transportation plays in local and regional economic development;

-- about the way that the pattern of disinvestment of the last two Administrations has compromised our competitive position in the global economy.

The result is a budget for 1995 that sets unprecedented levels for transportation investment in this country.

This budget is about investment -- in jobs, infrastructure, technology and most importantly in America's competitive future.

<u>The Challenge</u>

We had to provide for DOT's key investment and priorities while meeting budget targets, accommodating deficit reduction. This is the first time Federal Budget capped at zero growth

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1. 2. The Bottom Line

Asking Congress to appropriate $39.7 billion -- almost $1 billion more than FY 1994 enacted levels, 2% increase.

The President made tough choices, and a key priority of his was to invest in transportation infrastructure because it helps grow the economy and creates jobs.

The Process We Followed

I began by asking each Administrator and each Assistant Secretary to do a thorough "bottom-up" review:

- o cut back wherever possible
- o eliminate activities we no longer need to do
- o preserve what is essential to DOT's mission.

Tough budget process has resulted in a number of program cuts and terminations...

- o but it has also preserved a strong and growing budget for infrastructure, R&D and safety which will keep American goods and people moving efficiently, meet environmental concerns, and move our transportation system toward the 21st century

3. [seal] The President's Themes

The President has outlined a number of major themes in the FY 1995 budget:

- o deficit reduction
- o jobs / growing the economy
- o tough choices

DOT's budget especially supports economic growth, and we've done our part in making tough choices.

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4. pic. DOT Strategic Plan

DOT's new Strategic Plan formed the framework for this budget. The budget is designed to implement the seven goals set out in Plan and I will cover them all in the course of this briefing.

(Don't list them -- just point to slide)

GOAL 1: Tie America Together:

The first goal in our plan is to develop an effective **intermodal** transportation system.

This will involve the development of a *National Transportation System (NTS) involving all modes*

- o and it follows the model of the National Highway System (NHS) we recently announced

In this budget we are focussing on three modes that need strengthening to be full players in our emerging intermodal system: the aviation industry, maritime industries and passenger rail service.

5. pic. **For aviation:**

- o a 7 percent increase to $2.2 billion for Facilities and Equipment, including major projects to improve and modernize air traffic control systems, such as:
  - long range radars and landing and navigation aids

- o level funding for Airport Improvement grants at $1.7 billion to address the capacity, efficiency and safety of our aviation system; funds major projects such as:
  - construction and rehabilitation of runways, taxiways, and apron areas

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6. pic. For **maritime**, the Budget includes two initiatives:

- o a $1 billion, 10-year new Maritime Security Program, to help maintain a U.S.-flagged commercial fleet, which will provide subsidies of $2.5 million per vessel and fund about 32 vessels in the first year.

  ... *the first time the President's Budget has incorporated funding for a new maritime assistance program*

- o provides funds to leverage $1.5 billion in loans over two years for shipbuilding and shipyard modernization

Also, $3.6 million for maritime R&D will be focused on:

- o intermodal connections to improve efficiency of cargo movement through ports and

- o environmental protection to reduce ocean pollution.

7. pic. For **passenger rail:**

- o a *15 percent* increase in Amtrak operating and capital assistance, to $788 million

- o continued support for the Northeast Corridor Improvement Program at $200 million, and investing $100 million over two years in a joint venture for New York's Penn Station redevelopment

- o $32.5 million for the Administration's Next Generation High-Speed Rail Program, more about that later.

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8.	pic.	**GOAL 2: Investing in Infrastructure**
8.	9.	**Because investing in infrastructure is one of the President's key themes and priorities, DOT's budget continues to grow in this area... to a level of $28.2 billion in FY 1995.**
8.	10.	**o Not only does infrastructure spending account for the predominant portion of DOT's budget -- fully 71 percent...**
8.	11.	**o ... but you might not realize that DOT's infrastructure budget accounts for over 83 percent of the total Federal budget for infrastructure. Transportation is truly "The Infrastructure of America."**
8.	pic.	**o The President demonstrates his special commitment to our Nation's infrastructure by fully funding key programs at ISTEA Levels**

o There has always been a definitional problem about what is meant by this. We're talking about the primary formula programs of ISTEA that affect every State and transit agency, and are the major areas of local decision making:

- core categorical highway grants at $18.332 billion, up 4% over FY 1994

- mass transit formula grants at $2.865 billion (an increase of 19 percent over 1994),

... Let me note that the budget does cut operating assistance 25 percent, but the capital portion of formula grants increases by 40 percent, to almost $2.3 billion

... Every transit agency in America will receive more dollars for transit in this budget.

... Our focus is on capital vs. operating assistance because we think it is a more strategic investment. Transit capital assistance will allow more replacement of overage vehicles -- with vehicles that are more efficient, that help lower operating costs, and are also more accessible and comfortable which can help increase ridership

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... Just to give you an example of the impact of this reduction in operating assistance:

Atlanta will receive 18 percent more in formula funds and have to pick up an additional 1 percent of its operating costs. The Federal share will drop from 3.5 percent to 2.6 percent.

8. 12. *This budget funds a larger percent of ISTEA than ever before -- 94 percent, versus 81 percent in FY 1993. This means that States and local governments will have $3.6 billion more to spend on highways and transit than they did in FY 1993.*

13. 14. **GOAL 3: Promote New Technologies**

R&D is an area of vital importance to the Nation's economic future and international competitiveness. Within the government overall, $2.7 billion is spent on transportation-related R&D. We chair a transportation related group to ensure coordination.

DOT's R&D budget would increase by *14 percent to $692 million*. Our program will support defense conversion efforts and transportation projects have been given high priority in recent ARPA grant awards.

We're spending almost $289 million on **IVHS** (an increase of 35 percent). For example:

- Idaho is testing 3 sensor systems to measure environmental conditions at low visibility sites

pic. In **GPS**, which DOD has invested billions on, we'll be spending $46 million (up 53 percent) in FAA and Coast Guard to facilitate its application to civilian use and improve our capability of determining the location of planes, ships and land transportation vehicles.

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13. pic. As I mentioned earlier, the budget includes $32.5 million for **next generation high-speed rail.**

- o This keeps us moving forward, although it is less than we hoped for, and allows us to establish a strong foundation for how we will proceed in the future.

- o We have a three-part approach:

  -- development and demonstration of new technology on existing infrastructure, such as grade crossing improvements and non-electric locomotives

  -- a feasibility study, which is required by ISTEA, which will be the basis of funding decisions for high-speed rail in the national transportation plan

  -- We'll work closely with Amtrak on next generation high-speed rail equipment and operations, as we are now doing on the Northeast Corridor

New technologies in Commercial Space Transportation are developing in response to space-based commercial market growth. Commercial space transportation is also key to the national information highway. The budget adds staff to this area recognizing this growing area.

15. 16. **GOAL 4: Foster Safe and Secure Transportation**

Safety is central to all DOT activities, but some programs are directly aimed at safety issues, such as inspections and safety grants.

The funding level for these programs is maintained at $1.9 billion, essentially the same level as FY 1994.

However, within this level we are funding Motor Carrier Safety Grants at the ISTEA level of $83 million, a 28 percent increase and maintaining other safety grants at FY 1994 levels.

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We have made security a specific goal for DOT and have brought its importance to the attention of all our key managers. Aviation Security programs would be funded at about $100 million as in FY 1994.

Safety grants help local governments to promote safety goals. For instance,

- o supporting roadside inspections of trucks and buses and reviews of motor carrier companies

- o allowing States to provide police agencies with video cameras to assist in drunk driving arrests

You may know that we recently promulgated new alcohol/drug rules and that we are looking to increase safety belt usage to 75 percent, vs. 62 percent and that we are targetting reducing intersection accidents between modes: fatalities at rail and highway intersections have been decreasing in recent years, and reached a record low of 536 at public grade crossings in 1992.

17. 18. **GOAL 5: Actively Enhance Our Environment**

Direct program spending of $519 million on environmental activities remains about level with FY 1994. We'll focus on cleanup of DOT facilities, marine environmental protection, and noise mitigation.

We will also address:

- o congestion management: congestion wastes $39 billion in the 50 largest cities in fuel costs and lost time, and harmful to air quality. We have two programs targeted to congestion management:

In addition to the congestion mitigation highway funds authorized by ISTEA

- we are proposing that at least 10 percent of formula transit funds ($265 million) must support projects to reduce congestion

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- o we are expanding funds for oil spill response efforts of RSPA and Coast Guard

- o we're increasing the focus of RSPA pipeline program to pipelines which carry liquid.

- o we're supporting transit, with a 40% increase in the funds going to local governments for transit capital -- we are a pro-transit Department.

19. pic. **GOAL 6: Make Transportation Relevant and Accessible to Users**

One way of implementing our theme of "putting people first" is to make our transportation system more relevant and accessible to users. So,

- o capital funding increases for transit and Amtrak to aid compliance with the Americans With Disabilities Act

- o the FHWA and FTA budgets include $502 million for the transportation planning process, slightly more than FY 1994 to ensure good project evaluation procedures and public participation.

- o the FTA request includes $30 million under Discretionary Grants for a new Livable Communities Initiative which

  - will fund day care facilities near transit and telecommuting centers and

  - will likely dovetail with the Administration's Empowerment Zone initiative.

- o Our wide-ranging consumer information programs increase by about 2 percent, to over $30 million including hotlines and printed materials about safety related issues

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20. 21. **GOAL 7: Transform DOT**

Reinventing Government means working better and costing less -- and we are taking it seriously at DOT. All the NPR recommendations are included in the budget such as,

- o increased fees for FAA inspection of foreign repair facilities

- o reduction of the EAS program

and we have also included other terminations such as the Local Rail Freight Assistance program and Boat Safety Grants.

It also supports the President's goal of reducing civilian employment by 12 percent by 1999 and we've targetted middle layers of management and not the front line, customer contact staff.

logo logo **SUMMARY**

In summary, through a process of detailed analysis and tough decisions, we have developed a budget that is focused on the strategic goals of DOT, and supports the President's agenda.

I've tried to give you an overview of what is in this Budget -- the programs funded by the base budget in key areas, as well as the incremental shifts in these categories.

Give the pitch: Transportation is key to economic growth and jobs.

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NATIONAL ASSOCIATION OF REGIONAL COUNCILS
ANNUAL POLICY CONFERENCE
WASHINGTON, D.C.
FEBRUARY 7, 1994

INTRODUCTION:

I want to thank Mayor Patsy Ticer of Alexandria for that very kind introduction. Some of you may not know as well as I do what a fine job Mayor Ticer is doing.

[discuss Alexandria experience]

After all, that's one reason why I decided a few months ago to buy a home in Alexandria.

And Alexandria really is a great place to settle down. My only regret is that I haven't had the time to see enough of my new home town.

Because it has been a very busy year for all of us in the Clinton Administration.

Since I visited NARC's last Annual Conference a year ago, we have passed the first budget to seriously grapple with the federal deficit in nearly a generation.

We've passed the Family Leave Act, a new National Service program, an earned income tax credit that will lift millions of working families over the poverty line this year.

We've launched a sweeping effort to "re-invent government" -- to make it work better and cost less. And we're beginning to see the results of all of these efforts.

Interest rates remain low precisely because world financial markets see that we are serious. Car sales and home sales are up. So is employment. More jobs have been created in the last year than in the previous four combined.

But we are not satisfied or complacent. We are going to build on these successes with dramatic reform of our national health care system, with a program of change that will end welfare as we've know it -- and with a tough new crime bill.

This kind of non-stop pace is as true for the Department of Transportation as for any other agency in this Administration. The pace we're setting has been intense -- and I have no plans to slacken it this year.

Let me give you just a few examples. Over this past year we launched a major, five-point initiative to revive America's aviation industry. We also issued the ISTEA planning regulations to give local governments more say and more flexibility. Less than six weeks ago, we completed the National Highway System proposal, with your advice, and transmitted it to Congress for approval well ahead of schedule.

That same day, I also announced a bold new initiative -- the National Transportation System. This will be a comprehensive nationwide network of the most crucial systems (rail, transit, highways, seaports, airports) and we need your wise counsel and advice in this effort.

The NTS will, I believe, be the keystone of America's transportation strategy in the post-ISTEA era.

Just two weeks ago we outlined the Department of Transportation's seven-point Strategic Plan for the future. And last week we issued a comprehensive new set of drug and alcohol testing rules that will cover 7.4 million transportation workers across the country.

In short, this has been an active, aggressive Department of Transportation -- and that is in keeping with President Clinton's belief that investment in transportation technology and infrastructure is critical to our economy, to job growth and to our nation's competitivenesss in the world.

That is what then-Governor Clinton said as a candidate. And that is what he is acting on as President.

KEEPING COMMITMENTS: THE 1995 BUDGET

Just a few hours from now, I will be announcing the Transportation Department's budget request for fiscal 1995.

I believe that local governments across this country will be pleased with a revived commitment to transportation investment, particularely in the face of budget cuts to meet our deficit reduction targets.

After today's press conference on the budget, we will present a more detailed budget briefing at the Department of Transportation tommorrow -- led by my Deputy, Mort Downey and our assistant secretary for budget, Louise Stoll. This briefing is meant for you -- for the customers that the DOT relies on and serves. I'm happy that some of you here today or your staffs will attend.

TWO AREAS OF CONCERN: ISTEA AND THE NATIONAL TRANSPORTATION SYSTEM

While there are many issues I could address in my limited time with you today, I thought it would be helpful to focus on just two: first, the implementation of ISTEA; and secondly, the development of a true national transportation system.

"REALITY-CHECKING" ISTEA

As many of you know, I am as strongly committed to implementing the spirit of ISTEA as I am to fully funding it.

We believe that ISTEA's emphasis on flexibility of funding between modes, on community involvement, and on intergovernmental cooperation are critical elements of America's transportation system and the future development of this system.

Because I was concerned by troubling reports about ISTEA implementation, I convened a historic meeting last September 8 with representatives of the National Association of Regional Councils, the U.S. Conference of Mayors, the National League of Cities, the National Conference of State Legislators, the National Governors' Association and the National Association of Counties.

I wanted to discuss -- directly with those engaged in implementing it -- whether ISTEA was living up to its potential. I'm pleased to see councilman Ted Hackworth and Judge Mack here today -- since they were key players at this meeting.

It was an instructive meeting, and one in which for the first time, we had a discussion about better coordination and cooperation among various levels of government. Partly in response to concerns raised at that meeting in September, we held 10 regional roundtable sessions on ISTEA in November and December.

In Hartford, Chicago, Kansas City, Missouri, Louisville, New York, Philadelphia, San Jose, Seattle, Tulsa and Denver we sought your advice and that of hundreds of citizens -- for a "reality check" on how ISTEA is working in practice.

Many of you attended those roundtables or served on the panels -- so you know first hand that the Department of Transportation took them very seriously.

I sent the highest ranks of the DOT all across this nation to meet with you. Either my Deputy Secretary, Mort Downey, or the Director of my Office of Intermodalism, Michael Huerta, or my Policy Director, Frank Kreusi have been at each of the ISTEA outreach meetings around the country.

Federal Transit Administrator Gordon Linton and his deputy, Grace Crunican, Highway Administrator Rodney Slater and his deputy, Jane Garvey, have attended these sessions as well as meeting with mayors and Metropolitan Planning Organization members to discuss Air Quality conformity issues.

We are assessing the input, ideas and concerns raised at these regional roundtable meetings, and are drafting an "action plan" to improve ISTEA implementation.

This action plan will be made public at the end of this month but let me mention a few actions that are either already underway or sure to be included.

For example, we heard about the need for increased training of regional transportation officials and MPO staff on how to work with both ISTEA and new Clean Air conformity rules.

We moved quickly in this area and have already completed training sessions on the conformity regulations in nine cities with over 500 state, local and federal field office employees participating.

In addition, we are conducting education and training on ISTEA "planning and management system" regulations in eight venues around the country.

When we have completed this effort, at the end of February -- some 2,000 people will have participated.

However, we have learned from you that these efforts are not enough -- that there is a need for still more education and training for local decision-makers in the ISTEA process.

To address that request, I have asked my Office of Intermodalism, the Federal Highway Administration and the Federal Transit Administration to design a new training and educational program with the help of representatives of NARC and other local government associations.

I am also pleased to announce that we are convening a National ISTEA Training Summit here in Washington

next month, to which a dozen MPO directors from around the country have been invited, as well as state DOT's, Federal regional transportation officials and other stakeholders -- including members of NARC, ASSHTO, the Surface Transportation Project and other public interest groups.

This Summit's goal will be to develop a national ISTEA training agenda which DOT will help fund and implement.

As a result of your input, we have concluded that a sheer lack of trained expertise can make ISTEA's promise of flexibility and local initiative an empty one.

Accordingly, our Department's funding for these education efforts will rise with this year's budget.

A second concern that we heard at our roundtables was your desire to streamline the ISTEA approval process and reduce the regulatory burden.

One local administrator told us of having to plow through nearly two inches of regulatory paperwork to seek funding for a $37,000 grant.

So we are exploring the option of exempting low dollar enhancement projects from this plethora of regulations.

I should add that in response to the Vice President's National Performance Review, we are also re-examining all regulations as part of the "re-inventing government" process.

Clearly, reducing the burden of ISTEA application and compliance procedures will be part of that effort.

A third issue we heard a great deal about in our outreach was the concern of many local officials about the distribution of ISTEA funds. Many of you doubt that regional councils can yet influence the states to deal fairly with regions -- even with the new ISTEA regulations and the clear mandate for change that ISTEA itself embodies.

These are tough issues both administratively and politically.

I believe there needs to be a real commitment to partnership in America's transportation policy and investments -- from the Secretary of Transportation to Governors and local elected officials, regional councils and state DOTs.

I have said this to our nation's mayors. I have said it to our Governors and I will continue to emphasize it. Because we are all in this together. We need to move beyond the past pattern of fragmented alliances -- often along lines of modes or bureaucratic function -- to an integrated transportation system that serves our nation better.

We need more efforts like the Bay Area Partnership that brings together San Francisco and nine metropolitan counties. This partnership embraces 36 federal, state, and local agencies to address issues of clean air and mobility.

The Partnership's Project JUMP START -- the Joint Urban Mobility Project -- is already funding 21 inter-agency efforts ranging from roving freeway patrols to assist stranded motorists and prevent back-ups to a common Bay-area transit ticket.

I want to congratulate Larry Dahms, the executive director of the Metropolitan Transit Commission for his leadership on this -- and especially for recognizing that what really matters in making ISTEA work is not just funding flexibility -- but active partnerships between governments.

That was the original promise of ISTEA -- and it will be the basis of the post-ISTEA era.

Finally, in summing up the roundtables, we heard complaints from many regional councils and local governments about the difficulties of complying with the new Clean Air Act rules and integrating them in transportation planning.

Many suggested that it would be helpful to discuss environmental needs and concerns not only with the Secretary of Transportation but with the Administrator of the EPA as well.

I have spoken with Administrator Carol Browner and we both agreed that it would be a good idea to bring together state and local organizations, including members of NARC, to discuss the toughest transportation and environmental concerns we must resolve.

You will be hearing from us soon on the time and place of a joint meeting with Administrator Browner. This meeting will, I am sure, build upon our growing communications and collaborative efforts and bring a fresh approach to addressing these often difficult issues.

TOWARDS A NATIONAL TRANSPORTATION SYSTEM

The second broad topic I want to address today is our new initiative to designate a comprehensive National Transportation System, embracing strategic elements of all forms of transportation. This effort will go well beyond the base we set -- with your help and input -- in designating the National Highway System.

Indeed, DOT officials will be traveling throughout the country this year to talk to America -- elected officials, citizens, agencies, state and regional governments and councils -- to discuss which elements of transportation systems merit inclusion in a fully-integrated National Transportation System.

In our view, the NTS should incorporate the most significant elements of the nation's transportation systems -- from all modes. Beginning with the National Highway System, the NTS should include airports, ports, waterways, rail, intercity bus lines, pipelines and local transit systems, which have regional and national impact. It should include systems moving both people and freight as well as facilities owned by both private businesses and the public sector.

The real goal of the work of designating this system is to begin to think <u>beyond</u> ISTEA. We believe the National Transportation System concept ought to shape the next generation transportation framework for our country.

All too often in the past, America's transportation investment decisions have been influenced more by the availability of funds for specific modes -- rather than on objective and balanced analysis of how to meet real consumer needs.

By framing transportation questions this way we have lost sight of what our investments are supposed to do: which is to serve people....people trying to get to work, to get their kids to schools or day care, to get home for the holidays....to bring materials to their businesses and ship goods to customers.

We need to get back to basics. The right questions in transportation should be: "How can we move people or goods from point A to point B and from point C to A --

regardless of the mode of transportation? How can we do this most cost-effectively, with the least congestion, while protecting our environment and enhancing safety? Finally, as we make these investments, how do we ensure that they interconnect with other transportation options in a seamless web that ties America together?"

All levels of government need the sort of broader, more inclusive planning tool the NTS will provide -- in order to accurately analyze transportation investment choices across and between modes.

I should note that some governments are already taking this sort of integrated approach. The map that the State of New Jersey submitted to the National Highway System project, for example, included not only roads, but a detailed analysis and link-up to rail routes, marine terminals and the state's airports.

[Discuss how Los Angeles experience also underscores need for new, integrated thinking...]

This is the kind of approach to investment planning will enable us to better allocate and coordinate limited state and federal transportation budgets -- as we must. It will underscore the need to maximize the efficient use of existing transportation systems; and it will enable us to assess the likely impacts of proposed investments on social, economic and environmental goals far more accurately than we can do now.

As tightly constrained budgets for transportation clash with our public's exploding demand for mobility, a significant benefit of developing a true, multi-modal National Transportation System will simply be to allow you and your planners to evaluate the system as a whole, make wiser choices and clarify priorities -- so that we better serve commuters, travellers and shippers.

The NTS should clarify the interrelationships of all of these elements in the movement of goods and people. It should give us the clearest possible readings on the ways transportation contributes to America's international competitiveness and to citizens' well-being at the local and regional level.

The NTS, in short, will bring transportation planning and investment decisions into the 21st Century -- at both federal and local levels.

I should very strongly emphasize, however, that the NTS does not imply any new emphasis on centralization of transportation decisions. Both in formulating it and in implementing future investment decisions influenced by the NTS, the state, local and community input mandated by ISTEA will be required -- and welcome. So will the involvement of the private sector both in NTS planning -- and as a partner in development and transportation investment.

Once in place, NTS will enable all transportation officials to do our jobs better, because for the first time ever -- and from now forward to generations to come -- the NTS will literally enable us to "see" America's transportation system as a whole; to pinpoint its weaknesses and correct them; to identify its strengths and build on them.

The NTS won't only suggest to us answers to our current questions -- it will help us anticipate and answer new questions we haven't yet asked.

So I urge all of you to join us in the work of designating the elements of this National Transportation System -- the blue-print for America's 21st Century transportation needs.

We cannot know in advance precisely how it will unfold. But we can be sure of at least two things. The National Transportation System concept will dramatically transform our ways of thinking about transportation planning and investments forever. And both in drafting and implementing it, the role of regional councils will be critically important.

CONCLUSION:

Ladies and gentlemen, this Administration has ambitious plans and strategies ahead on the national and international level.

But one of the main reasons I'm most confident that we will succeed is that President Clinton, a former Governor, has drawn so many people to Washington whose roots, like his, run so deeply into local government.

This Secretary of Transportation is a former mayor. My Deputy Secretary, Mort Downey, was a local transit official. My Director of Intermodalism, Michael Huerta, headed the Port of San Francisco. Our Federal Highway Administrator, Rodney Slater, was a state highway director. John Horsely, my Assistant Secretary for Intergovernmental Affairs, was a county commissioner. Gordon Linton, our Federal Transit Administrator was a state legislator. And the list goes on.

We understand your concerns and more importantly know the leadership and creativity to be found at the local level.

And we believe that in both realizing the promise of ISTEA and moving beyond it to the National Transportation System era, our success depends in large part on you being active partners.

We have some dreams to make come true.

Let's get to work on them -- together.

Thank you very much.

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TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
DRUG EVALUATION AND CLASSIFICATION PROGRAM
CALIFORNIA HIGHWAY PATROL
SACRAMENTO, CALIFORNIA
FEBRUARY 11, 1994

*** Just two days ago, President Clinton outlined a new National Drug Control Strategy that focuses on hard-core drug abuse and the violence associated with it.**

*** It is a smart, tough strategy that aims not only to reduce hard-core drug usage but to discourage casual experimentation, especially by young people.**

*** The President's plan empowers local communities by providing more resources for drug education, prevention, treatment and law enforcement.**

*** As part of this effort to curb drug abuse, the Department of Transportation has developed a program to train police officers across the country to recognize drug-impaired drivers who have been stopped on our nation's highways.**

*** For decades, Americans have realized that alcohol-impaired drivers exact a terrible toll in lives, injuries and damage on our highways. We have become increasingly strict in dealing with drinking drivers -- and saved thousands of lives as a result.**

*** But the threat posed by drug-impaired drivers has not been nearly as well known.**

*** One recent study of fatally-injured drivers found that 18% had been using illegal drugs. Other studies indicate that between 14% and 50% of impaired drivers detained by police have drugs other than alcohol in their systems.**

*** Clearly, operating a motor vehicle while impaired by drugs is a risk to the travelling public -- yet most police officers do not know how to identify drugged drivers.**

* To fill this gap, the National Highway Traffic Safety Administration worked with the California Highway Patrol and the Los Angeles Police Department to develop the Drug Evaluation and Classification Program --to train police to detect drug-impaired drivers.

* To date, 24 states plus the District of Columbia have adopted active Drug Evaluation and Classification programs. The states provide courses like this one in Sacramento to train police to detect and apprehend drug-abusing drivers.

* Nationwide, some 3,700 officers and 550 officer-instructors have been trained as Drug Recognition Experts (DRE's) through these courses.

* The 31 officers in today's class, for example, represent the California Highway Patrol, the Stockton Police Department, the Sacramento Sheriff's Department and the California Medical Examiners' Board.

* Here in California, some 1,800 DRE's have been trained -- in the largest state program in the nation.

* These programs work. Studies show that trained Drug Recognition Experts are able to effectively detect drug-impaired drivers. When DRE's have claimed that drugs other than alcohol are involved -- those drugs were detected in the blood of suspects 94% of the time.

* We want to train more of these officers -- and send a clear message to America: if you take drugs and drive, you will be detected and pay a penalty. The only level of drug use we can tolerate on the road -- or off -- is ZERO.

* This is part and parcel of both the President's effort to curb drugs and drug-related crime and his call for personal responsibility.

* It is time for all Americans to realize that taking drugs and driving is illegal and severely punishable. It's time for us to all take personal responsibility for preventing such behavior.

* **And it is time for state and local governments to take advantage of the Drug Evaluation and Classification Program so that police can be trained to detect and detain those who engage in this reckless, life-threatening behavior.**

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Q & A
FEMA Emergency Supplemental Appropriations Request
Los Angeles Earthquake

Q. What will the Emergency Supplemental Appropriations Bill mean for transportation in Los Angeles?

A. The FEMA Emergency Supplemental Appropriations Bill includes $315 million for transit emergency costs in Los Angeles. This will be provided directly by FEMA and is intended to support:

1) An estimated $203 million to fund incremental operation costs associated with providing additional transit services for at least 12 months.

2) An estimated $112 million to fund capital projects, such as rehabilitating abandoned rail tracks and leasing additional buses, rail cars and locomotives to initiate new transit service and increase service on existing routes.

The actual amount provided by FEMA may be higher or lower than this estimate, but here is the breakdown:

a) $ 5.7 million to lease additional Metrolink commuter rail cars & locomotives
b) 18.2 million for new Metrolink stations
c) 60.0 million to convert lightly-used rail freight line into dedicated busway
d) 14.9 million to upgrade Metrolink trace & signals
e) 6.2 million to build and expand park and ride lots
f) 4.5 million to convert existing streets into HOV's
g) 2.9 million to repair direct damage to transit property

The Office of Speechwriting obtained this information from Pete Halprin in FTA-1.

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TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
MEETING WITH MAYOR JOE SERNA AND SACRAMENTO CONSTITUENTS
FEBRUARY 11, 1994

* Just over a year ago, President Clinton came to office promising to bring change, to correct the excesses and neglect of the previous twelve years, and to make government work better for our people.

* I believe that the President has delivered on all of those promises.

* We have seen the first serious attack on our budget deficit in nearly a generation. President Clinton's budgets have won credibility in world financial markets, kept interest rates low, and helped get America's economy moving again.

* House sales and car sales are up. More jobs have been created in the past year than during the past four years combined.

* We're not satisfied -- and we mean to do more -- but we're heading in the right direction.

* We know, for example, that we really can't consider America's economy to be fully recovering until we see more signs of positive growth in California -- which is about 15% of the nation's whole output.

* That's why President Clinton asked all of our Cabinet agencies to work together in a California Task Force to speed up assistance to this state and help get the California economy moving again.

* In less than a year, the California Task Force has forged a public/private partnership with the State of California as well as with private business here that has produced a series of tangible results:

  -- delivery of $500 million for indigent health services, $300 million for immigration services and $100 million for low income housing held up by the previous Administration

-- smooth, rapid delivery of $1.5 billion in federal transportation funds for California including $1.3 billion for the Red Line in L.A.

-- Provided numerous defense conversion grants for California industries -- as well as the smooth transfer of the Oakland Naval Supply Center to the Port of Oakland for business and community development...

-- A $14 million defense worker retraining program at GTE, Westinghouse, Lockheed, General Motors and McDonnell Douglas

* As part of this effort, we at the Department of Transportation are working to streamline our programs, to get California projects off the drawing boards and into the field.

* And under the budget that President Clinton has just submitted, there will be funds to do more -- because California will recieve $1.6 billion in highway funds and $655 million in transit funds next year.

* These are just a few examples of stepped-up federal assistance to California. Just as important is the new spirit of service that has animated our efforts to bring relief after this January's devastating earthquake.

* Just as occurred during the MidWest floods last summer, the federal response to the California earthquake was instantaneous.

* I myself flew out to California within hours -- and I authorized $3.6 million in emergency demolition grants to sweep quake rubble away almost immediately.

* Our Federal Highway Administrator, Rodney Slater, the FAA chairman David Hinson, Federal Transit Administrator Gordon Linton and representatives of the Federal Railroad Administration were all here within a day -- working overtime to speed the restoration of all modes of transportation.

* Discuss personal experiences with quake aid.....

* Overall, the federal government has already spent more than $1 billion in assistance, with an additional $8.6 billion on request before Congress.

* Unlike some recent past disasters, there have been few, if any hints that the federal government was either unprepared or laggard in responding to the tragic events in California.

* And we will stay on the job long after the aftershocks and media attention have passed -- until the reconstruction is complete.

* So if I have one thing to say to Californians, it's that you have gotten the type of active, aggressive, change-making government that you voted for by electing Bill Clinton in 1992.

* And we will see more action this year as we build on past successes to reform welfare, enact a tough new crime bill, and fight for passage of a Health Security Plan for all Americans -- health security that can never be taken away.....

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TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
UNVEILING OF SAM SKINNER'S PORTRAIT
WASHINGTON, D.C.
FEBRUARY 16, 1994

- It is always a special time when a former Secretary of Transportation returns to the building for the unveiling of his portrait.

  -- The ceremony provides a time for reminiscing.

  -- The portrait is a tribute, a reminder, a marker of one man's place in history.

- And there's no question that Sam Skinner left his mark on the history of transportation.

- When I first met Sam I was Mayor of Denver with a big dream. I wanted to build the first major airport in this country since Dallas-Fort Worth in 1974.

  -- I knew this airport would not only ensure Denver's economic future and serve the Rockie Mountains, it would unlock the whole congested national air traffic system.

  -- But I needed someone in Washington to have faith in my dream. I needed someone with a lot of confidence and more than a little bit of courage -- someone who cared enough about the future of aviation to take a bold step and support me.

• Sam Skinner was that man. He shared my dream. He saw that Denver International Airport got critical funding at the moment when it made all the difference.

-- I'll always remember seeing him at the ground-breaking of DIA.

• Now, I know that Sam had a lot of other things to worry about than one Mayor and one airport. For example, they tell me Sam was known as the "master of disasters."

-- In addition to Pan Am 103, the Exon Valdez Oil Spill, the Loma Prieta Earthquake and Hurricane Hugo fell on his watch.

-- After the mid-western floods of last summer and the recent Los Angeles Earthquake, Sam, I assure you I have no desire to steal that title from you.

-- Sam also forged the first National Transportation Policy and the historic Intermodal Surface Transportation Assistance Act known as ISTEA.

• Your service here won you much admiration and many friends. I'm proud to be one of them.

• So let this portrait remind all who pass through these halls not only of the man -- but of his deeds as Secretary of Transportation -- Samuel Knox Skinner.

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SEÑOR INTERNACIONAL AWARDS CEREMONY
LULAC COUNCIL 12
LAREDO, TEXAS
FEBRUARY 17, 1994

I want to thank Carlos Villareal for that very generous introduction. I hope everyone here realizes what a great job Carlos does every day for Laredo -- and all that he's done for LULAC.

I want to tell all of you one thing: It's great to be back in the town where I was born. Viva Laredo!

And it's great to see so many friends and relatives. I see my mom and dad and my sister Anna Flores and her husband and .....

Tony Martinez tells me that he had to reserve seven or eight tables just for my family and my in-laws and their kids.

A few years from now he'll probably need ten or fifteen tables.

Seriously, I'm delighted that so many family and friends could be here.

And I am deeply grateful to LULAC Council 12 for naming me as the recipient of this year's Señor Internacional award.

I'm grateful for many reasons.

First of all, it is an honor to be considered to be someone who has advanced our culture and our values -- a role model for our youth.

I just want to say that a lot of the credit for whatever I've achieved along those lines goes to two people sitting at my family's tables -- my mother and father -- who instilled in me their values -- belief in education, in hard work, and pride in who we are -- when I was a child.

The second reason that I'm grateful is because the Señor Internacional award recognizes achievement in building understanding between nations -- and I'm very proud of the work that I have been able to do in that area.

Now that the United States and Mexico and Canada have signed the North American Free Trade Agreement -- forming the largest and most powerful trading bloc in human history -- I think we all realize that it's more important than ever that we build on the bonds of understanding and friendship between us.

Almost from my first days as Secretary of Transportation -- even before we won the battle to pass NAFTA -- I have worked closely with my Mexican counterparts to meet the challenges posed to our transportation systems by the growing trade flows between our two great nations.

This work with my Mexican colleagues has been one of the most pleasant and fruitful parts of my job -- because we all share the same goals.

President Clinton is committed to assisting our border regions meet these transportation challenges.

So am I. And so are my counterparts in the government of Mexico.

For our part, the Department of Transportation has studied the transportation needs of the border regions and concluded that we need to do more -- soon -- especially on the roads connecting to border crossings.

We are leading a multi-agency task force from throughout the U.S. government that will report soon on what actions need to be taken.

And we have reached out to our friends and neighbors in Canada and Mexico.

In just two weeks, we will join with them to hold the first-ever North American Transportation Summit in Washington to discuss ways to work together to improve the linkages and transportation corridors between our nations.

I am very proud of the work we've done in reaching out to our neighbors across our borders -- and so I am

very pleased tonight that LULAC has recognized me for it.

There's a third reason that I am proud tonight.

And that's because this award comes from LULAC.

All of us who share our rich heritage know full well the debt that we owe to the pioneers of LULAC -- who did so much to open the doors of opportunity that we've been able to step through in our own lives.

For generations now, LULAC has taken on the hard work of making the American dream come true for our people.

We can be very proud of what has been achieved -- even as we realize that there is much more to do.

I'm proud to serve in President Clinton's cabinet, along with Henry Cisneros -- a previous winner of this Senor Internacional award. I am proud that we have record numbers of women, African Americans and Hispanics both in the Cabinet and in other high-ranking positions.

President Clinton promised a government that "looks like America" -- and he has delivered on that promise.

But some of the credit must also go to LULAC -- for waging the battle for equality and opportunity -- for

always supporting our youth and their education -- and above all for teaching our people the lesson that Su voto es Su Voz!

That's why I'm not only honored personally to recieve this award -- I am honored by knowing who this award comes.

It comes from Lulac Council 12 -- Laredo's own branch of this great organization.

To top this all off, Tony Martinez tells me that I am the first native-born Laredan to ever win this award.

Well, it's about time! Knowing how many really great people come from Laredo makes this even more of an honor.

So thank you very much. This really is a wonderful night.

Let me just end by saying Gracias to LULAC!

Viva LULAC! y Viva Laredo!

Thank You.

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
MARITIME TRADES DEPARTMENT AFL-CIO
FEBRUARY 17, 1994
BAL HARBOUR, FLORIDA

INTRODUCTION

I want to thank Mike Sacco for that generous introduction. One point does need clarification, however, and that is Mike Sacco deserves a lion's share of the credit for our progress toward a maritime security program.

Let me say at the outset that I am truly honored to be here this morning to speak to this organization of 42 unions representing 8 1/2 million working men and women. I want you to know that the Maritime Trades Department of the AFL-CIO is widely respected as one of the most dynamic coalitions in the American labor movement today.

I want to begin by stating that President Clinton's approach to the working men and women of America is simple. We recognize, appreciate and salute the role that you play in making this country prosperous and competitive. People in management positions may make the decisions; but whether it's the career staff at DOT, the employees at an auto plant, at an airline, or at a shipyard, it's the workers who really determine the success or failure of any organization. You've got a stake in every decision and make critical contributions. And if employees are asked to share in the pain of corporate restructuring, they should also be able to share in the gain when things turn around. That's our philosophy.

Today, I want to talk about two aspects of the challenges and goals we share: first, I want to touch very briefly on what transportation labor and the Administration have accomplished in our first year in office; and second, I want to focus on the issue of interest to you -- the Maritime Security Plan and how we are going to work together to preserve a maritime and shipbuilding industry in this country.

NUMBER ONE: ACCOMPLISHMENTS

In our first year, the President took bold action that paid dividends for working men and women in this country. He made the first serious attack on budget deficits in nearly a generation and the effect has been to get this economy moving again. The President's economic plan also expanded the Earned Income Tax Credit that will, this year, lift millions of working families above the poverty line. He signed the Family Leave Act to enable workers to take leave from their jobs to care for a sick family member. Our Administration introduced and passed a new National Service Program to give the sons and daughters of working people a chance to go to college if they so choose.

And last summer when President Clinton lifted the ban on PATCO workers, he put an end to a decade-plus of acrimony and bitterness. We said that it's time to put the past behind us, and get on with the business of working together.

That's just what we've been doing at DOT and I'm proud of our accomplishments. During the year we completed the draft of a National Highway System, 155,000 miles of highways of national significance that will carry the bulk of our commerce and leisure travelers in the future. The NHS will serve as the core for a truly intermodal National Transportation System -- the blueprint for this country's transportation future -- which we've already begun to work on.

I'm going to focus on the National Transportation System and what we are doing in the aviation initiative when I visit this afternoon with the Transportation Trades Department -- so I want to spend the rest of my time with you this morning discussing <u>your</u> issue -- the Maritime Security Plan. This is where we need to continue to work together as we did last year.

NUMBER TWO: MARITIME SECURITY PLAN

Last year, when all of us knew the whole American maritime industry would be lost at sea if someone didn't do something soon, here's what happened. Two men -- both seafarers -- Mike Sacco and AFL-CIO President Lane Kirkland, himself a graduate of the Merchant Marine Academy with a master's license -- walked together into the Oval Office to talk with the President of the United States. And when they came out, they knew that Bill Clinton would not let them down.

Soon after that conversation with the President, all the unions were pulling together -- in fact, the entire maritime industry, led by the unions, was working together -- to get a maritime security bill through the House of Representatives.

That unity contributed to two very big votes in the House last year -- a victory on the maritime security bill and the defeat of an attack on cargo preference. Much of the reason for these victories is Mike Sacco's tenacity.

Mike's in this battle for the same reason I am: "we cannot let this industry die."

This is a program that I have fought for virtually since becoming Secretary of Transportation -- because if we are seeking to build a fully-integrated national transportation system -- and we are -- we have to ensure that all our basic modes of transport are viable.

Unfortunately, that hasn't been the case. And that's why we've had to launch an Aviation Initiative to help revive this country's airlines and aircraft manufacturing industries. That's why we've pushed in this year's budget to ensure increased funds to enable Amtrak to offer world-class passenger rail service.

And that's why we pushed so hard and succeeded in getting the Maritime Security Plan included in our proposed budget. Because a healthy maritime and ship-building industry is a central element in our nation's

competitiveness.

And of course there are members of Congress who share our commitment and deserve credit for the progress we've made -- especially Senator John Breaux, Chairman of the Senate Committee on Commerce, Science and Transportation, and Congressman Gerry Studds, Chairman of the House Committee on Merchant Marine and Fisheries who have both worked tirelessly.

I want to say to all of you here today that after more than a generation of bearing the blame for forces you did not create and bearing far more than your share of the burden of failed economic policies in Washington -- your time has come.

The policies that brought the maritime industry to its knees can now be seen as failures -- and put behind us. Now we can face together the tremendous challenge of reviving our maritime industry and ensuring America's position as the world's greatest trader.

The President included the Maritime Security Plan in his budget request to Congress last week. Legislation to implement it will be included in the Maritime Administration's Reauthorization Bill which will be sent to Congress very soon.

The Plan will do four things:

First, allow us to maintain a modern American merchant fleet,

Second, provide sealift for national emergencies,

Third, ensure a continuing American presence in the transportation of our vast international commerce, and

Fourth, preserve jobs in the maritime industry.

The President's Plan is simple. It is a 10-year program, providing total funding of $1 billion to support about 52 liner vessels in the foreign commercial trade of the United States. Payment will be set at $2.5 million per ship per year through FY 1997, decreasing to $2.0 million in FY 1998 through the end of the program in FY 2004. We will have no complex computation formulas such as those found under the Operating Differential program.

For the first time, the President's Budget includes new maritime assistance within the budget. Moreover, we are proposing this program as a "mandatory" account. That means that once the legislation is enacted, contracts can be signed and no appropriations action is required. To cover the budget offset that is required we have proposed to increase tonnage fees. This allows us to pass this legislation as a package within a single committee jurisdiction.

Our Plan identifies a funding source -- new vessel tonnage fees. To the President's credit, his budget request

faces head on the need to identify funding, overcoming a major shortcoming of previous efforts.

Tonnage fees have been around since 1790. The U.S. Government provides services necessary to the ships of all nations serving our foreign commerce. All vessel charges, including those proposed in the budget, would cover only a portion of the government's associated costs.

Funding for the Maritime Security Plan is very small compared with the value of our oceanborne foreign trade. For example, we estimate that if the supplemental fee for luxury cruise ships is passed on to consumers, it would increase the cost of a cruise ticket by a few dollars, at most. For containerships, with their high-value cargoes, the cost would be less than one dollar per container.

Foreign flag ships, many of which are heavily subsidized, carry more than 95 percent of our nation's imports and exports. It is not unreasonable that they should participate in funding our relatively modest program.

Also, the $100 million per year is small when compared to our foreign trade -- imports alone total more than $450 billion per year.

Our Plan is direct and to the point. It will regulate less. It will provide more of an opportunity for American merchant ships to compete in the global marketplace.

Now you know the case for maritime revitalization. You've been at this longer than I have. But I think that

at every opportunity we must re-state the compelling arguments for change.

As the largest trading nation in the world, America must have its own ocean-going capacity.

We must have a strong, competitive U.S. merchant marine.

Frankly, I was appalled to learn that during the Persian Gulf War the Defense Department had to charter 186 foreign flag merchant vessels to supply our troops. And I'm saddened by the fact that as our foreign commerce surges and American exports rise, dramatically less and less of that volume of traffic is carried in American bottoms.

Clearly, existing maritime policies can no longer be tolerated because they do not meet the nation's transportation needs. Never has the evidence been more clear that it's time for a change.

Our Plan is comprehensive and all inclusive. It lifts up the whole industry together. It includes provisions to assist both the merchant marine and the U.S. shipbuilding industry. Previous attempts have focused on one or the other and that is why they have failed. The stakes are too high -- and the opportunities too great -- for us to be

satisfied with anything short of a comprehensive effort.

That's why last fall the President put forth a shipbuilding program to save America's shipyards and give them an opportunity to compete for contracts to build some of the 7,000 to 9,000 large oceangoing ships that the international commercial market will demand over the next decade. Three-fourths of that work will come after 1996 -- but the time to gear up to compete for the contracts is now. Our Plan will assist U.S. shipbuilders in five ways:

1) Ensuring fair international competition by pressing for an end to foreign shipbuilding subsidies.

2) Eliminating unnecessary government regulation that unfairly burdens U.S. shipyards and their suppliers.

3) Improving U.S. competitiveness by speeding technology transfer and process change from defense to civilian uses in America's shipyards. The Administration has established an industry-driven defense conversion program known as MARITECH -- a project of the Defense Department's Advanced Research Project Agency and DOT's Maritime Administration -- to strengthen shipyards' ability to develop and market their products. I insisted that transportation be brought into ARPA's Technology Reinvestment Program because there are so many opportunities to convert defense technologies to valuable civilian uses. The work of MARITECH is just

one example.

4) Financing ship sales through Title XI loan guarantees. Using loan guarantees to finance ship construction, extending MARAD's Title XI program to include vessels built for export and some shipyard modernization. Over two years our budget will support about $1.5 billion in loans.

5) Assisting international marketing by using existing export promotion programs to assist U.S. Shipyards.

I believe that this comprehensive maritime program will succeed where others have failed -- because it is practical, doable and because we have you on our side.

CONCLUSION

The truth is that the Clinton Administration and the Labor movement have much, much more in common than we have differences.

We have, in fact, achieved a great deal already -- working together. It is my hope that we can build on our achievements to move toward a new era of partnership between American labor, management and government -- leaving behind the confrontations of the recent past.

We have some very tough battles ahead of us. The Maritime Security Plan won't be easy and we must all pull

together.

This year we will need your support even more. Not only to pass the Maritime Security Plan -- but to win the battle for Health Security for all Americans -- health care that can never be taken away.

This is a dream that goes back as far as Harry Truman and the Labor movement of 50 years ago. And winning it will definitely be a battle -- but a battle that we can win -- together.

Thank you very much.

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
TRANSPORTATION TRADES DEPARTMENT, AFL-CIO
BAL HARBOUR, FLORIDA
FEBRUARY 17, 1994

INTRODUCTION

I want to thank Randy Babbitt for that generous introduction and Walter Shea for inviting me. The unions affiliated with the Transportation Trades Department represent a large segment of the workers in transportation industries and I am delighted to have this opportunity to meet with you.

President Clinton's approach to the working men and women of America is simple. We recognize and appreciate the role that you play in making this country prosperous and globally competitive.

People in management positions may make the decisions; but, whether it's the career staff at DOT, the employees at an auto plant, at an airline, or at a railroad yard, it's the workers who really determine the success or failure of any organization. You've got a stake in every decision. And you make critical contributions.

And, if employees are asked to share in the pain of corporate restructuring, they should also be able to share in the gain when things turn around. That's our philosophy.

TOPIC OF SPEECH

Today, I want to talk about two aspects of the challenges and goals we share: first, what transportation labor and the Administration have accomplished in our first year in office; and second, what lies ahead.

NUMBER ONE: FIRST YEAR ACCOMPLISHMENTS

In our first year, the President took bold action that paid dividends for working men and women in this country. He made the first serious attack on budget deficits in nearly a generation and the effect has been an economy that is moving again.

His Economic Plan expanded the Earned Income Tax Credit -- a program that will, this year, lift millions of working families above the poverty line. He signed the Family Leave Act to enable family members to take leave from their jobs to care for sick children and elderly parents.

Our Administration introduced and passed a new National Service Program to give kids of working people a chance to go to college if they want to. And the President has stood firm for real worker retraining and a real "re-employment" program, something that working people can count on. (I know Secretary Reich will be addressing this subject during your conference.)

I'm proud of our accomplishments at DOT, as well. Incidentally, I've seen many of you in my office over the last year. I can't tell you how many times I've heard things like, "we've never seen the inside of the Secretary's office," or "it's been 12 years since we've been up here." Let me reassure you -- my door has been open to you, and, as long as Bill Clinton is President and I'm Secretary of Transportation, it will continue to be open.

During the past year, we've faced major challenges. And, working together, we've found creative ways to deal with them.

We've sat together with Ron Carey, John Peterpaul and Randy Babbitt and facilitated an agreement with Northwest Airlines that protected jobs, provided employees with a greater stake in the airline, and kept the carrier and its passengers flying and out of bankruptcy.

And when American Airlines and its workers and passengers were suffering through its strike, we worked to bring the two sides together, and ultimately, President Clinton suggested the arbitration process that brought the strike to an end.

In maritime, last fall the Secretary of Defense and I announced a program to ensure that America maintains a shipbuilding base and preserves shipbuilding jobs. Key aspects of our program to help the U.S. shipbuilding industry and workers are: 1) pressing to end foreign subsidies, 2) eliminating unnecessary government

regulation that unfairly burdens U.S. shipyards and their suppliers, and 3) speeding technology transfer from defense to civilian uses in America's shipyards.

And last year, I fought hard for the Maritime Security Plan which passed the House of Representatives to ensure that we have a U.S. merchant marine and preserve maritime jobs. Maritime Security is on the top of our agenda for this year and I will discuss it in more detail later. But I want to thank Mike Sacco and Lane Kirkland for their many long hours of hard work and support for those two programs. It is this leadership which has made the difference.

During the past year, we have worked to secure higher funding levels for our transportation investment programs. In fiscal year 1994, we have $27.4 billion being invested in transportation infrastructure. This includes full funding of the core federal-aid highway program and the transit formula grant program at the levels authorized by the Intermodal Surface Transportation Efficiency Act (ISTEA). This is good for the building trades workers and good for transportation workers.

But the 1994 budget, the one we are operating in now, has a longer-term significance. It is also an investment in America's ability to compete economically. It's an investment in our basic environment, as we work to clear up clogged highways and put new technology to work. And, it's an investment in the 600,000 American jobs that are created directly and indirectly because of this funding.

That's 600,000 men and women who are working and contributing to the economy. When we talk about the billions and billions of dollars in the federal budget, we can't lose sight that, in the end, it's all about people -- people who are put to work and people who depend on the services that these dollars provide.

....(Pause)

As much as I'm proud of these and other specific accomplishments, I think that the greatest contribution this Administration may be making is to fundamentally change the atmosphere in which management and workers conduct their business. When President Reagan fired the air traffic controllers in 1981, he set a tone for relations that permeated American business for the next 12 years. The ban on hiring PATCO members served as a symbol of what the government cared about and didn't care about.

When President Clinton lifted the ban last summer, he put an end to that decade-plus of acrimony and bitterness. We said that it's time to put the past behind us, and get on with the business of working together.

The fact that, in addition to labor Secretary Reich and I, Vice President Gore and top advisors to the President are here with you reaffirms that commitment. (And, by the way, I want to assure you that our plans to come to Florida were made well before we were hit by the icy weather up north.)

We've already seen indications that this new atmosphere is having positive results. Look at the airline industry, where worker-management relations have been as bad as anywhere over the last decade or so.

Take the situation at United Airlines. Several months ago, CEO Steve Wolf met with me and Labor Secretary Bob Reich about his need to make changes at the airline, so that it can stay competitive well into the future. He said that he had two basic choices of direction: one, to cut costs by slashing jobs and reducing services. The second was to work cooperatively with the unions to restructure the carrier and protect jobs.

We encouraged him to work with his employees, and he did. The result? The majority of what is, depending on the day, the nation's largest or second largest airline will be largely owned by its workers, assuming all the final steps proceed. I want to again commend the management and the workers of United for their willingness to sit down and work out a deal.

Would that spirit of cooperation have existed under the previous Administrations? It's hard to imagine.

SO, WHAT LIES AHEAD?

Our transportation priorities are reflected in the 1995 budget that the President announced on February 7.

Three of those priorities are: one, the National Transportation System; two, the aviation initiative, and three, maritime security.

The 1995 budget gives strength to the NTS initiative by continuing to emphasize transportation infrastructure. Here's what the NTS is all about.

We completed the designation of the National Highway System, which was mandated by the Intermodal Surface Transportation Efficiency Act and transmitted it to Congress ahead of schedule. That set out the highways of strategic national significance -- 159,000 miles where the bulk of our commerce as well as travelers will move in the future.

But we recognized that this country's transportation system counts for far more than highways. At the same time we announced the NHS we began work on a National Transportation System that will incorporate the most significant elements of every mode in the nation's transportation systems -- airports, ports, waterways, rail, intercity bus lines, pipelines and local transit systems that have regional and national impact.

The real goal of the NTS is to begin to think beyond ISTEA -- to build on ISTEA and move toward an even more flexible, fully integrated way of planning transportation investments.

Because if we are to have a fully-integrated national transportation system -- and we are -- we have to ensure that all our basic modes of transport are viable.

Unfortunately, that hasn't been the case recently. And that's why the Maritime Security Plan and the Aviation Initiative are top priorities.

The Maritime Security Plan is included in the 1995 budget, and legislation to implement it will be a part of the Maritime Administration's Authorization Bill.

The Plan is simple. It will allow us to maintain a modern American merchant fleet; provide sealift for national emergencies; ensure a continuing American presence in the transportation of our vast international commerce, and preserve jobs in the maritime industry. This plan regulates less and provides more of an opportunity for American merchant ships to compete in the global marketplace. Together with our shipbuilding initiative we should be preserving or creating over 125,000 jobs in the maritime sector.

The shipbuilding initiative will not only preserve our shipbuilding capability for national defense. It will also give U.S. shipyards an opportunity to compete for contracts to build some of the 7,000 to 9,000 large oceangoing ships that the international commercial market will demand over the next decade.

In aviation, we have an ambitious agenda. To begin with, this Administration will use every means within our reach to create more and better jobs for workers in the airline and air frame manufacturing industry.

Just yesterday I saw George Kourpias, president of the Machinists Union, and Carolyn Forest, vice president of the United Auto Workers at a meeting at the White House. They both congratulated me and the President for getting involved in the Boeing and McDonnell Douglas sales to the Saudi Arabian government. I went to Saudi Arabia late last year to work on that deal which was a multi-billion dollar sale and means thousands of jobs for the nation's aerospace workers.

You can be sure that this Administration and this Secretary are committed to expanding every opportunity we can in the international marketplace when it means jobs for U.S. transportation workers.

Because our aviation strategy is a comprehensive strategy for helping restore the strength and competitiveness of this critical industry.

Be assured that our strategy is also sensitive to the needs and interests of the industry's workers. In fact, in putting this strategy together we drew from the work of the National Commission to Ensure a Strong Competitive Airline Industry. Two of the members of that Commission -- Randy Babbitt of the Air Line Pilots Association, and John Peterpaul of the Machinists -- are also members of

the Transportation Trades Department. I want to thank Randy and John for their contributions, and I look forward to a continuing partnership with them and other representatives of the industry's workers.

As part of this agenda, and unlike previous Administrations, we are going to take a good, hard look at the impacts of airline sales and route transfers on workers. We're going to ask to see the plans for addressing any impacts. And, if these plans are not good enough, we may send them back to the drawing board.

For example, when Southwest Airlines bought Morris Air, I talked to Herb Kelleher about the issue of worker dislocation and it was minimized.

In international aviation, we are especially aggressive in efforts to open up foreign markets to U.S. carriers.

A major effort under the aviation agenda is the reform of the FAA. Our goal is to make the changes necessary to ensure that our air traffic control system can remain as the safest and most efficient in the world. Let me say that the employees of the FAA, particularly the controllers and specialists, have done a great job of making our system as good as it is. But, they've worked under conditions that simply should not exist.

Our goal is to change that. We want to ensure that the FAA can be responsive to the changing aviation industry, and able to adopt new technologies that enhance

safety and efficiency. We're working hard on the details of the new structure that we'll propose to Congress later this spring. In doing so, we're working closely with Barry Krasner and the National Air Traffic Controllers Association; Howard Johannssen of the Professional Airways Systems Specialists; and with Randy Babbitt.

With this effort, we have a real opportunity to show that we can reinvent government. I hope that we can count on your support.

Now, turning to railroads, I know we have unions representing Amtrak employees here today and I want to emphasize that without a world class rail passenger service we cannot have a truly intermodal National Transportation System.

That's one reason we fought to have in the 1995 budget, funds for passenger rail programs, including $252 million for Amtrak capital assistance. That represents 29 percent more than in the 1994 budget contained for such programs and it will allow Amtrak to purchase new locomotives and passenger cars and overhaul older equipment.

The budget also provides $199 million for the Northeast Corridor Improvement Project and $90 million for the reconstruction and expansion of New York's Penn Station, which as you know is a key station in the Amtrak system. In addition, $32 million is allocated to the

development of new technologies for high speed rail -- the wave of the future.

CONCLUSION

Finally, I want to recognize your historic role in pressing for positive change for workers. I know that you share my highest priority which is safety.

No other group of people has a bigger vested interest in transportation safety than the workers who run transportation systems -- the men and women who are in the trucks on our highways, in the railyards and on the airplanes every day.

I know that 99.999% of transportation workers are honest, reliable and dedicated to the safety of those whose lives depend on your good judgment.

But Congress mandated that DOT issue drug and alcohol rules to deal with the fraction of people who are substance abusers and hold safety sensitive positions in transportation.

I fulfilled that Congressional mandate recently by announcing rules that protect the safety of the traveling public and at the same time respect the rights and privacy of transportation workers. In those rules we went to great lengths to protect the dignity of workers and still maintain safety -- which will benefit transportation employees as much as anybody. Some of the protections are in the

privacy of the recordkeeping process and in testing -- such as dual samples,and testing procedures to ensure that test results actually belong to that person.

I know that some of you have problems with the intrusive nature of this mandatory testing process and I respect your position, but I know too that you all support its goal which is a drug free, alcohol free transportation system.

Let me conclude by saying that in just over one year, this Administration has dramatically improved the relationship between labor and government in transportation -- and supported a series of constructive partnerships.

It is my hope that we can build on these achievements to move toward a new era of partnership between American labor, management and government -- leaving the confrontations of the recent past behind.
We have, in fact, achieved a great deal already -- working together.

But we have some very tough battles ahead of us.

Above all, this year we will need your support to win the battle for Health Security. I'm proud to be a part of an Administration that has shown the courage to tackle the issue of health security for all Americans.

The President's Health Security Plan will answer the deepest anxieties of working Americans -- the terrible fear of losing health coverage when changing jobs, the fear of losing a home to pay for a catastrophic illness. We now have a leader who's going to fight for health security and I know you will be with us on this one.

This is a dream that goes back as far as Harry Truman and the labor movement of 50 years ago. And winning it will definitely be a battle -- but a battle that we can win -- together.

Before I close I want to take a moment to note the contributions of someone who has been a great help to me and the Department of Transportation. Many of you know Keith Prouty, who has been covering labor issues for the Department since 1975. Keith is retiring later this year, and we'll miss him and his knowledge of what is important to you.

Thank you very much.

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SWEARING IN OF NEW CITIZENS
FEBRUARY 18, 1994
BROWNSVILLE, TEXAS

(200 citizens, 183 from Mexico, will just have taken the oath of allegiance)

INTRODUCTION

Let me begin by saying to all of you who have just taken your oaths: congratulations and welcome. I am honored and delighted to be the first to welcome you as new citizens of the United States of America.

Taking your oath of citizenship is a very treasured moment for you and for all of us who have witnessed this ceremony. It is the culmination of a big decision to pledge your allegiance to a country other than your native land. And the welcoming of new American citizens is a ritual which, through the years, has helped our nation grow and progress.

TOPIC OF SPEECH

I have three brief messages for you on this very special day. One concerns the difference between being born as an American citizen and becoming a citizen by <u>choice</u>; my second message is one of <u>opportunity</u>; and my third message is that the opportunity of American citizenship carries with it <u>responsibility</u>.

Because ours is a government of the people, by the people, and for the people -- and that means that all

citizens have a responsibility to participate in the democratic process.

I don't know how it feels to make the choice that you have just made. I was born in Laredo and grew up right here in Brownsville, a citizen by birth.

But I do know that you are joining a great tradition that goes back to the beginnings of this country. Because we are a nation of immigrants.

Over the centuries, waves of newcomers -- English and French, Spanish, Irish, Italian, Jewish, Slavs came to seek a new life in this land. Overtime, the sources of immigration have changed as the influx of Europeans has given way to newcomers from Latin America, Asia, the Caribbean, the Indian subcontinent and Africa. But each new group has made its own unique contributions. Each wave of new comers has seen this country with new eyes -- and so kept the American dream fresh for all of us.

Those of you who took your oaths of allegiance today have the same opportunity and responsibility to contribute to our country's greatness.

While some in our nation are fearful of this process of continually bringing in new people, I welcome it. I feel that diversity is our strength. Diversity in ideas and creativity flourish in an environment of freedom.

This diversity means is that America is never stagnant, we are not dormant, we are a nation of change.

I see this as the greatness of our country. Every wave of immigrants contributes something. Every individual immigrant can rise to great heights. Look at Cuban-born Roberto Goizueta, who came to this country as you have and now serves as Chairman of the Board of the Coca Cola Company, one of the Fortune 500 companies. Or Nigerian-born Hakeem Olejuwon, (Ha-keem Eli-jah-wan) star of the Houston Rockets basketball team, or an Estonian named Neeme Jarvis (Pronounced: Nay-a-ma Yar-vi) who immigrated to the United States in January 1980 and is today conductor of the Detroit Symphony Orchestra. The list goes on and on.

And you, too, can leave your mark on the history and culture of the United States in your own unique way. This is the greatness of America and it is one reason that this ceremony has been so moving.

Although I don't know what it feels like to be a naturalized citizen, I have thought about what you are giving up to gain the freedoms that native-born Americans take for granted. To renounce your citizenship in the country of your birth and to pledge allegiance to another nation is a very dramatic move in each and every one of your lives. I imagine that it required a good deal of soul searching.

Many of you, no doubt, had to think long and hard about leaving your native land. Almost all of you left behind family and loved ones, a childhood home, certainly the friends, and the memories of a lifetime. For many, this must have been a painful process.

But people come to America for many reasons -- for economic opportunity, for freedom of speech and religion and to enjoy basic human rights. This has been so since the beginning of this Republic.

Those of us who were born to citizenship in the United States of America need you, our proud, new citizens to remind us of how precious our birthright really is.

I want you to know that the flag you see here -- the flag we will all pledge allegiance to in a few minutes -- now belongs every bit as much to you who were naturalized today as to the man or woman whose people have been here for many generations.

This is one of the unique and wonderful things about American citizenship -- it is available to all the nations and peoples on earth -- provided they pledge allegiance to our Republic.

Those of us who make that commitment -- native born or newcomers -- have come from all over the world. But every coin in our pocket carries an inscription that conveys a basic truth about the United States. In Latin it reads, *E*

Pluribus Unum. In English, that means "Out of many, one." In Spanish, we would say, "De Muchos, Uno."

What this means is we are all one nation. Our mosaic is painted in many colors and our citizens speak many languages. We Americans worship God in every religion known on earth.

And our nation thrives on this diversity. Equal opportunity is our creed and our strength. We are <u>all</u> Americans and we are all in this together.

This brings me to my second point, opportunity. The United States is still a land of opportunity, a land where you can be anything you want to be, a land where if you work hard and play by the rules, you can achieve almost any personal goal you set.

The abundant opportunities of our system are not based upon family or economic status but upon the ability and hard work of each individual. President Clinton is deeply committed to using all the talent and skills and insights that make up our diverse landscape of cultures and religions and backgrounds. When he took office he said he wanted his Cabinet and our government to "look like America" and he's delivered on that promise. I'm proud to serve in his Cabinet.

But my third point is that your citizenship is not just about opportunity. Citizenship also carries with it responsibility. My grandfather -- Eduardo Peña -- was a

Councilman and from him I learned very early in life the importance of participating in the democratic process. You too, have a personal responsibility to your family, to your community and your nation.

Your first responsibility as a citizen of the United States is to vote. Over the past two centuries thousands of Americans have died to secure that basic democratic right.

This right and obligation to vote lies at the very heart of our nation's history. The revolutionaries who fought for America's freedom did so, in part, because they objected to being governed by England with no right to vote. And when they established our Constitution, they knew that if this experiment in democracy was to long endure, the citizens of America would have to be active and informed.

That's why when Benjamin Franklin stepped out into the bright sunlight after the last day's work of drafting our Constitution, and someone asked him, "Well, Doctor, what have we got -- a Republic or a monarchy?" Franklin replied: "A Republic, <u>if</u> you can <u>keep it</u>."

Now, the job of keeping and improving our democracy is passed on to those of you who've sworn your oaths of citizenship today. And you are joining us at a very exciting time in our country's history.

I urge you to take this responsibility very seriously, to keep up with the issues, to interview the candidates and to

participate in your government at the local level, on the school board, the water district and the Town Council, and at the state level in Austin, and at the national level in Washington, D.C.

President Clinton has answered the call of our citizens for change and action. He is working to get our economy moving with more and better jobs for our citizens. The Clinton Administration has fought to raise working people out of poverty. We have established a new program of National Service so that the children of working people can get a college education if they want one. And most importantly -- the President is seeking to fulfill the government's responsibility to its citizens -- to provide health care for all Americans -- health care that can never be taken away.

But never forget this. The President -- and I -- work for you, the citizens. Stay informed. Express yourselves. Disagree with us if you choose. Vote. And never forget, you are the bosses. This is not a monarchy, it's a Republic. It's up to you to keep it -- and pass it on.

Congratulations *y Bienvenidos.*

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
BROWNSVILLE CHAMBER OF COMMERCE
BROWNSVILLE, TEXAS
FEBRUARY 18, 1994

I'd like to thank Tony Gonzalez for that warm introduction. Tony and I go back a long way.....I can remember.....

That's why it's really wonderful to see so many old friends and familiar faces here today, and it's great to be back in Brownsville.

It's nearly 30 years since I graduated high school here and went on to the University of Texas and then to Denver and last year on to Washington -- but Brownsville still feels like home to me.

I guess I don't have to tell a sophisticated business group like this one just how intense the pace of change has been in Washington since President Clinton took office.

In just over one year we have launched the first credible attack on out-of-control-deficits in nearly a generation -- first with last year's budget, then with this year's. We've seen interest rates stay low while home sales and car sales soar. We've seen more jobs created in the last year than in the previous four years combined.

We've passed a Family and Medical Leave Act, the Brady Bill Gun Control law, Campaign finance reform, a new National Service program, the Student Loan Reform Act and the great North American Free Trade Agreement.

And we've seen a President who is pushing hard to open markets for U.S. exports all over the world -- whether that means forcing open the Japanese market, bargaining hard for the General Agreement on Tariffs and Trade or signing the NAFTA, a trade pact with vast promise for the economy of south Texas.

This hectic pace is as it should be. The American people voted for change and action.

And there's no denying that there have been a great many changes here in Brownsville since I grew up alongside the "old bridge" and the "new bridge" -- the B&M and the Gateway -- which were fairly busy even when I was still a boy.

In the years since, the population of the Rio Grande valley has been rising rapidly -- on both sides of the border -- and the volume of trade and traffic between the United States and Mexico has been surging, even before the passage of the North American Free Trade Agreement.

These changes bring with them the promise of greater prosperity and growth -- but they also pose serious challenges for all levels of government -- especially in meeting the environmental, transportation and indeed, quality of life needs of border cities like Brownsville.

TODAY'S SPEECH

So today I want to share with you first, my own view of these issues, focusing on transportation challenges along the border and secondly, what we in the Federal government are doing, in partnership with the state, local governments and citizens to ensure that instead of being overwhelmed by increased commerce and traffic volumes, we master these flows and capture the promise of economic development for the border regions and for the whole nation.

THE RISE IN BORDER TRAFFIC

Let me begin by outlining the astonishing rise in cross-border trade and traffic between the United States and Mexico.

Since the late 1980's when President Carlos Salinas de Gortari began lowering Mexican tariff barriers, U.S.- Mexican trade volume has exploded. Total trade more than doubled from $34 billion in 1987 to well over $80 billion last year -- and there will be no slackening of that pace anytime soon.

With the passage into law of the North American Free Trade Agreement just a few weeks ago, trade volumes between the U.S. and Mexico are now projected to roughly double by the year 2000 and double again by 2020.

This is a phenonemal rate of growth -- and its benefits are evident. Exports from Texas to Mexico have tripled between 1987 and 1992 from $6 to $19 billion. More than 185,000 Texas jobs now depend on these sales to Mexico.

But this trade surge also poses huge challenges. Daily volume just at the Gateway Bridge in Brownsville has grown more than 15% in the past five years, to nearly 18,000 vehicles a day -- 800-900 of them heavy trucks. In Laredo, where I was born, traffic on the Lincoln-Juarez Bridge has climbed 60% in just three years -- from 15,000 to 25,000 vehicles -- putting serious pressure on local infrastructure. Near McAllen, at the crossing between Hidalgo and Reynosa, traffic has increased 35% in just three years to 22,000 vehicles a day.

All too often, for communities close to major border crossings, the increased trade volume across the Rio Grande translates into congestion of local roads, travel delays for local residents, air pollution from fuming lines of delayed trucks and cars, increased safety risks from heavy truck traffic and the rapid deterioration of local roads.

These problems have been compounded in recent years by inadequate federal and state funding for infrastructure.

Clearly, to handle the further traffic increases anticipated under NAFTA, we need to do much better, and that will require the concerted efforts of all units of government and our partners in the private sector.

OUR RESPONSE

This brings me to the subject of what the federal government has done to focus on border transportation problems -- and to begin to solve them.

As many of you know, President Clinton was deeply engaged in the fight for NAFTA and in the process became personally aware of and concerned about the border region's needs both for transportation and environmental action.

That's one reason that the President fought to include the establishment of the North American Development Bank as part of last year's NAFTA legislation. NADBANK, which will be jointly owned by the United States and Mexico, will have initial capital of $3 billion to support both environmental projects along our joint border -- and to provide adjustment finance to inland communities that lose jobs or are otherwise impacted by new trade flows permitted under NAFTA.

For our part, the Department of Transportation has taken a lead role in addressing the traffic and infrastructure issues posed by rising trade flows. For example, we released a major report on border infrastructure last month that had been mandated by Congress as part of the 1991 Intermodal Surface Transportation Efficiency Act, or ISTEA, the basic framework for our country's current transportation policy.

To produce this report, my Department met with over 1,400 individuals from state and local governments, from the Mexican and Canadian governments and from private business and citizens groups. We gathered a mass of objective information on how international trade in North America works, and where the impediments are. In truth, the report we produced is not simply a Federal report -- it is a national report.

Unfortunately, though, some published reports have created a serious misconception -- leading some people to think that our report found the transportation status quo along the border to be adequate. This is quite incorrect.

Our report stated that in the short term, our current border crossings and corridors -- together with programmed improvements already in the pipeline and assuming that we could increase cooperation with our neighbors and make these facilities even more efficient -- could handle border traffic in the short term.

In the longer-term, the report concluded, we must make more strategic investments in our border facilities and transportation corridors leading from them -- using both existing and innovative funding sources.

Far from taking a complacent view of border regions' needs, the report concluded, and I quote: "The arterials leading to and from border crossing sites....are under stress and will be hard-pressed to handle significantly greater amounts of cross-border traffic....These arterials connect border crossings to the main interstate and interregional transportation system within the United States. They are badly in need of repair and upgrading."

Most importantly, the report's main recommendations were for a vigorous program of action to improve the whole border region's transportation infrastructure.

The report also acknowledged the specific impacts that greater traffic flows have on border communities.

It called for:

1) major reform in customs clearance procedures and techniques at the border.

2) Full-funding of ISTEA, which would provide state DOTs with more adequate resources to meet border needs by mobilizing a range of public and private financing mechanisms for border infrastructure; and

3) the launching of a multi-agency task force to address congestion problems along the border.

My Department's border infrastructure report was anything but complacent -- it was a call for action. It framed the discussion of North American international trade; it highlighted the international and national importance of border crossings and their connections to trade corridors and the National Highway System; it clearly identified the nature of the major challenges that impede efficient international trade flow; and it called for specific action items, including legislative recommendations, White House

action, and action by my Department to deal with border transportation problems.

This study is already proving a catalyst for action!

WHAT WE WILL DO NEXT

Let me discuss the five major steps we are taking to deal with the transportation challenges we have identified along the border.

These range from passing the proposed National Highway System to passing my Department's 1995 budget, hosting a North American Transportation Summit, launching a Border efficiency Task Force, to planning for long-term border transportation needs.

STEP 1 -- THE NATIONAL HIGHWAY SYSTEM

The first step to better border transportation will be passage of the proposed National Highway System that we submitted to Congress in December of last year.

The National Highway System is a strategically-selected network of more than 159,000 miles of Interstates, major arterials and highways critical to the Nation's defense and emergency response, that has been drawn up in consultation with all 50 states. These 4% of our country's total roads carry nearly half of America's road-borne commerce and long-distance travel.

For Brownsville and the lower Rio Grande Valley, which is beyond the current interstate highway network, the proposed National Highway System is especially significant. It designates State Highways 100 and 77, U.S. 83 along the border, U.S. 281 down to McAllen-Edinburg-Mission, U.S. 59 from Laredo to Houston and State Highway 44 off of U.S. 59 east to Corpus Christi. The NHS also includes key roads within Brownsville, Laredo, McAllen and other border cities themselves -- like Mines Road in Laredo or Bocachica Boulevard in Brownsville.

States were asked to connect all major international border crossings to the Nation's core transportation system through the NHS mechanism. The Texas state DOT, for example, identified NHS facilities that connect to the major international gateways in both south and west Texas.

Once Congress passes the National Highway System, these routes will represent the highest priority national system carrying more than 40% of our total national traffic.

NHS designation is only a starting point. We must continue working through the States and local decisionmakers to rationalize the NHS; that is, to ensure that the design standards on the NHS within Texas -- and all States -- is appropriate to the demands on that particular route. Some highways will be improved to a higher level of service; others will be improved within existing rights of way -- perhaps by adding a lane or a shoulder or installing more sophisticated traffic control technology. Others may see only pavement improvements to ensure a high quality riding surface.

Rationalization makes sense especially along the border. It makes sense for border communities and states to work together to develop broad strategic priorities for the ports of entry, bridges, trade corridors and other facilities they wish to fund -- rather than have each local jurisidction struggling piecemeal for attention and funds. We are prepared to work with the states and border cities to develop such overall strategic plans.

The mandate of ISTEA is that we make the best use of existing facilities before embarking on major new capital investment programs. It is only common sense that we make the best use of our existing assets and ensure that our future investments are targeted to produce the greatest return on investment. The private sector has understood this for years.

We in the public sector must adopt that investment philosophy.

This means that border communities must work with states and the federal government -- and in collaboration with our neighbors in Mexico and Canada -- to squeeze the most productivity out of all our existing

highways, rails, and international bridges. If we have facilities in place, it is poor stewardship to let them stand idle and underutilized.

So in our search for solutions, let us look at our own practices first, and make sure that our house is in order.

STEP TWO: DOT'S 1995 BUDGET

A second focus of our efforts -- and a source of very good news for everyone in Texas, is my Department's budget request for 1995.

We are seeking $39.7 billion, an increase of 2% in a year when many departments of our government had to accept reductions. This increase reflects President Clinton's belief that investment in transportation technology and infrastructure is the key to economic growth and creating new American jobs.

Fully 71% of our budget will, in fact, be devoted to infrastructure funding -- and border states stand to benefit greatly. Because we will reach nearly 100% of the funding levels for highways and transit proposed for ISTEA, Texas alone will receive $261 million more this year than last in federal highway and transit money.

Federal highway funds for Texas are estimated to rise to $1.17 billion, an increase of $215 million or 22%. Federal transit aid funds will climb from $94 to $138 million, an increase of 46%.

Of course, I can't forecast exactly how this money will be spent at the state level, but I can assure you that the Department of Transportation fully supports an increased emphasis on the highly-stressed roads of our border regions -- and I know that you will argue for your fair share of these new funds.

Let me note that the federal government is already deeply engaged in upgrading this region's infrastructure.

State Highway 100 from the Valley Expressway to South Padre Island is being transformed from a two to four-lane highway. A $14 million

railroad relocation project here in Brownsville involving the Southern Pacific is due to have contracts let late this summer. We have recently completed a $28 million interchange in Pharr between US 281 and the Valley Expressway. US 83 between McAllen and Laredo is being widened at a cost of $5.6 million -- and so is Mines Road in Laredo, connecting the Solidarity bridge to Interstate 35. The loop between I-35 and US 59 is due to see contracts let in July for $11 million worth of work.

Other projects like these will be easier to fund once our 1995 budget is passed by Congress.

STEP THREE: THE NORTH AMERICAN TRANSPORTATION SUMMIT

A third action we are taking to address border concerns will be the convening of an historic North American Transportation Summit meeting in Washington next month. This Summit will bring together Mexico's Secretary of Transportation, Emilio Gamboa, Canada's Minister of Transportation, Doug Young, and my Department for a series of talks on both NAFTA's provisions in the transportation area itself and on ways to better coordinate our nations' transportation systems and infrastructure investments to meet growing trade flows.

We'll be exchanging ideas on innovative ways to finance transportation infrastructure, particularly systems that cross our borders. All three nations are exploring ways to involve private business and private capital in infrastructure and we have much to share.

We will also discuss ways to ease traffic congestion at our borders by better coordinating customs service procedures, staffing, hours of operation and other means -- to make more efficient use of existing crossings. I'm convinced we'll find ways to significantly reduce current delays.

For example, we could discuss with our Mexican counterparts the possibility of extending customs operating hours on their side of the Gateway Bridge -- a change that could prevent the late afternoon back-ups of trucks, keep later trucks from being stranded overnight, and facilitate evening traffic and business between Brownsville and Matatoros.

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A fourth action that the Department of Transportation is taking is to lead an inter-agency Border Efficiency Task Force with representatives from every major Cabinet Department and Agency concerned with border issues.

This action-oriented task force is already at work and my Department chairs it. Their mission is to report on specific ways to improve the efficiency of existing border crossings and -- on the U.S. side -- to better plan for future border infrastructure investments. I expect the Task Force's report within ninety days.

Among other things, this task force will seek to better coordinate inspections, staffing, hours of operations and new inspection technologies to speed people and cargo across borders -- without vast new costs -- and without compromising federal responsibilities for control of immigration, public health, vehicle safety, illegal drugs or other contraband.

Let me re-emphasize, in an era of constrained budgets, it is imperative that we extract every possible efficiency we can from existing border facilities -- and that we invest strategically to improve the ones we have.

In that regard, the proposal to cut congestion on the Gateway Bridge in Brownsville by building a new off ramp is a model for the whole region. At a cost of just $230,000, this off-ramp should greatly reduce the often hour-long delays for citizens who cross the Gateway. This is a relatively modest investment in existing border facilities that promises to pay great dividends -- a good example of what I called for to make our current infrastructure more efficient and productive.

I can tell you that the central concern that the DOT brings to this effort is that of reducing traffic delays, congestion and pollution that degrade the quality of life in our border communities. Some of these solutions may require increased investment or even new crossings -- others may be addressed by better co-ordination of customs hours, procedures, or new technologies.

But the Task Force's bottom-line goal will be this: get results, ease the stress on border communities, find ways to do this quickly.

STEP FIVE: PLANNING FOR THE LONG TERM

A fifth effort -- intended to prepare us to meet the long-term challenges of border crossings and international trade -- is already underway. Working through the American Association of State Highway and Transportation Officials (AASHTO) and the South West Border Transportation Alliance, we are launching a study of future investment requirements to meet border approach and crossing needs.

Texas DOT has, in my estimation, done an impressive job at making this sort of assessment. California, Arizona, Michigan, New York, and some other states have developed similar estimates. We must expand the scope of these activities to include all States with international trade and border crossing concerns. We also need to ensure that all of these studies use common criteria so that we can distinguish between the trade-based and "national" infrastructure needs and those infrastructure "needs" related to local economic development plans.

With ISTEA due to expire by the end of 1995, it is time to begin planning for the new framework that will replace it -- and these studies are part of that effort. We will work closely on them with Texas and with border communities like Brownsville.

All of these efforts, I should say, are the direct result of the involvement of state and city officials, private businesses and citizens groups in the border infrastructure study that preceded our December report.

Throughout, my Department has listened to and worked with concerned citizens and community groups, local governments and business groups from the Rio Grande Valley. We've consulted with the Border Trade Alliance, with the Mobility Task force of the Rio Grande Valley Chamber of Commerce, and with the Southwest Border Transportation Alliance.

We welcome your advice and your insight. We urge you to get involved in the state planning process where decisions that affect your communities are made. This is your right.

And believe me, this Secretary of Transportation understands when you say that our border regions have sometimes been short-changed on the infrastructure resources you need -- and I support your efforts to change that. But the only way to do so is to establish a fully responsive planning process and for you to become involved in that process. That is the message of ISTEA and it is a message that I want to reinforce today.

CONCLUSION:

Let me conclude by saying that as a son of the Rio Grande valley, I am keenly aware of your concerns and your dreams for a better tommorow. I know how much things have changed since I was a boy using the "old" B&M bridge in Brownsville.

And I know that after many years of frustration and lack of recognition and support, that this is now your time. Brownsville and border cities up and down the Rio Grande now have a new chance to grow and prosper and preserve your quality of life -- not only for yourselves, but for your kids and your grandchildren.

And I am proud to be part of an Administration that will work with you to turn these challenges into opportunities. It is fair to say, I believe, that the Clinton Administration is and will be more deeply engaged in and commited to the Rio Grande Valley's needs than any Administration in our lifetimes has ever been.

And that's as it should be. Because I believe that the Rio Grande Valley can become a focus for dynamic economic growth that will be felt across our country. I believe that if Brownsville's economy is strong and Laredo's economy and El Paso's economy are strong then Texas and the whole United States will benefit, too.

Better transportation in the valley and across our border with Mexico is one key to making that vision happen.

As you have heard, we are actively moving on several fronts to enhance mobility, reduce congestion,increase efficiency -- and in general ensure that our border regions can prosper through growing trade flows -- not be burdened by them.

In all of these efforts we will need your energy, your expertise, and your active engagement.

I know that these are struggles and efforts that you are already engaged in with all your hearts. I just hope that you know today -- if you ever doubted it before -- that this Secretary of Transportation and this Administration will be right there with you all the way.

Thank you very much.

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TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
DEDICATION OF COLONEL SANTOS BENAVIDES SCHOOL
LAREDO, TEXAS
FEBRUARY 18, 1994

- **I want to thank Dr. David Barbosa for that kind introduction.**

- **I am happy to be back in Laredo today with so many relatives and old friends.**

  -- Although I have ventured far from South Texas -- first to Denver, Colorado, and then Washington, D.C. -- my heart has always been in Laredo, the town where I was born.

  -- Let me say, too that <u>I am proud to be the great grand nephew of Colonel Santos Benavides.</u> This is my heritage and yours and I treasure it.

- **And I'm especially honored to join members of the family of Colonel Santos Benavides, nearly 800 seventh graders and all the other people here today in re-dedicating this school in honor of this distinguished American.**

- **Much will be said today about this legendary hero from a previous century. But the greatest tribute to him comes from the students who had a part in selecting the new name for their school.**

-- And they chose the name of Colonel Benavides from history because it represents responsibility and community.

- Colonel Benavides loved Laredo. He fought to successfully defend this community from Union invaders -- Laredo was his real love and cause and passion in the Civil War.

-- He protected Laredo from outlaws.

-- He served as Laredo's mayor and represented it in the Texas legislature.

-- He was indeed a role model for responsibility and community service.

- Responsibility, community and the value of education are lessons we in Laredo have always learned through our families. My mother and father, Lucilla and Gustavo Peña, were born in Laredo too, and I am happy to have them here today.

-- My father was a businessman in Brownsville, and he taught me that if you work hard and get a good education, you can be successful in America.

-- My mother taught me the lessons of love of God, family and community.

-- My grandfather, Eduardo Peña, was a councilman and he taught me the importance of being involved in the democratic process and the tremendous value of public service to our community.

-- And I hope to play the same role in the education of my two little girls that my parents and grandparents played in mine.

- These lessons have been instilled in generation after generation of Laredans not only by our parents but by our fine school system.

- And I'm proud to be a part of an Administration in Washington that places a premium on education -- that has a plan to work with school systems like the one in Laredo to ensure that every child receives a world-class education in core subjects.

-- In his State of the Union Message President Clinton stressed the critical importance of education over and over again, so that our children, "learn what they need to compete and win in the global economy."

- President Clinton stresses these time honored values in his Goals 2000: Educate America Act, the first major school reform legislation in more than a decade.

-- This landmark law aims to reinvent America's schools by establishing high academic and skills standards and by providing the leadership and support states and communities need to reach those standards.

-- We believe we can accomplish Goals 2000 by refocusing the federal education effort on teaching and learning instead of paperwork.

- Goals 2000 is based upon principles learned from successful schools such as yours during the past 10 years. These include:

  -- higher expectations for all students because we believe all students can learn more if we ask it of them.

  -- a new approach to teaching.

  -- giving schools the tools and flexibility they need to do their job and then making them accountable for the results.

  -- and most important, building partnerships.

- We've learned that schools can't do it alone. We have to apply some old Laredan common sense and involve parents, educators, students, business, labor, and public, private and nonprofit groups. We all need to be active partners in the reform effort.

- **Let me conclude by saying what an honor it is for me to serve in the President's Cabinet -- not because it reflects on my own achievement but because of the opportunity it opens up for my two little girls.**

  -- It's hard to realize that 30 years ago when I was in the Seventh Grade many people simply couldn't imagine that a person from a small town in South Texas could be Secretary of Transportation. We just didn't think of it because the opportunity did not seem open to us.

  -- Now, I want every Seventh Grader here to know that the doors of opportunity are open for you -- all the way to the highest offices our country offers.

- **So, I ask all the young people here today to honor the name of Santos Benavides every day and practice the heritage he gave us -- a heritage of responsibility and community -- so that you too, can open new vistas for the generation that follows you.**

- **Thank you very much and *Viva Laredo, Viva Santo Benavides School.***

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
PHARR CHAMBER OF COMMERCE
PHARR, TEXAS
FEBRUARY 19, 1994

INTRODUCTION:

I'd like to thank Amadeo Saenz for that warm introduction. I know that Amadeo is doing a good job for you as District Engineer for the state Transportation Department here in the Rio Grande Valley and I know that some of what I have to say today will be of great interest to him.

It's great to be here with you all and to be with Congressman de la Garza who fought so hard to help pass the North American Free Trade Agreement and for so many other parts of President Clinton's program. Kika de la Garza has been a great help and an inspiration to me. We've walked together through the halls of Congress and fought side by side for programs that will help this Rio Grande Valley.

I guess I don't have to tell a sophisticated business group like this one just how intense the pace of change has been in Washington since President Clinton took office.

In just over one year we have launched the first credible attack on out-of-control-deficits in nearly a generation -- first with last year's budget, then with this year's.

We've seen interest rates stay low while home sales and car sales soar. We've seen more jobs created in the last year than in the previous four years combined.

We've passed a Family and Medical Leave Act, the Brady Bill Gun Control law, Campaign finance reform, a new National Service program, the Student Loan Reform Act and the great North American Free Trade Agreement.

And we've seen a President who is pushing hard to open markets for U.S. exports all over the world -- whether that means forcing open the Japanese market, bargaining hard for the General Agreement on Tariffs and Trade or signing the NAFTA, a trade pact with vast promise for the economy of south Texas.

That hectic pace is as it should be. The American people voted for change and action -- and that's what Bill Clinton is delivering.

Many of the changes now underway, particularly the implications of NAFTA, will have deep, long-running effects on the future of the Rio Grande Valley.

All of you know that I am a son of this Valley -- born in Laredo and raised in Brownsville -- so I am fully aware of how dramatically things have changed here since I was a boy.

In the years since then, the population of the Rio Grande valley has been rising rapidly -- on both sides of

the border -- and the volume of trade and traffic between the United States and Mexico has been surging, even before the passage of NAFTA.

These changes bring with them the promise of greater prosperity and growth -- but they also pose serious challenges for all levels of government -- especially in meeting the environmental, transportation, and indeed, quality of life needs of our border regions.

TODAY'S SPEECH

So today I want to share with you first, my own view of these issues, focusing on transportation challenges along the border and secondly, what we in the federal government are doing in partnership with the state, local governments and citizens to ensure that instead of being overwhelmed by increased commerce and rising traffic volumes, we master these flows and capture the promise of economic development for the border regions and for the whole nation.

THE RISE IN BORDER TRAFFIC

Let me begin by outlining the astonishing rise in cross-border trade and traffic between the United States and Mexico.

Since the late 1980's, when President Carlos Salinas de Gortari began lowering Mexican tariff barriers, U.S.-Mexican trade volume has exploded. Total trade more

than doubled from $34 billion in 1987 to well over $80 billion last year -- and there will be no slackening of that pace anytime soon.

With the passage into law of the North American Free Trade Agreement just a short while ago, trade volumes between the U.S. and Mexico are now projected to double by the year 2000 and double again by 2020.

This is a phenomenal rate of growth -- and its benefits are evident. Exports from Texas to Mexico have tripled between 1987 and 1992 from $6 to $19 billion. More than 185,000 Texas jobs now depend on these sales to Mexico.

But this trade surge also poses huge challenges. Daily volume just at the Gateway Bridge in Brownsville has grown more than 15% in the past five years, to nearly 18,000 vehicles a day -- 800-900 of them heavy trucks. In Laredo, where I was born, traffic on the Lincoln-Juarez Bridge has climbed 60% in just three years -- from 15,000 to 25,000 vehicles -- putting serious pressure on local infrastructure. Near McAllen, at the crossing between Hidalgo and Reynosa, traffic has increased 35% in just three years to 22,000 vehicles a day.

As those of you who live in Pharr know too well, communities close to major border crossings may experience the increased trade volume across the Rio Grande mainly in the form of congestion of local roads, travel delays for local residents, air pollution from fuming

lines of delayed trucks and cars, increased safety risks from heavy truck traffic and the rapid deterioration of local roads.

These problems have been compounded in recent years by inadequate federal and state funding for infrastructure.

Clearly, to handle the further traffic increases anticipated under NAFTA, we need to do much better at all levels of government.

OUR RESPONSE

This brings me to the subject of what the federal government has done to assess border transportation problems -- and begin to solve them.

As many of you know, President Clinton was deeply engaged in the fight for NAFTA and in the process became personally aware of and concerned about the border region's needs both for transportation and environmental action.

That's one reason that the President fought to include the establishment of the North American Development Bank as part of last year's NAFTA legislation. NADBANK, which will be jointly owned by the United States and Mexico, will have initial capital of $3 billion to support both environmental projects along our joint border -- and to provide adjustment finance for inland

communities that suffer job losses or other impacts from trade flows permitted by NAFTA.

For our part, the Department of Transportation has taken a lead role in addressing the traffic and infrastructure issues posed by rising trade flows. For example, we released a major report on border infrastructure needs last month that had been mandated by Congress as part of the 1991 Intermodal Surface Transportation Efficiency Act, or ISTEA, the basic framework for our country's current transportation policy.

To produce this report, my Department met with over 1,400 individuals from state and local governments, from the Mexican and Canadian governments and from private business and citizens groups. We gathered a mass of objective information on how international trade in North America works, and where the impediments are. In truth, the report we produced is not simply a Federal report -- it is a national report.

Unfortunately, though, some published reports have created a serious misconception -- leading some people to think that our report found the transportation status quo along the border to be adequate. This is quite incorrect.

Our report stated that in the short term, our current border crossings and corridors -- together with programmed improvements already in the pipeline and assuming that we could increase cooperation with our

neighbors and make these facilities even more efficient -- could handle current border traffic.

In the longer-term, the report concluded, we must make more strategic investments in our border facilities and transportation corridors leading from them -- using both existing and innovative funding sources.

Far from taking a complacent view of border regions' needs, the report concluded, and I quote: "The arterials leading to and from border crossing sites....are under stress and will be hard-pressed to handle significantly greater amounts of cross-border traffic....These arterials connect border crossings to the main interstate and interregional transportation system within the United States. They are badly in need of repair and upgrading."

Most importantly, the report's main recommendations were for a vigorous program of action to improve the whole border region's transportation infrastructure.

The report also acknowledged the specific impacts that greater traffic flows have on border communities.

It called for:

1) major reform in customs clearance procedures and techniques at the border

2) Full-funding of ISTEA, which would provide state DOT's with more adequate resources to meet border needs by mobilizing a range of public and private financing mechanisms for border infrastructure; and

3) the launching of a multi-agency task force to address congestion problems along the border.

My Department's border infrastructure report was anything but complacent -- it was a call for action. It framed the discussion of North American international trade; it highlighted the international and national importance of border crossings and their connections to trade corridors and the National Highway System; it clearly identified the nature of the major challenges that impede efficient international trade flow; and it called for specific action items, including legislative recommendations, White House action, and action by my Department to deal with border transportation problems.

This study is already proving a catalyst for action!

WHAT WE WILL DO NEXT

Let me discuss the five major steps we are taking to deal with the transportation challenges we have identified along the border.

These range from passing the proposed National Highway System to passing my Department's 1995 budget, hosting a North American Transportation Summit,

launching a Border Efficiency Task Force, to planning for long-term border transportation needs.

STEP 1 -- THE NATIONAL HIGHWAY SYSTEM

The first step to better border transportation will be passage of the proposed National Highway System that we submitted to Congress in December of last year.

The National Highway System is a strategically-selected network of more than 159,000 miles of Interstates, major arterials and highways critical to the Nation's defense and emergency response, that has been drawn up in consultation with all 50 states. These 4% of our country's total roads carry nearly half of America's road-borne commerce and long-distance travel.

For the lower Rio Grande Valley, which is beyond the current interstate highway network, the proposed National Highway System is especially significant. It designates State Highways 100 and 77, U.S. 83 along the border, U.S. 281 down to McAllen-Edinburg-Mission, U.S. 59 from Laredo to Houston and State Highway 44 off of U.S. 59 east to Corpus Christi. The NHS also includes key roads within Brownsville, Laredo, McAllen and other border cities themselves -- like Mines Road in Laredo or Bocachica Boulevard in Brownsville.

States were asked to connect all major international border crossings to the Nation's core transportation system through the NHS mechanism. The Texas state DOT, for

example, identified NHS facilities that connect to the major international gateways in both south and west Texas.

Once Congress passes the National Highway System, these routes will represent the highest priority national system carrying more than 40% of our total national traffic.

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A fourth action that the Department of Transportation is taking is to lead an inter-agency Border

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This action-oriented task force is already at work and my Department leads it. Their mission is to report on specific ways to improve the efficiency of existing border crossings and -- on the U.S. side -- to better plan for future border infrastructure investments. I expect the Task Force's report within 90 days.

Among other things, this task force will seek to better coordinate inspections, staffing, hours of operations and new inspection technologies to speed people and cargo across borders -- without vast new costs -- and without compromising federal responsibilities for control of immigration, public health, vehicle safety, illegal drugs or other contraband.

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In that regard, the proposal to cut congestion on the Gateway Bridge in Brownsville by building a new off ramp is a model for the whole region. At a cost of just $230,000, this off-ramp should greatly reduce the often hour-long delays for citizens who cross the Gateway. This is a relatively modest investment in existing border facilities that promises to pay great dividends -- a good example of

what I called for to make our current infrastructure more efficient and productive.

I can tell you that the central concern that the DOT brings to this task force effort is that of reducing traffic delays, congestion and pollution that degrade the quality of life in our border communities. Some of these solutions may require increased investment or even new crossings -- and we are delighted to see that construction is well underway on the Pharr-Reynosa Beridge. Other border crossing problems may be addressed by better co-ordination of customs hours, procedures, or new technologies.

But the Task Force's bottom-line goal will be this: get results, ease the stress on border communities, find ways to do this quickly.

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With ISTEA due to expire by the end of 1995, it is time to begin planning for the new framework that will replace it -- and these studies are part of that effort. We will work closely on them with Texas and with border communities like Brownsville.

All of these efforts, I should say, are the direct result of the involvement of state and city officials, private businesses and citizens groups in the border infrastructure study that preceded our December report.

Throughout, my Department has listened to and worked with concerned citizens and community groups, local governments and business groups from the Rio Grande Valley. We've consulted with the Border Trade Alliance, with the Mobility Task Force of the Rio Grande Valley Chamber of Commerce, and with the Southwest Border Transportation Alliance.

We welcome your advice and your insight. We urge you to get involved in the state planning process where decisions that affect your communities are made. This is your right.

And believe me, this Secretary of Transportation understands when you say that our border regions have sometimes been short-changed on the infrastructure resources you need -- and I support your efforts to change that. But the only way to do so is to establish a fully responsive planning process and for you to become involved in that process. That is the message of ISTEA and it is a message that I want to reinforce today.

CONCLUSION:

Let me conclude by saying that as a son of the Rio Grande Valley, I am keenly aware of your concerns and your dreams for a better tommorow. I know how much things have changed since I was a boy using the "old" B&M bridge in Brownsville.

And I know that after many years of frustration and lack of recognition and support, that this is now your time. Border cities up and down the Rio Grande now have a new chance to grow and prosper and preserve your quality of life -- not only for yourselves, but for your kids and your grandchildren.

And I am proud to be part of an Administration that will work with you to turn these challenges into opportunities. It is fair to say, I believe, that the Clinton Administration is and will be more deeply engaged in and commited to the Rio Grande Valley's needs than any Administration in our lifetimes has ever been.

And that's as it should be. Because I believe that the Rio Grande Valley can become a focus for dynamic economic growth that will be felt across our country. I believe that if Pharr's economy is strong and Laredo's economy and El Paso's economy and Brownsville's are strong then Texas and the whole United States will benefit, too.

Better transportation in the valley and across our border with Mexico is one key to making that vision happen.

As you have heard, we are actively moving on several fronts to enhance mobility, reduce congestion, increase efficiency -- and in general ensure that our border regions can prosper through growing trade flows -- not be burdened by them.

In all of these efforts we will need your energy, your expertise, and your active engagement.

I know that these are struggles and efforts that you are already engaged in with all your hearts. I just hope that you know today -- if you ever doubted it before -- that this Secretary of Transportation and this Administration will be right there with you all the way.

Thank you very much.

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3.52

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
RIO GRANDE VALLEY CHAMBER OF COMMERCE
FEBRUARY 19, 1994

* Today I want to share with you first, my own view of the transportation challenges we face along the Rio Grande border and secondly, what we in the federal government are doing to meet these challenges and capture the promise of economic development for the border regions and for the whole nation.

* For more than six years, U.S.- Mexican trade volume has exploded. Total trade more than doubled from $34 billion in 1987 to well over $80 billion last year. There will be no slackening of that pace anytime soon.

* NAFTA's passage into law means trade volumes between the U.S. and Mexico are projected to double by the year 2000 and double again by 2020.

* There are vast benefits. Exports from Texas to Mexico have tripled between 1987 and 1992 from $6 to $19 billion. More than 185,000 Texas jobs now depend on these sales to Mexico.

* But there are also huge challenges. Truck traffic at Laredo, for example, have climbed from 266,000 crossings in 1987 to 671,000 in 1992 -- putting serious pressure on local infrastructure.

* Border communities too often face congestion of local roads, travel delays for local residents, air pollution from lines of delayed trucks and cars, increased safety risks from heavy truck traffic and the rapid deterioration of local roads.

* Clearly, to handle the further traffic increases anticipated under NAFTA, we need to do much better at all levels of government.

OUR RESPONSE

* The federal government and the Department of Transportation are responding to these needs of the border regions.

* Last month we released the results of a major border infrastructure study in Washington.

* Unfortunately, though, some misleading press reports led some people to think that our report found the transportation status quo along the border to be adequate. This is completely wrong.

* Far from taking a complacent view of border regions' needs, our report concluded, and I quote: "The arterials leading to and from border crossing sites....are under stress and will be hard-pressed to handle significantly greater amounts of cross-border traffic....These arterials connect border crossings to the main interstate and interregional transportation system within the United States. They are badly in need of repair and upgrading."

* So let's be clear about this: my Department's border infrastructure report was a clear call for vigorous action.

WHAT WE WILL DO NEXT?

* The first step to better border transportation will be Congressional passage of the National Highway System that we submitted to Congress in December of last year.

* The National Highway System designates routes 100 and 77, route 83 along the border, Route 281 down to McAllen-Edinburg-Mission, Route 59 from Laredo to Houston and Route 44 off of 59 east to Corpus Christi. In addition, the System also includes key roads within Brownsville, Laredo, McAllen and other border cities themselves.

* Once Congress passes the National Highway System, these routes will, by definition, be the natural focus of strategic investment by both the federal and state governments.

* A second focus of our efforts -- and a source of very good news for everyone in Texas is my Department's budget request for 1995.

* We are seeking $39.7 billion, an increase of 2% in a year when many departments of our government had to accept reductions. This increase reflects President Clinton's belief that investment in transportation technology and infrastructure is the key to creating new American jobs and economic growth.

* Fully 71% of our budget will, in fact, be devoted to infrastructure funding -- and border states stand to benefit greatly. Because we will reach nearly 100% of the funding levels for highways and transit proposed for ISTEA, Texas alone will recieve $000000 million more this year than last in federal highway money.

* And let me note that the federal government is already deeply engaged in upgrading the Rio Grande Valley's infrastructure.

* State highway 100 from Harlingen to Brownsville is being transformed from a two to four-lane highway. A $14 million railroad relocation project in Brownsville involving the Southern Pacific is due to have contracts let late this summer. We have recently completed a $28 million interchange in Pharr between US 281 and the Valley Expressway. US 83 between McAllen and Laredo is being widened at a cost of $5.6 million -- and so is Mines Road in Laredo, connecting the Solidarity bridge to Interstate 35. The loop between I-35 and US 59 is due to see contracts let in July for $11 million worth of work.

* Other projects like these will be easier to fund and get rolling on once our 1995 budget is passed by Congress.

* A third action we are taking to address border concerns will be the convening of an historic North American Transportation Summit meeting in Washington next month.

* We will discuss all border transportation issues, including ways to ease traffic congestion at our borders by better coordinating customs service procedures, staff hours and so on -- to make more efficient use of existing crossings. I'm convinced we'll find ways to significantly reduce delays.

* A fourth action that the Department of Transportation is taking to address border region's concerns is to lead an inter-agency Border Infrastructure and Facilitation Task Force with representatives from every major Cabinet Department and Agency concerned with border issues.

* This action-oriented task force is already at work. Their mission is to report on specific ways to improve the efficiency of existing border crossings and to better plan for future border infrastructure investments. I expect their report by WHEN.

* I can tell you that the central concern that the DOT brings to this effort is that of reducing traffic delays, congestion and pollution that degrade the quality of life in our border communities. This task force's bottom-line goal will be to get results, ease the stress on border communities and find ways to do this quickly.

* In all of these efforts, my Department has listened to and worked with concerned citizens and community groups, local governments and business groups from the Rio Grande Valley. We've consulted with the Border Trade Alliance, with the Mobility Task force of the Rio Grande Valley Chamber of Commerce and with local citizens and business groups.

* We welcome your advice and your insight. Our doors and our ears are open to you.

* I am proud to be part of an Administration that will work with you to turn these changes to the advantages of our border regions. It is fair to say, I think, that the Clinton Administration is and will be more deeply engaged in and commited to the Rio Grande Valley's transportation needs than any Administration in our lifetimes has ever been.

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REMARKS AT INTERNATIONAL BRIDGE/
"ABRAZO" CEREMONY
SECRETARY OF TRANSPORTATION FEDERICO PENA
LINCOLN-JUAREZ BRIDGE
LAREDO, TEXAS
FEBRUARY 19, 1994

Es para mi un honor y un placer poder acompanarlos aqui hoy como representante del Presidente Clinton, especialmente me agrada participar en esta ceremonia porque naci en esta ciudad de Laredo, Tejas.

Aqui nos encontramos unidos esta manana, celebrando la amistad entre el pueblo Mejicano y el de los Estados Unidos de America y reflejando en nuestro futuro comun.

Tambien es apropiado en esta oportunidad de conmemorar el natalicio de George Washington por su liderato en la lucha por la independencia de los Estados Unidos cual fue el precursor de la lucha por la independencia y libertad en Mejico.

Hoy el espiritu de libertad y democracia se sigue extendiendo por todas las americas y el resto del mundo.

Ahora mas que nunca, nuestra generacion tiene el deber de refortalezer los lasos de comprencion y comunicacion entre nuestros dos paises para enfrentar esta nueva epoca de cambio dynamico.

Aqui en medio de este puente nombrado Lincoln-Juarez, las palabras del Presidente Lincoln nos animan

"como nuestra causa es nueva, debemos pensar en maneras diferentes, y actuar en maneras differentes."

Estamos entrando en una epoca nueva de amistad entre los Estados Unidos y Mejico. Hace unas cuantas semanas que como vecinos Mejico y Canada, ratificamos el tratado de libre comercio, formando el mercado economico mas grande y productivo con una poblacion de trescientos setenta millones de habitantes y un potencial economico de siete trillones de dollares.

Este tratado aligerara el tremendo desarollo comercial ya existente entre nuestras naciones, entrelasando nuestros destinos intricamente.

No debemos olvidar que los Estados Undos y Mejico tienen mas en comun que intereses economicos y comerciales. Compartimos los valores de democracia e igualdad para todos. Nuestras culturas se complementan.

Recordemos que aunque este citio parese dividirnos, en realidad este puente sirve para unir las dos naciones en un desarrollo de mutua confianza y respeto.

Es importante recordar las palabras del gran Presidente Benito Juarez "entre las naciones, como entre los individuos, el respeto al derecho ajeno es la paz."

Hoy debemos dedicarnos al trabajo de refortaleser el respeto y coperacion entre nuestros pueblos para que estas dos republicas puedan compartir un futuro de paz y prosperidad. #####

3.54

REMARKS AT INTERNATIONAL BRIDGE "ABRAZO" CEREMONY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
LINCOLN-JUAREZ BRIDGE
LAREDO, TEXAS
FEBRUARY 19, 1994

I am honored today to represent President Clinton and especially happy to participate in this ceremony in the town where I was born, Laredo, Texas.

(Acknowledge Governor Ann Richards and your Mexican counterpart)

We come together here today to celebrate the friendship between the people of the United States and the people of Mexico and to reflect on what our common future holds.

It's also appropriate that we do so to commemorate the birthday of George Washington, whose leadership in the United States' fight for freedom helped ignite the sstruggle for independence and freedom in Mexico.

Today the spirit of freedom and democracy is still spreading all through the hemisphere of the Americas and around the world.

And today, more than ever before, it is the task of our generation to strengthen the bonds of understanding between the United States and Mexico to meet an era of dynamic change.

Here on the Lincoln-Juarez bridge, we should recall that Abraham Lincoln urged Americans, "that as our cause is new, we must think anew and act anew."

We are, indeed, entering a new era in U.S. - Mexican friendship. Just a few weeks ago, together with our neighbors in Canada, we formed the North American Free Trade Agreement -- the largest and most powerful trading bloc in human history, with nearly 370 million people and economic output approaching $7 trillion.

This agreement will speed the already amazing growth of trade between our nations, deepen our interdependence, and link our destinies inextricably.

But we must not forget that the United States and Mexico have much more in common than trade ties and economic interests. We share the common values of democracy and equality among citizens. Our cultures blend into and mirror each other.

And just as this bridge spans a river that only seems to separate us, so must we cultivate the warmth and trust and mutual respect between our nations. As the great liberator Benito Juarez said, "Between individuals, as between nations, respect for the rights of others is peace."

Let us dedicate ourselves today to strengthening the respect and the warmth between our peoples, so that both of our United States, who share this North American continent, may secure a common future of peace and prosperity.

Thank You.

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OPENING STATEMENT OF THE HONORABLE FEDERICO PEÑA
SECRETARY OF TRANSPORTATION
BEFORE THE HOUSE BUDGET COMMITTEE
FEBRUARY 22, 1994

Mr. Chairman and members of the Committee, I am pleased to appear before you to discuss the Department of Transportation's (DOT) budget request for Fiscal Year 1995. I would like to take this opportunity to explain how we approached the FY 1995 budget and the priorities that shape our budget request.

We have always been a nation in motion. Americans have moved farther, gone faster, and made more progress in our short history than any other country on earth. Together, the transportation industry represents 17 percent, or about $1 trillion, of our Gross Domestic Product. The capital stock of our transportation infrastructure is valued at over $1.4 trillion. As we approach the next century, our transportation system remains critical to the well-being of this nation.

This budget recognizes the importance of transportation to our economy. Several months ago, the President sat down with his Cabinet and senior advisors to begin putting this budget together. When I met with him, the President and I talked about the role of transportation investment in our economy:

- about the nearly 25,000 quality jobs supported by every $1 billion investment in transportation infrastructure;
- about the critical role that transportation plays in local and regional economic development; and
- about the important public commitment of stewardship and fiduciary responsibility to maintain our infrastructure.

The result is a budget for 1995 that sets unprecedented levels for transportation investment in this country. This budget is about investment -- in jobs, infrastructure, safety, technology and most importantly in America's competitive future.

<u>The Challenge</u>

We had to provide for DOT's key investment priorities while meeting budget targets, and achieving our deficit reduction goals. This is the first time discretionary spending in the Federal Budget has been capped at zero growth. Hence, we faced tough choices in formulating this budget.

The Bottom Line

We are asking Congress to provide $39.7 billion in appropriations and obligation limitations for programs administered by the Department of Transportation. This is about a 2 percent increase, $800 million more than the levels enacted in the regular DOT Appropriations Act for FY 1994.

The President made tough choices, and a key priority of his was to invest in transportation infrastructure because it helps grow the economy and create jobs. Moreover, the Department has a public commitment of stewardship, and fiduciary responsibility, to maintain the nation's infrastructure. As an example in the highway area alone, FHWA estimates that about 25 percent of our major highways have poor or mediocre pavement, which increases vehicle operating costs and congestion. Similarly, 20 percent of the highway bridges are rated as structurally deficient. Deferring rehabilitation or reconstruction increases the cost and time required to rebuild.

The Process We Followed

I began the FY 1995 budget process by asking each Administrator and each Assistant Secretary to do a thorough "bottom-up" review to:

- o cut back wherever possible
- o eliminate activities we no longer need to do, and
- o preserve what is essential to DOT's mission.

Our tough budget process has resulted in a number of program cuts and terminations but it has also preserved a strong and growing budget for infrastructure, and R&D which will keep American goods and people moving efficiently, address environmental concerns, and move our transportation system toward the 21st century.

DOT Strategic Plan

DOT's new Strategic Plan, which we recently completed, provides the framework for this budget. I would like to explain how the budget supports the seven goals set out in our Plan.

GOAL 1: Tie America Together:

The first goal in our plan is to develop an effective **intermodal** transportation system -- to help us meet the challenges of the 21st century global economy by enhancing all our different modes of transportation and their links, allowing all of us to travel at lower cost and with fewer delays. This will involve the development of a *National Transportation System (NTS) involving*

all modes, which is built upon the model of the National Highway System (NHS) we recently announced. The NTS will include components from aviation, highways, intercity bus, intermodal terminals, pipelines, ports and waterways, public transit and railroads. It will be developed in cooperation with transportation industries, users, State and local governments, and others affected by transportation services and facilities. The Department will ask those parties, through an outreach effort, to share the insights that they have developed through their ongoing planning and operational experience.

In this budget we are focusing on three modes that need strengthening to be effective players in our emerging intermodal system: the aviation industry, maritime industries and passenger rail service.

For **aviation**, we propose a 7 percent increase to $2.3 billion for Facilities and Equipment, for major projects to improve and modernize air traffic control systems, such as radars and landing and navigation aids. We also request level funding for Airport Improvement grants at $1.69 billion to address the capacity, efficiency and safety of our aviation system. AIP grants fund major projects, such as construction and rehabilitation of runways, taxiways, and apron areas.

While the budget does not reflect our proposal to create an Air Traffic Control (ATC) corporation, we are actively working to develop a proposal for consideration later this year. As the Committee knows, FAA's air traffic control system is a unique entity within the government. It is an operational organization, up and running 24 hours a day, 365 days a year. It is also the only government entity upon which an entire industry is wholly dependent. Put simply, without air traffic control, there is no airline service.

Bound by the federal personnel, procurement, and budgetary constraints as it is today, the air traffic control system simply cannot function as safely, efficiently, and cost-effectively as it should. Restructuring the system into a government corporation can address those problems. As we put together our detailed proposal, we look forward to working with the Committee to make the air traffic control system work better and cost less.

The **maritime** industry is important to our nation's security and global competitiveness, and the Budget includes two initiatives to help revitalize this sector of our transportation system. The first is a $1 billion, 10-year new Maritime Security Program, to help maintain a U.S.-flagged commercial fleet. This proposal will provide subsidies of $2.5 million per vessel in the first three years of the program, and $2 million per vessel for the remainder of the program. *This is the first time the President's Budget has incorporated funding for a new maritime assistance*

program. The second initiative provides funds to leverage $1.5 billion in loans over two years (FY 1994-95) for shipbuilding and shipyard modernization. Also, $3.6 million for maritime research and development will be focused on intermodal connections to improve efficiency of cargo movement through ports, and environmental protection to reduce ocean pollution.

For **passenger rail**, we propose a 15 percent increase in Amtrak operating and capital assistance, to $788 million. In addition, we would continue to support the Northeast Corridor Improvement Program at $200 million, and invest $100 million over two years in a joint venture for redevelopment of New York's Penn Station. We also propose $32.5 million for the Administration's Next Generation High-Speed Rail Program, which I will discuss further in the context of technology development.

The budget also includes $15 million to continue funding for the Bureau of Transportation Statistics (BTS). In FY 1994-95, BTS will be completing studies of cargo flow and passenger travel. This data can help us shape the National Transportation System.

GOAL 2: Investing in Infrastructure

Because **investing in infrastructure** is one of the President's key themes and priorities, DOT's budget continues to grow in this area, to a level of $28.2 billion in FY 1995, an increase of about $800 million over the levels enacted in the regular DOT Appropriations Act for FY 1994. This includes grants to State and local governments and the capital requirements of the Coast Guard and the FAA. The increase in highway funds helps States impacted by NAFTA.

Not only does infrastructure spending account for the predominant portion of DOT's budget -- fully 71 percent -- but DOT's infrastructure budget accounts for over 83 percent of the total Federal budget for infrastructure.

The President demonstrates his special commitment to our Nation's infrastructure by fully funding key programs at ISTEA levels.

When we're talking about full funding, there has always been a definitional problem about what is meant by this. We're talking about the primary formula programs of ISTEA that affect every State and transit agency, and are the major areas of State and local decision making:

- core categorical Federal-aid highway grants at $18.332 billion, up 4 percent over FY 1994

- mass transit formula grants at $2.865 billion, an

increase of 19 percent over 1994

We urge you to join us in focusing on these core programs.

The budget does cut transit operating assistance 25 percent, but the capital portion of formula grants increases by 40 percent, to almost $2.3 billion. As a result, every transit agency in America will receive more dollars for transit in this budget. Our focus is on capital assistance because we think it is a more strategic investment. Transit capital assistance will allow modernization of equipment and more replacement of over-age vehicles. Newer vehicles are more efficient and require less maintenance, which in turn lowers operating costs, and are also more accessible and comfortable which can help increase ridership. We also believe that with low inflation and interest rates, transit authorities are experiencing more stable fuel and labor costs and lower debt service. All of these factors should help local areas to accommodate the reduction in operating assistance.

Just to give you an example of the impact of this reduction in operating assistance, Atlanta will receive 18 percent more in formula funds and have to pick up only an additional 1 percent of its operating costs. The Federal share will drop from 3.5 percent to 2.6 percent. In New York City, it is estimated that the reduction in operating assistance equates to a two-cent fare increase. A one-half of one percent expense cut would more than cover this reduction.

I would especially like to note that *this budget funds a larger percent overall of all programs covered by ISTEA than ever before -- 94 percent, versus 81 percent in FY 1993. This means that States and local governments will have $3.6 billion more to spend on highways and transit than they did in FY 1993.*

GOAL 3: Promote New Technologies

Research and Development is an area of vital importance to the Nation's economic future and international competitiveness. For example, application of new technology at border crossings can help facilitate the flow of traffic. Within the government overall, $2.7 billion is spent on transportation-related R&D. The Department has been designated as the lead agency in a task force on transportation-related R&D, to ensure coordination of the various agencies and activities and set government-wide priorities for transportation R&D.

DOT's R&D budget would increase by 14 percent to $692 million under this budget. Our program will support modernization of transportation systems. As such, much of what we propose creates opportunities for defense conversion applications.

We propose to spend almost $289 million on **IVHS** (an increase of 35 percent over FY 1994). This funding will be targeted at operational tests, automated highway system development, and research on IVHS technologies. IVHS will help us meet our objectives of improving the efficiency of the nation's infrastructure, enhancing the environment, and supporting defense conversion efforts.

For **Global Positioning Systems**, an area in which DOD has invested billions, we request $46 million (up 53 percent) in FAA and Coast Guard to facilitate its application to civilian use and improve our capability of determining the location of planes, ships and surface transportation vehicles. FAA will issue standards in 1995 for precision approach use, leading to Category I precision approach use in 1996. FAA expects to have GPS fully approved for oceanic use in 1996. GPS has already been approved by FAA as a supplemental means of navigation for enroute, terminal and non-precision approaches. The FY 1995 request will provide funds for refinement of GPS capabilities, and will also help FAA to determine whether GPS can be safely implemented for Category II and III precision landings.

As mentioned earlier, the budget includes $32.5 million for **Next Generation High-Speed Rail**. This keeps us moving forward, although it is less than we hoped for, and allows us to establish a strong foundation for how we will proceed in the future. We have a three-part approach for FY 1995:

- development and demonstration of new technology that could be used on existing infrastructure, such as grade crossing improvements and non-electric locomotives;

- a feasibility study, which is required by ISTEA, which will help to support future funding decisions for high-speed rail in the national transportation plan; and

- working with Amtrak in developing next generation high-speed rail equipment and operations, as we are now doing on the Northeast Corridor.

New technologies in **Commercial Space Transportation** are developing in response to space-based commercial market growth. Commercial space transportation is also key to the national information highway. The budget requests $6.5 million and adds 6 positions (3 FTE) to this area, to ensure the safety of this growing industry.

GOAL 4: Foster Safe and Secure Transportation

Safety is central to all DOT activities, but some programs are directly aimed at safety issues, such as safety inspections and safety grants. The funding level for these programs is maintained at $1.9 billion, essentially the same level as FY 1994. However, within this level we are funding Motor Carrier Safety Grants at the ISTEA level of $83 million, a 28 percent increase. Increased funding will help address border trucking issues arising from NAFTA as well as continuing our efforts to improve truck safety. These grants support roadside inspections of trucks and buses and reviews of motor carrier companies. Most other safety grants are maintained at FY 1994 levels.

Motor vehicle injuries are a major public health problem, representing the primary cause of death for Americans 5-34 years of age. They generate $3.7 billion per year in Federal Medicare and Medicaid costs, and $14.2 billion per year in total health costs. Several DOT programs address this problem, including NHTSA's highway safety grants, which the budget funds at $151 million. Safety grants help local governments operate programs aimed at reducing traffic crashes, fatalities and injuries. The programs focus on such areas as speed limit enforcement, increased seat belt use, reduced alcohol and drug-impaired driving, improved police traffic and emergency medical services, and increased pedestrian and bicycle safety. For example, the North Carolina "Click It or Ticket" program has recently increased seat belt usage from 65 percent to 80 percent in just three months using periodic, highly publicized enforcement efforts, which NHTSA is encouraging other States to use. It is expected to prevent more than 100 deaths and 3,000 injuries each year. The program is also an excellent example of public/private partnership. NHTSA's funds, along with private funds from the insurance industry, domestic auto companies, and local supporters, are used to support this State effort.

We have made **security** a specific goal for DOT and have brought its importance to the attention of all our key managers. We are being assisted in achieving this goal by the Intelligence Community whose help has proven invaluable for security planning and increasingly assists us in using all DOT resources in a more effective and efficient manner. My Office of Intelligence and Security plays a critical coordination and liaison role ensuring that transportation issues are addressed by the Intelligence Community. Aviation Security programs, primarily R&D and civil aviation security staff, would be funded at about $100 million, as in FY 1994.

Coast Guard funding will increase 4 percent to $3.74 billion in FY 1995, recognizing its key role in safety, security, environmental protection and other missions. In particular, continued capital investments in replacing aging buoy tenders and

building vessel traffic systems will help ensure safe and efficient vessel operations in key port areas.

The **Federal Railroad Administration's** safety budget includes funding for the annualization of staffing increases approved in FY 1994. It also includes a small increase in contract funding to develop a rail corridor risk analysis model with software that can be used to assess the need for signal, train control, and other safety systems on high-density freight lines and lines used by passenger trains.

An emphasis on safety is more than just increased budgets. You may know that we recently promulgated new **alcohol and drug testing rules** that call for alcohol testing programs and extension of drug testing programs for more than 7.4 million employees who perform safety-sensitive functions in transportation industries. We are looking to increase safety belt usage to 75 percent by 1997, vs. the current 66 percent. We are also targeting reducing accidents between modes at intersections. Motorist fatalities at highway-rail intersections have been decreasing in recent years, and reached a record low of 536 at public grade crossings in 1992, but we believe that we can do even better. These are just a few of the safety initiatives we have underway.

GOAL 5: Actively Enhance Our Environment

Direct program spending of $519 million on environmental activities remains about level with FY 1994. This includes funds for cleanup of DOT facilities, marine environmental protection, and noise mitigation.

We will also address congestion management. Congestion wastes $39 billion in the 50 largest cities in fuel costs and lost time, and is harmful to air quality. We have two programs targeted to congestion management in this budget:

- o congestion mitigation highway funds -- $1.03 billion authorized annually by ISTEA -- should be fully available to States with our full funding proposal; and

- o we are proposing that 10 percent of formula transit funds that go to cities ($265 million) must support projects to reduce congestion.

In addition, we are continuing to support **oil spill response** efforts in FY 1995. Coast Guard's budget includes $2.5 million to purchase oil pollution response equipment and $550 thousand for pollution response R&D. RSPA's budget includes $2.5 million to review, approve and analyze public and private sector oil pollution response plans. In addition, we are increasing the

focus of RSPA's pipeline program to pipelines which carry liquid, which are more of an environmental risk. Our proposal to provide a 40 percent increase in transit formula capital grants and to continue the rail modernization and bus transit discretionary grants at essentially FY 1994 levels should go a long way to help transit authorities comply with the Clean Air Act.

GOAL 6: Make Transportation Relevant and Accessible to Users

One way of implementing our theme of "putting people first" is to make our transportation system more relevant and accessible to users. We will use the findings of ten regional hearings held in 1994 on how well ISTEA is being implemented to improve management of our transportation systems.

In support of this goal, capital funding increases are sought for transit and Amtrak to aid compliance with the **Americans With Disabilities Act.** The FHWA and FTA budgets include $502 million -- funds passed on to States and Metropolitan Planning Organizations -- for the **transportation planning process**, slightly more than in FY 1994, to ensure good project evaluation procedures and public participation.

The FTA request includes $30 million under Discretionary Grants for a new **Livable Communities Initiative.** This will fund innovative transit projects that support community-based efforts to address such issues as improving access to jobs and training, and local social services. Among its several purposes, the program will be targeted to improve access for residents of distressed communities, and will stimulate greater involvement in the local planning and design process by stakeholders who are not currently participants in the process. This program will likely dovetail with the Administration's Empowerment Zone initiative (involving HUD, HHS, and DOT).

Our wide-ranging consumer information programs increase by about 2 percent, to over $30 million including hotlines on auto safety and printed materials about safety-related issues. The budget does continue the consumer affairs office within the Office of the Secretary, albeit at a reduced level given the dramatic reductions in complaints this office has received in recent years, dropping 33 percent from 687 in September of 1992 to 458 in September of 1993.

GOAL 7: Transform DOT

Reinventing Government means working better and costing less -- and we are taking it seriously at DOT. Our budget reflects the National Performance Review recommendations, such as increased fees for FAA inspection of foreign repair facilities and

reduction of the Essential Air Service program. We have also included other terminations such as the Local Rail Freight Assistance program and Boat Safety Grants.

DOT's budget also supports the President's goal of reducing civilian employment by 12 percent by 1999. We have targeted middle layers of management and not the front line, customer contact staff. We will achieve a 5 percent reduction from FY 1993 levels by the end of FY 1995 -- ahead of our preliminary projections. We are pleased with the progress Congress has made in moving buyout legislation, and hope that Congress will enact buyout legislation quickly to assist in the reduction process. Without such legislation, we will likely face furloughs and reductions in force in several areas, including FAA.

In summary, through a process of detailed analysis and tough decisions, we have developed a budget that is strong in infrastructure investment and research and development, and geared toward economic growth and job creation.

I would be pleased to answer the Committee's questions.

OPENING STATEMENT OF THE HONORABLE FEDERICO PEÑA
SECRETARY OF TRANSPORTATION
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION
FEBRUARY 23, 1994

Mr. Chairman and members of the Subcommittee, I am pleased to appear before you to discuss the Department's budget request for Fiscal Year 1995. I would like to take this opportunity to thank the Subcommittee for the very fast response to the emergency requirements facing Los Angeles after the earthquake. I give you my assurance that DOT will work closely with California to ensure prompt rebuilding.

I would like to take this opportunity to explain how we approached the FY 1995 budget and the priorities that shape our budget request.

We have always been a nation in motion. Americans have moved farther, gone faster, and made more progress in our short history than any other country on earth. Together, the transportation industry represents 17 percent, or about $1 trillion, of our Gross Domestic Product. The capital stock of our transportation infrastructure is valued at over $1.4 trillion. As we approach the next century, our transportation system remains critical to the well-being of this nation.

This budget recognizes the importance of transportation to our economy. Several months ago, the President sat down with his Cabinet and senior advisors to begin putting this budget together. When I met with him, the President and I talked about the role of transportation investment in our economy:

- about the nearly 25,000 quality jobs supported by every $1 billion investment in transportation infrastructure;
- about the critical role that transportation plays in local and regional economic development; and
- about the important public commitment of stewardship and fiduciary responsibility to maintain our infrastructure.

The result is a budget for 1995 that sets unprecedented levels for transportation investment in this country. This budget is about investment -- in jobs, infrastructure, safety, technology and most importantly in America's competitive future.

<u>The Challenge</u>

We had to provide for DOT's key investment priorities while

meeting budget targets, and achieving our deficit reduction goals. This is the first time discretionary spending in the Federal Budget has been capped at zero growth. Hence, we faced tough choices in formulating this budget.

The Bottom Line

We are asking Congress to provide $39.7 billion in appropriations and obligation limitations for programs administered by the Department of Transportation. This is about a 2 percent increase, $800 million more than the levels enacted in the regular DOT Appropriations Act for FY 1994.

The President made tough choices, and a key priority of his was to invest in transportation infrastructure because it helps grow the economy and create jobs. Moreover, the Department has a public commitment of stewardship, and fiduciary responsibility, to maintain the nation's infrastructure. As an example in the highway area alone, FHWA estimates that about 25 percent of our major highways have poor or mediocre pavement, which increases vehicle operating costs and congestion. Similarly, 20 percent of the highway bridges are rated as structurally deficient. Deferring rehabilitation or reconstruction increases the cost and time required to rebuild.

The Process We Followed

I began the FY 1995 budget process by asking each Administrator and each Assistant Secretary to do a thorough "bottom-up" review to:

- o cut back wherever possible
- o eliminate activities we no longer need to do, and
- o preserve what is essential to DOT's mission.

Our tough budget process has resulted in a number of program cuts and terminations but it has also preserved a strong and growing budget for infrastructure, and R&D which will keep American goods and people moving efficiently, address environmental concerns, and move our transportation system toward the 21st century.

DOT Strategic Plan

DOT's new Strategic Plan, which we recently completed, provides the framework for this budget. I would like to explain how the budget supports the seven goals set out in our Plan.

GOAL 1: Tie America Together:

The first goal in our plan is to develop an effective intermodal transportation system -- to help us meet the challenges of the 21st century global economy by enhancing all our different modes of transportation and their links, allowing all of us to travel at lower cost and with fewer delays. This will involve the development of a *National Transportation System (NTS) involving all modes*, which is built upon the model of the National Highway System (NHS) we recently announced. The NTS will include components from aviation, highways, intercity bus, intermodal terminals, pipelines, ports and waterways, public transit and railroads. It will be developed in cooperation with transportation industries, users, State and local governments, and others affected by transportation services and facilities. The Department will ask those parties, through an outreach effort, to share the insights that they have developed through their ongoing planning and operational experience.

In this budget we are focusing on three modes that need strengthening to be effective players in our emerging intermodal system: the aviation industry, maritime industries and passenger rail service.

For **aviation**, we propose a 7 percent increase to $2.3 billion for Facilities and Equipment, for major projects to improve and modernize air traffic control systems, such as radars and landing and navigation aids. We also request level funding for Airport Improvement grants at $1.69 billion to address the capacity, efficiency and safety of our aviation system. AIP grants fund major projects, such as construction and rehabilitation of runways, taxiways, and apron areas.

While the budget does not reflect our proposal to create an Air Traffic Control (ATC) corporation, we are actively working to develop a proposal for consideration later this year. As the Committee knows, FAA's air traffic control system is a unique entity within the government. It is an operational organization, up and running 24 hours a day, 365 days a year. It is also the only government entity upon which an entire industry is wholly dependent. Put simply, without air traffic control, there is no airline service.

Bound by the federal personnel, procurement, and budgetary constraints as it is today, the air traffic control system simply cannot function as safely, efficiently, and cost-effectively as it should. Restructuring the system into a government corporation can address those problems. As we put together our detailed proposal, we look forward to working with the Committee to make the air traffic control system work better and cost less.

The **maritime** industry is important to our nation's security and global competitiveness, and the Budget includes two initiatives to help revitalize this sector of our transportation system. The first is a $1 billion, 10-year new Maritime Security Program, to help maintain a U.S.-flagged commercial fleet. This proposal will provide subsidies of $2.5 million per vessel in the first three years of the program, and $2 million per vessel for the remainder of the program. *This is the first time the President's Budget has incorporated funding for a new maritime assistance program.* The second initiative provides funds to leverage $1.5 billion in loans over two years (FY 1994-95) for shipbuilding and shipyard modernization. Also, $3.6 million for maritime research and development will be focused on intermodal connections to improve efficiency of cargo movement through ports, and environmental protection to reduce ocean pollution.

For **passenger rail**, we propose a 15 percent increase in Amtrak operating and capital assistance, to $788 million. In addition, we would continue to support the Northeast Corridor Improvement Program at $200 million, and invest $100 million over two years in a joint venture for redevelopment of New York's Penn Station. We also propose $32.5 million for the Administration's Next Generation High-Speed Rail Program, which I will discuss further in the context of technology development.

The budget also includes $15 million to continue funding for the Bureau of Transportation Statistics (BTS). In FY 1994-95, BTS will be completing studies of cargo flow and passenger travel. This data can help us shape the National Transportation System.

GOAL 2: Investing in Infrastructure

Because **investing in infrastructure** is one of the President's key themes and priorities, DOT's budget continues to grow in this area, to a level of $28.2 billion in FY 1995, an increase of about $800 million over the levels enacted in the regular DOT Appropriations Act for FY 1994. This includes grants to State and local governments and the capital requirements of the Coast Guard and the FAA. The increase in highway funds helps States impacted by NAFTA.

Not only does infrastructure spending account for the predominant portion of DOT's budget -- fully 71 percent -- but DOT's infrastructure budget accounts for over 83 percent of the total Federal budget for infrastructure.

The President demonstrates his special commitment to our Nation's infrastructure by fully funding key programs at ISTEA levels.

When we're talking about full funding, there has always been a definitional problem about what is meant by this. We're talking about the primary formula programs of ISTEA that affect every State and transit agency, and are the major areas of State and local decision making:

- o core categorical Federal-aid highway grants at $18.332 billion, up 4 percent over FY 1994

- o mass transit formula grants at $2.865 billion, an increase of 19 percent over 1994

We urge you to join us in focusing on these core programs.

The budget does cut transit operating assistance 25 percent, but the capital portion of formula grants increases by 40 percent, to almost $2.3 billion. As a result, every transit agency in America will receive more dollars for transit in this budget. Our focus is on capital assistance because we think it is a more strategic investment. Transit capital assistance will allow modernization of equipment and more replacement of over-age vehicles. Newer vehicles are more efficient and require less maintenance, which in turn lowers operating costs, and are also more accessible and comfortable which can help increase ridership. We also believe that with low inflation and interest rates, transit authorities are experiencing more stable fuel and labor costs and lower debt service. All of these factors should help local areas to accommodate the reduction in operating assistance.

Just to give you an example of the impact of this reduction in operating assistance, Atlanta will receive 18 percent more in formula funds and have to pick up only an additional 1 percent of its operating costs. The Federal share will drop from 3.5 percent to 2.6 percent. In New York City, it is estimated that the reduction in operating assistance equates to a two-cent fare increase. A one-half of one percent expense cut would more than cover this reduction.

I would especially like to note that *this budget funds a larger percent overall of all programs covered by ISTEA than ever before -- 94 percent, versus 81 percent in FY 1993. This means that States and local governments will have $3.6 billion more to spend on highways and transit than they did in FY 1993.*

GOAL 3: Promote New Technologies

Research and Development is an area of vital importance to the Nation's economic future and international competitiveness. For example, application of new technology at border crossings can help facilitate the flow of traffic. Within the government

overall, $2.7 billion is spent on transportation-related R&D. The Department has been designated as the lead agency in a task force on transportation-related R&D, to ensure coordination of the various agencies and activities and set government-wide priorities for transportation R&D.

DOT's R&D budget would increase by 14 percent to $692 million under this budget. Our program will support modernization of transportation systems. As such, much of what we propose creates opportunities for defense conversion applications.

We propose to spend almost $289 million on **IVHS** (an increase of 35 percent over FY 1994). This funding will be targeted at operational tests, automated highway system development, and research on IVHS technologies. IVHS will help us meet our objectives of improving the efficiency of the nation's infrastructure, enhancing the environment, and supporting defense conversion efforts.

For **Global Positioning Systems**, an area in which DOD has invested billions, we request $46 million (up 53 percent) in FAA and Coast Guard to facilitate its application to civilian use and improve our capability of determining the location of planes, ships and surface transportation vehicles. FAA will issue standards in 1995 for precision approach use, leading to Category I precision approach use in 1996. FAA expects to have GPS fully approved for oceanic use in 1996. GPS has already been approved by FAA as a supplemental means of navigation for enroute, terminal and non-precision approaches. The FY 1995 request will provide funds for refinement of GPS capabilities, and will also help FAA to determine whether GPS can be safely implemented for Category II and III precision landings.

As mentioned earlier, the budget includes $32.5 million for **Next Generation High-Speed Rail.** This keeps us moving forward, although it is less than we hoped for, and allows us to establish a strong foundation for how we will proceed in the future. We have a three-part approach for FY 1995:

- development and demonstration of new technology that could be used on existing infrastructure, such as grade crossing improvements and non-electric locomotives;

- a feasibility study, which is required by ISTEA, which will help to support future funding decisions for high-speed rail in the national transportation plan; and

- working with Amtrak in developing next generation high-speed rail equipment and operations, as we are now doing on the Northeast Corridor.

New technologies in **Commercial Space Transportation** are developing in response to space-based commercial market growth. Commercial space transportation is also key to the national information highway. The budget requests $6.5 million and adds 6 positions (3 FTE) to this area, to ensure the safety of this growing industry.

GOAL 4: Foster Safe and Secure Transportation

Safety is central to all DOT activities, but some programs are directly aimed at safety issues, such as safety inspections and safety grants. The funding level for these programs is maintained at $1.9 billion, essentially the same level as FY 1994. However, within this level we are funding Motor Carrier Safety Grants at the ISTEA level of $83 million, a 28 percent increase. Increased funding will help address border trucking issues arising from NAFTA as well as continuing our efforts to improve truck safety. These grants support roadside inspections of trucks and buses and reviews of motor carrier companies. Most other safety grants are maintained at FY 1994 levels.

Motor vehicle injuries are a major public health problem, representing the primary cause of death for Americans 5-34 years of age. They generate $3.7 billion per year in Federal Medicare and Medicaid costs, and $14.2 billion per year in total health costs. Several DOT programs address this problem, including NHTSA's highway safety grants, which the budget funds at $151 million. Safety grants help local governments operate programs aimed at reducing traffic crashes, fatalities and injuries. The programs focus on such areas as speed limit enforcement, increased seat belt use, reduced alcohol and drug-impaired driving, improved police traffic and emergency medical services, and increased pedestrian and bicycle safety. For example, the North Carolina "Click It or Ticket" program has recently increased seat belt usage from 65 percent to 80 percent in just three months using periodic, highly publicized enforcement efforts, which NHTSA is encouraging other States to use. It is expected to prevent more than 100 deaths and 3,000 injuries each year. The program is also an excellent example of public/private partnership. NHTSA's funds, along with private funds from the insurance industry, domestic auto companies, and local supporters, are used to support this State effort.

We have made **security** a specific goal for DOT and have brought its importance to the attention of all our key managers. We are being assisted in achieving this goal by the Intelligence Community whose help has proven invaluable for security planning and increasingly assists us in using all DOT resources in a more effective and efficient manner. My Office of Intelligence and Security plays a critical coordination and liaison role ensuring that transportation issues are addressed by the Intelligence

Community. Aviation Security programs, primarily R&D and civil aviation security staff, would be funded at about $100 million, as in FY 1994.

Coast Guard funding will increase 4 percent to $3.74 billion in FY 1995, recognizing its key role in safety, security, environmental protection and other missions. In particular, continued capital investments in replacing aging buoy tenders and building vessel traffic systems will help ensure safe and efficient vessel operations in key port areas.

The **Federal Railroad Administration's** safety budget includes funding for the annualization of staffing increases approved in FY 1994. It also includes a small increase in contract funding to develop a rail corridor risk analysis model with software that can be used to assess the need for signal, train control, and other safety systems on high-density freight lines and lines used by passenger trains.

An emphasis on safety is more than just increased budgets. You may know that we recently promulgated new **alcohol and drug testing rules** that call for alcohol testing programs and extension of drug testing programs for more than 7.4 million employees who perform safety-sensitive functions in transportation industries. We are looking to increase safety belt usage to 75 percent by 1997, vs. the current 66 percent. We are also targeting reducing accidents between modes at intersections. Motorist fatalities at highway-rail intersections have been decreasing in recent years, and reached a record low of 536 at public grade crossings in 1992, but we believe that we can do even better. These are just a few of the safety initiatives we have underway.

GOAL 5: Actively Enhance Our Environment

Direct program spending of $519 million on environmental activities remains about level with FY 1994. This includes funds for cleanup of DOT facilities, marine environmental protection, and noise mitigation.

We will also address congestion management. Congestion wastes $39 billion in the 50 largest cities in fuel costs and lost time, and is harmful to air quality. We have two programs targeted to congestion management in this budget:

- congestion mitigation highway funds -- $1.03 billion authorized annually by ISTEA -- should be fully available to States with our full funding proposal; and

- we are proposing that 10 percent of formula transit funds that go to cities ($265 million) must support projects to

reduce congestion.

In addition, we are continuing to support **oil spill response** efforts in FY 1995. Coast Guard's budget includes $2.5 million to purchase oil pollution response equipment and $550 thousand for pollution response R&D. RSPA's budget includes $2.5 million to review, approve and analyze public and private sector oil pollution response plans. In addition, we are increasing the focus of RSPA's pipeline program to pipelines which carry liquid, which are more of an environmental risk. Our proposal to provide a 40 percent increase in transit formula capital grants and to continue the rail modernization and bus transit discretionary grants at essentially FY 1994 levels should go a long way to help transit authorities comply with the Clean Air Act.

GOAL 6: Make Transportation Relevant and Accessible to Users

One way of implementing our theme of "putting people first" is to make our transportation system more relevant and accessible to users. We will use the findings of ten regional hearings held in 1994 on how well ISTEA is being implemented to improve management of our transportation systems.

In support of this goal, capital funding increases are sought for transit and Amtrak to aid compliance with the **Americans With Disabilities Act.** The FHWA and FTA budgets include $502 million -- funds passed on to States and Metropolitan Planning Organizations -- for the **transportation planning process**, slightly more than in FY 1994, to ensure good project evaluation procedures and public participation.

The FTA request includes $30 million under Discretionary Grants for a new **Livable Communities Initiative.** This will fund innovative transit projects that support community-based efforts to address such issues as improving access to jobs and training, and local social services. Among its several purposes, the program will be targeted to improve access for residents of distressed communities, and will stimulate greater involvement in the local planning and design process by stakeholders who are not currently participants in the process. This program will likely dovetail with the Administration's Empowerment Zone initiative (involving HUD, HHS, and DOT).

Our wide-ranging consumer information programs increase by about 2 percent, to over $30 million including hotlines on auto safety and printed materials about safety-related issues. The budget does continue the consumer affairs office within the Office of the Secretary, albeit at a reduced level given the dramatic reductions in complaints this office has received in recent years, dropping 33 percent from 687 in September of 1992 to 458 in September of 1993.

GOAL 7: Transform DOT

Reinventing Government means working better and costing less -- and we are taking it seriously at DOT. Our budget reflects the National Performance Review recommendations, such as increased fees for FAA inspection of foreign repair facilities and reduction of the Essential Air Service program. We have also included other terminations such as the Local Rail Freight Assistance program and Boat Safety Grants.

DOT's budget also supports the President's goal of reducing civilian employment by 12 percent by 1999. We have targeted middle layers of management and not the front line, customer contact staff. We will achieve a 5 percent reduction from FY 1993 levels by the end of FY 1995 -- ahead of our preliminary projections. We are pleased with the progress Congress has made in moving buyout legislation, and hope that Congress will enact buyout legislation quickly to assist in the reduction process. Without such legislation, we will likely face furloughs and reductions in force in several areas, including FAA.

In summary, through a process of detailed analysis and tough decisions, we have developed a budget that is strong in infrastructure investment and research and development, and geared toward economic growth and job creation. We face a tough budget year and I look forward to working with the Subcommittee as we go through the appropriations process.

I would be pleased to answer the Subcommittee's questions.

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Transportation Trends

SECRETARY OF TRANSPORTATION
FEDERICO PEÑA

INTERNATIONAL ASSOCIATION
OF CHIEFS OF POLICE

ALEXANDRIA, VIRGINIA
FEBRUARY 28, 1994

The truth is that we're working together on so many of the same issues -- highway safety, drunk and drugged driving, among others -- that we've been forging a very strong partnership between the Department of Transportation and the International Association of Chiefs of Police.

I want to take this occasion to tell you all how proud I am of that partnership. I am very grateful to have the IACP working with us, and I believe that our partnership has been -- and will be -- a source of great benefit for the American people.

TODAY'S SPEECH

Today, I want to talk with you on two subjects that are directly related to the partnership between the Department of Transportation -- and the Clinton Administration generally -- and America's law enforcement community.

The first subject is the tremendous success that we have had in saving American lives on our highways in recent decades. We've achieved a lot and we will achieve still more.

The second subject is the clear need for us to work together toward a smart, tough, comprehensive package of crime legislation this year.

As President Clinton said in his State of the Union Address -- "violent crime and the fear it provokes are crippling our society, limiting personal freedom and fraying the ties that bind us."

The American people have had enough. They're sick of politics and posturing on crime. They want action.

Together -- this year -- I believe that we can pass a crime bill that will answer our peoples' fears -- and grapple with this plague of violent crime.

THE EXAMPLE OF LIFE-SAVING ON THE HIGHWAY

Now I know there are always those who say that government can't accomplish much. There are those who say

- more -

U.S. Department of Transportation
Office of the Secretary, Public Affairs
(202) 366-4570

that new laws and new policies don't make much difference.

Well I'm here to tell you that these doubters are wrong. And there is no better evidence that government can work than the remarkable -- even astonishing -- results we have achieved in saving lives on our highways.

This is an on-going success story that too few people know about -- of both government action and social change.

And it's a success story in which law enforcement -- those of you right here today -- have played the leading role.

Let me put it to you as simply and as directly as possible:

Twenty-eight years ago, in 1966, more than 50,000 lives were being lost yearly in traffic crashes on our streets and highways. Vehicle safety standards were weak or non-existent. There were no seat-belt laws, no air bags. Drunk driving laws were poorly enforced. There were no citizens groups like Mothers Against Drunk Driving. The fatality rate was 5.5 per 100 million vehicle miles traveled.

In the twenty-eight years since then, every single element of that picture has changed.

"And there is no better evidence that government can work than the remarkable -- even astonishing -- results we have achieved in saving lives on our highways."

American citizens have risen up and demanded tougher and tougher drunk and drugged driving enforcement. Government and consumer pressure have combined to radically improve the safety of our cars and trucks. Seat belts are standard, air bags are becoming common, vehicle safety regulations are in place and rising.

States have passed -- and you've enforced -- seat belt laws. Americans are buckling up in record numbers.

As a people, we have a new respect for life -- and far less tolerance for senseless risk and death -- on the road.

These changes have produced a genuine revolution in highway safety.

The fatality rate on our streets and highways has been cut by more than two-thirds. Ten thousand fewer people died last year in highway crashes than died in 1966 -- even though there are far more Americans on the road now and they drive far more than they did then.

There's another way to look at it is this: had this country been content with the rate of highway slaughter we tolerated in 1966 -- more than 800,000 people who

are alive today would have died.

800,000 lives saved -- that is more than the total population of Boston, Massachusetts -- more than twice the number of Americans killed in the Second World War. And the lower fatality rates we experience today mean that we are saving more precious lives every single day.

By any standard, this is a massive achievement in life-saving -- a clear proof that the combination of government action, changing values among our citizens and steady efforts by law enforcement professionals -- can make real and deep changes for the better in our lives.

We should all take pride in this. And we should draw a new determination to do even better.

Because for all our progress, alcohol-related injuries and fatalities on the road still cost Americans more than $46 billion a year.

This is nearly one-third of the total $137 billion annual cost of traffic crashes -- and it adds $5.1 billion in health care costs to our nation's already huge annual medical bill.

We need to do better -- and we will!

Last year I set two goals for 1997. The first is to reduce alcohol-related fatalities to 43 percent of all highway fatalities. The second is to raise seat-belt usage nationwide to 75 percent.

Achieving these two goals will save $3,000 lives and $1 billion a year -- every year from now on. And we can achieve this -- maybe even sooner than I originally hoped.

When we reach these goals, it will mainly be due to the work of our police men and women. But we should also acknowledge that in this effort, we are working with a mass movement of American citizens who are more concerned every day for their safety on the road and the safety of their children, their friends and their neighbors.

It is this movement that has led millions of our citizens to take greater personal responsibility for buckling up, for using child safety seats, for insisting on safer cars, for staying sober when they have to drive and for refusing to let friends drive drunk. Those of us in government didn't accomplish all of this alone.

As I've said before, this movement -- which our police men and women have helped to power along -- is one of the great success stories of our times. It is also, I believe, a model for the combination of government action, citizen involvement and deep attitude change that we will need if we are to curb and reverse the horrendous level of violent crime in our society.

This brings me to my second topic...

MEETING THE CHALLENGE OF CRIME

I don't have to tell those of you in this room the havoc that crime and violence are wreaking in our nation.

In the same decades during which we have done so much to improve highway safety, the statistics on violent crime have moved up -- horribly up -- the charts in the wrong direction.

As mayor of Denver I faced the challenge daily -- during a recession -- gang violence and destruction of families and casualties. Today, we have three times as many murders in this country as we did in 1960 and a 371 percent increase in overall violent crime rates over the same period.

Over the past three years, almost one-third of Americans have either been victimized themselves by crime or had someone in their family victimized. We have become accustomed to hearing news reports of multiple murders every week in our major cities -- 58 this year so far in Washington, D.C.

An American child today is fifteen times more likely to die of gunfire than a youth born in Northern Ireland. From 1979-1991, according to a study by the Childrens' Defense Fund, some 50,000 American children were killed by firearms -- nearly as many deaths as we suffered in the Vietnam War.

The Federal Centers for Disease Control have predicted that if this trend of gun violence is not stopped, then by the year 2003 deaths caused by gunshot will actually surpass those caused by motor vehicle crashes.

If there's any good news here at all it's this: the American people are not numb. They are not resigned to this wave of senseless violence. They are not willing to accept this vast increase in insecurity.

When a young police officer, Jason White, was shot down here in Washington on December 30th, 10,000 people came out to pay their respects at his funeral. Not only fellow officers. Ordinary people. Jason White's fellow citizens.

Because the American people are angry about crime -- and they are right to be. This level of crime is a national disgrace. This is not something we should ever learn to live with. This challenges the most basic duty of government, any government -- the very first goal that the Constitution mentions for establishing our government: "To ensure domestic tranquility."

President Clinton shares the legitimate anger of the American people over crime -- and that together with Congress we will act.

Today, in fact, we

will see one of the first actions as the Brady Bill gun control law goes into effect -- requiring a five-day waiting period and background checks on hand-gun purchasers.

"Because the American people are angry about crime -- and they are right to be. This level of crime is a national disgrace. This is not something we should ever learn to live with. This challenges the most basic duty of government, any government -- the very first goal that the Constitution mentions for establishing our government: "To ensure domestic tranquility."

This bill is an important sign of what I believe will prove to be a vast change in Americans' attitudes toward crime and violence.

I believe that decades from now, when we look back on the history of crime in

America, we will see this Administration as a turning point -- much as we can look back now on the late 1960's and realize that that was the time we finally began moving decisively toward safer highways.

There are five basic elements of the anti-crime program that President Clinton is fighting for:

First, the President outlined last month a drug control strategy aimed squarely at getting the hard-core users who cause most of the drug-related crime off the streets, out of crime, and into treatment. Second, the President is backing a tough, smart crime bill now before Congress that will put 100,000 more police on our streets and take more violent criminals off our streets and put them behind bars.

Third, the President is focusing resources on fighting crime in public schools and public housing. Fourth, he is working to expand opportunity and hope for those young people most at risk of being drawn into gangs and crime. Fifth, the President is challenging all Americans to work with the law enforcement community as partners against crime -- much as our citizens have worked with you on highway safety.

We don't have the time today to go through the President's whole plan in detail. But let me briefly mention some of the essential elements we expect to see the Congress include in this year's major crime bill.

The most important part is funding for 100,000 more police -- not only to catch criminals but to deter crime. These new officers will not be paid for with additional taxes, but by a violent crime trust fund that

will pay for the entire crime bill through reductions in the federal bureaucracy.

The President has proposed to cut the federal workforce over the next five years by 252,000 positions and take the entire amount of the savings and put it into fighting crime. It's a smart approach.

A second thing the crime bill will do is stiffen penalties. In particular, it will add capital punishment for anyone who kills a law enforcement officer in the line of duty.

President Clinton knows that you put your lives on the line for us every day. He believes that this death penalty ought to provide a clear, unambiguous deterrent: If one kills a police officer, one will pay the ultimate price.

Equally important, the President insists that the crime bill require life sentences for third-time violent offenders -- a provision widely known as "three strikes and you're out."

We want this provision drawn up carefully so that it may serve as a model for states contemplating the same type of law.

We know that a small percentage of criminals commit most of the most vicious violent crimes. We need to be sure that the "three strikes" rule hits those who actually threaten peoples' lives -- so that we set a standard on which all Americans can agree.

There should be no partisanship here, no grandstanding, no politics.

We ought to do what's right for America. We should pass a tough, clear bill that isn't cluttered with offenses that anyone in this room knows should not lead to a life sentence.

We need to catch those people who are wreaking heartbreak and devastation, injury and death -- then put them behind bars and keep them there.

To do that, we need to provide states and communities with the funds to build the prisons we will need to hold these career violent criminals. This year's crime bill must provide those funds.

Finally, we need clear assurance from this crime bill that America's criminals are no longer better-armed than our police. We must include a ban on assault weapons -- the weapons of choice of drug dealers, street gangs and paramilitary extremists.

President Clinton doesn't want to send our police officers out to fight people who are better armed than they are. That's why the President has called on all law-abiding, sane American sportsmen to support the ban on assault weapons in the crime bill. It's long overdue.

CONCLUSION:

Let me conclude by urging all of you to support the President and the crime bill that he is seeking. We need your help on this.

I believe that President Clinton is as tough and intelligent a leader as we have ever had on crime issues in this country. He began his public career as a state Attorney General. He had to sign death warrants as a Governor.

This President knows that there is more to fighting crime than posturing and tough rhetoric. He knows that we need to do more than build prisons and execute death sentences. He knows we need long-term programs to give hope and work and opportunity to our hardest-hit neighborhoods -- to strengthen families, to revive communities -- to fill the vacuums that drugs and gangs and crime will fill if we don't act.

Most of all, President Clinton knows that we can't place the whole burden of fighting crime on our police. The American people themselves have to get involved, to support the police, to watch out for each other, to care about the values of a civilized society -- to not only be law-abiding, but law-supporting. And we need to teach these values to young people -- before they learn other, meaner values from the street.

I believe that our country has reached a new moral outrage about crime, a kind of turning point, much like the shift in attitude that we have seen on highway safety.

I believe that this year we are going to see the beginning of a mass movement like the one that has so enhanced our highway safety. A movement in which the American people and the Congress and law enforcement professionals are going to begin taking back our streets and securing for ourselves and our children the peace of mind we've almost lost.

The next big step on that road will be passing our crime bill -- and passing it soon. I ask you for your support -- and I promise you ours.

Thank you very much.

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