

REMARKS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AURARIA HIGHER EDUCATION CENTER
DENVER, COLORADO
MARCH 1, 1995

I want to thank you very much for that generous introduction.

It's great to be here at Auraria Higher Education Center with students who represent a cross section of Denver and a cross section of America.

I know we also have students from Metro State and the University of Colorado at Denver and other schools here today, and I'm glad to see you all.

It's places like this and people like you who are building America's future -- step by step, book by book.

Auraria has truly become the college of the people of Denver, and I am very proud of it. It is the people's college.

You are proof positive that diversity is America's strength. You know it. I know it and so does President Clinton.

I also know that you don't want to hear a lecture from me today -- but there are a couple of points I want to make.

I want to talk a bit first about what we achieved here in Denver when together we took charge of our own destiny more than a decade ago -- and invested in our people's future.

I want to suggest to you that President Clinton is working to do the same thing for our nation that we have done here in Denver.

He wants to invest in America's future, so that we as individuals -- and as a nation -- can take control of our destiny.

As you all know, yesterday we dedicated the Denver International Airport, which is the most technologically advanced, environmentally friendly airport in the world.

It already has been and will continue to be a powerful engine for economic development well into the 21st century.

When you view the airport through a wider lens, it is the crown jewel of a decade of effort by the people of Denver to build a truly world-class city.

From the convention center, to light rail, to the Cherry Hill mall, to our beautiful new library, to Elitch Gardens in the Platte Valley, to Coors Field, to all our roads and schools and other critical public works, the people of Denver have done it all.

We all know it wasn't easy. We've had hard times, delays and disappointments.

But we believed in ourselves, we recognized our problems, we faced up to them, and we pulled together to meet the challenges.

That's why it is so great to be here to see people in our city and throughout America beginning to reap the benefits.

And what we did in Denver, is what the Clinton Administration is trying to do for America.

President Clinton campaigned for office promising to "put people first" and that's exactly what he is doing.

What does that mean?

It means that the Clinton Administration believes in investing in all Americans so they can help improve themselves and improve our country for the next generation.

That's why the President has made education and training the essence of his Middle Class Bill of Rights. Because, now more than ever, education and training are the keys to opportunity for every American, and the future will only make education more vital.

The President's strategy will only work if individuals also assume responsibility for themselves to get themselves educated, and to impart the value of education to their children, to their families and through their communities.

But looking around this room, I'm confident that you're already serious about doing all of that.

The Clinton Administration has done more in the first two years for education -- from kindergarten through lifetime learning -- than any other administration in history.

The President fought for and started direct loans for college students. He plans to expand direct lending and to establish individual education accounts -- like IRA's that you can draw from without any tax penalty.

Our Administration is working to cut out the middleman in student loans, which cuts the cost of student loans and actually saves the taxpayers money.

We support successful college access programs and we are seeking to increase the subsidies on interest payments while you're still in school to their highest level ever.

President Clinton started the AmeriCorps National Service and he is very, very proud of it.

Already, 20,000 AmeriCorps volunteers are helping earn college funding by working as literacy teachers or drug counselors or in conserving our environment.

We want to expand this wonderful initiative, which is already paying real dividends for students and their communities across this country.

President Clinton also favors a tax credit up to \$10,000 for education and job training, which will be a great help to middle class families struggling to get more than one child through college.

But I have to tell you today, that all of these things are at risk in the new Republican Congress.

Their contract with America has some good points, which we support, but it is rapidly turning out to be a contract on America's children, and especially on education.

The Republicans want to cut and gut Headstart. The Republicans want to cut investments in our future.

They want to stop the expansion of our direct loan program to our neediest students in order to fund capital gains tax cuts for the wealthy.

They want to limit the availability of lower-cost direct loans to middle class students to enable banks -- the middleman in the student loan program -- to profit.

And they suggest doing that even though our direct loan program is working -- and saving the taxpayer's money!

We're not going to let that happen. Your future depends on it. And America's future depends on it.

I want you to know that President Clinton will say no to all this. The President will bring out his veto pen if necessary. He will fight these proposals every step of the way, and I ask you to join him in that fight.

The President believes -- as all of us do -- that the fight for education is the fight for the American dream. It is the fight for America's middle class.

It's not a giveaway. It's an investment in you, because you are America's future.

Economists call this "human capital investment." Bill Clinton calls it "putting people first."

The Clinton Administration will increase Headstart because this Administration believes in education for all our people -- from kindergarten to college. And he will support vocational training for those who choose not to go to college, and lifetime learning for working people.

This Administration and this President know that the American dream of a better life -- generation after generation -- depends on education.

We know -- as you do -- that what you earn in a very tough global economic will depend more and more on what you learn.

And, like you, I came here today to learn. I know many of you are interested in politics, and I can probably learn more from listening to you than I can in Washington, D.C.

So let me pipe down and listen to your ideas, what you think, and I'll be happy to answer any questions you want to ask.

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OPENING STATEMENT OF THE HONORABLE FEDERICO PEÑA
SECRETARY OF TRANSPORTATION
BEFORE THE SENATE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION
WASHINGTON, D.C.
MARCH 2, 1995

Mr. Chairman and members of the Subcommittee, I am pleased to appear before you to discuss the President's FY 1996 Budget proposals for the Department of Transportation. We look forward to working with you and the Subcommittee to examine the Federal role in transportation programs and to provide sufficient resources to carry out that responsibility.

Before discussing the specifics of our FY 1996 budget, it is useful to consider the backdrop against which our proposals are made.

The President's Budget

From his first days in office, President Clinton has been committed to investing in the skills and education of the American people -- to empower them to meet the challenges of global competition and build their own American dreams -- for themselves and their families.

He has also worked consistently to make this government deliver more effective service to the people who pay for it. The President is delivering on all of these commitments...and his programs are working.

He has cut the deficit by more than half a trillion dollars, led an economic recovery that has created 5.6 million new jobs and launched an effort -- led by Vice President Gore -- to make government work better and cost less.

The President's FY 1996 Budget builds on these accomplishments. It cuts \$144 billion to pay for middle class tax cuts and for deficit reduction. We have cut the deficit in half as a share of the gross domestic product. The Administration is on track to cut a quarter million positions from the federal workforce. This budget eliminates 130 programs and consolidates almost 300 others governmentwide, including many in the Department of Transportation.

But at the same time, this Administration believes that government does have an important role to play in the well-being of our country. The budget continues to invest in critical areas to build a better America for our children and equip our workers for the economy of the future.

The Department of Transportation's budget request for FY 1996 carries out this direction. Right from the beginning, the Department of Transportation has played a lead role in

"reinventing" government -- we have already cut total employment by more than 4,700 since 1993, from a base of 109,600 FTE. We are cutting red tape and making significant budget reductions. Our focus is on delivering essential services that Americans need, stimulating public and private investment in transportation, ensuring the safety of our transportation system and upholding our national security responsibilities.

As part of that on-going effort, I announced the most sweeping restructuring in this Department's 28-year history. We are consolidating 10 operating Administrations into three -- a new Intermodal Transportation Administration that will manage the vast majority of investment in transportation infrastructure and research and development; a streamlined Federal Aviation Administration; and the Coast Guard.

This month we will be introducing legislation to spin off FAA's current air traffic control services into a new corporation free of government red tape and ready to meet the challenges of aviation growth well into the next century.

And this budget for FY 1996 proposes bold rethinking of our infrastructure programs, to shift decisionmaking and program management to state and local governments who best know their transportation priorities.

In short, the Department of Transportation has been at the cutting edge of the President's effort to create a leaner, more effective government.

FY 1996 Budget Overview

For FY 1996, our request totals \$36.9 billion in appropriations and obligation limitations for all DOT programs including those of the Maritime Administration which are under the jurisdiction of another subcommittee. This is a net \$2 billion reduction from the FY 1995 enacted level.

Compared to the FY 1995 enacted level, we propose reductions and terminations across a range of programs totalling \$3.1 billion and increases in priority areas totalling \$1 billion. Research and technology continues to be a priority with \$956 million included in the budget for these activities, an increase of \$207 million, 28 percent over the FY 1995 enacted level. Spending on research and development is critical to ensure that as budget resources are constrained, federal investment is smarter and more effective. Direct safety programs account for \$2.1 billion of the budget, including a 20 percent increase in safety grants to States.

We continue to reduce our workforce. This budget requests 64,422 civilian FTEs, about 6,000 fewer civilian employees than were included in the FY 1993 enacted budget. With this request, we will have accomplished almost three-quarters of the 8,100 civilian FTE reduction DOT agreed to as part of the President's Federal employee reduction target.

Reinvention Savings

Our budget carries out the Administration's efforts to reinvent government. We propose to consolidate over 30 separate categorical infrastructure grants and related research and development and administrative costs into a Unified Transportation Infrastructure Investment Program (UTIIP).

We will consolidate DOT's 10 separate operating administrations into three administrations. Although there are no dollar and staffing savings in this budget associated with these organizational changes, we do expect to see savings in the long term as we reduce administrative redundancies.

We are still working out the program design for our proposal, including the formulas for distributing funds. As you can understand, we were not able to reflect completely in the budget the full vision of our reinvention proposals that were announced in late December. We anticipate sending authorizing legislation and budget amendments, as needed, to flesh out our proposals. There may be some shifts among the funding categories in the budget display for the UTIIP as we make final program decisions.

In the spirit of reinvention, the Administration is proposing to terminate the Interstate Commerce Commission and shift residual rail and motor carrier functions to the Federal Trade Commission, and the Departments of Justice and Transportation. Our budget includes \$4.7 million and 52 FTE to support activities that would shift to DOT. These funds are included in the Office of the Secretary budget pending enactment of the sunset legislation and decision on where to locate the transferring activities.

As you know, we are also proposing legislation to transfer the air traffic activities of the FAA to a wholly-owned government corporation, beginning in FY 1997. The corporation will be free of most procurement, personnel and budget restrictions, thereby giving it the flexibility to speed modernization of the air traffic system, enhance safety and improve operating efficiency. A reinvented DOT will no longer perform functions for which the Federal Government is not best suited. The core Federal role in aviation is to regulate safety and encourage appropriate infrastructure investment. It need not include the day-to-day operations of the air traffic control system. This shift will remove about 40,000 FTE from DOT's payroll.

Other Savings

In addition to reinvention savings, we propose reductions across a range of programs. These include eliminating funding for the Local Rail Freight Assistance program and the Essential Air Service program, shifting the budget for the Ready Reserve Force to the Department of Defense and reducing FAA's Facilities and Equipment program. We propose no new funding for highway demos--for which \$366 million was appropriated last year--and impose obligation limitations for existing ISTEA-authorized and appropriated highway demonstration projects. We also propose a legislative change that would allow Boat Safety Grants to be scored as a mandatory appropriation rather than its current discretionary status.

Let me now talk more specifically about the individual programs and funding levels proposed.

Unified Transportation Infrastructure Investment Program

We are proposing, beginning in FY 1996 that transportation infrastructure programs previously funded through separate modal categorical grant programs, and related research and administrative accounts, be consolidated and be replaced by a single account called the Unified Transportation Infrastructure Investment Program. This account is structured in two parts -- Federal activities and State and local activities -- reflecting the Administration's initiative to shift programs to State and local decisionmaking. In designing this account, we wanted a structure that was simple.

The budget request for UTIIP is \$24.4 billion. In total, infrastructure spending is \$2.3 billion below comparable FY 1995 funding. However, we propose new, more flexible funding mechanisms which should allow States and localities to "stretch" and leverage reduced federal dollars.

The President's Budget proposes three new programs: a \$10 billion Unified Allocation Grant that will be available to States and localities for them to spend on their transportation priorities; a \$1 billion Discretionary Grant to focus on projects of national or regional significance, and \$2 billion to capitalize State Infrastructure Banks.

We also include separate funding set-asides for the Interstate Highways and the National Highway System and for roads on Federal Lands, reflecting the national interest in maintaining the condition and performance of these systems. The combined total for these activities is \$8.4 billion.

Funding for Amtrak, the Northeast Corridor Improvement Program and the Penn Station Redevelopment Project is included as three separate line items in the UTIIP. Amtrak Operating Assistance is funded at \$420 million; capital assistance includes \$230 million in traditional capital grants and \$100 million for transition costs related to Amtrak restructuring. The total for these activities is \$750 million, down from \$772 million provided by Congress in FY 1995. Funding for the Northeast Corridor totals \$235 million and \$50 million is included to cover the remaining federal commitment for the Penn Station Redevelopment project.

The UTIIP also includes \$500 million for transit operating assistance, down 30 percent from the current level of \$710 million. The Administration proposes to freeze operating assistance at this level. Capital funds could be used to cover the cost of bus rehabilitation and maintenance. We have included \$1.1 billion for prior commitments including full funding agreements for transit new start projects, WMATA and existing airport grant letters of intent.

Finally, associated administrative expenses and research and development activities, previously funded separately by mode, are included in UTIIP. Of particular note, is \$356 million for Intelligent Transportation Systems. This includes \$100 million for a "trailblazer" initiative to facilitate the electronic clearance of trucks through toll and weigh stations.

Other Surface Transportation Programs

In addition to the surface transportation infrastructure aspects of UTIIP, the budget continues to provide separate funding for safety grants in the surface transportation area. Recognizing that safety is central to the Federal role in transportation, (accounting for \$2.1 billion of our FY 1996 budget) and that State and local governments are essential partners in this enterprise, we propose \$291 million in highway-related safety grants, up 23 percent from FY 1995 enacted levels. This includes \$85 million for **Motor Carrier Safety Grants**, \$196 million for **Highway Traffic Safety Grants** and \$10 million for **Highway Related Safety Grants**.

With the increase in the motor carrier safety grants, we want to help States ensure truck safety, especially given increased border traffic generated by international commerce. The increase in Highway Traffic Safety Grants is geared to encourage stronger and broader grassroots support for highway safety improvements through the "Safe Communities" initiative. In 1990, societal costs of motor vehicle crashes reached over \$137 billion with the health care portion amounting to \$14 billion, of which \$3.7 billion is paid directly through medicare and medicaid. Additional gains can be made in improving highway safety by encouraging communities to include business, health and educational interests in their highway safety programs as well as traditional constituencies such as law enforcement and highway safety activists.

Pipeline Safety Grants are funded at \$15 million, up 25 percent from the FY 1995 level of \$12 million. This program supports State inspection of natural gas and hazardous liquid pipelines. We also propose \$11.7 million to increase funds for **Emergency Preparedness Grants** which finance grants to train States and localities in dealing with hazardous materials emergencies.

Our own Federal safety inspector workforce is maintained essentially at current levels. This includes 319 motor carrier safety inspectors, 409 railroad inspectors, 55 pipeline inspectors and 22 hazardous materials inspectors.

In addition to the research activities funded in UTIIP, appropriations are requested for NHTSA's Operations and Research, Next Generation High Speed Rail, Railroad Research and Development and intermodal research in Research and Special Programs.

For highway safety **Operations and Research**, \$144 million, a 15 percent increase over FY 1995 is requested. Of significant interest in FY 1996, the budget includes \$5.6 million to provide grants to communities for the development of comprehensive local programs and strategies to reduce and prevent motor vehicle injuries. The budget also includes \$1.6 million for a "Patterns for Life" program which, through education and enforcement, will increase the proper use of child safety seats. For "Campaign Safe and Sober," \$15.9 million is included to increase seat-belt use and reduce the proportion of alcohol-related fatalities. We are requesting \$5 million for the Partnership for a New Generation of Vehicles to address occupant safety and the crashworthiness of new vehicle designs and materials.

The budget includes \$35 million for the **Next Generation High Speed Rail Program** to support development of cost-effective, high speed technologies compatible with existing infrastructure. An additional \$33 million is included in the **Railroad Research and Development** request of \$49 million for activities related to high-speed technologies and their safety and environmental aspects. Major elements of the combined request for high-speed rail technology include development of fuel cells for locomotives, a non-electric high speed locomotive, signal and train control systems and grade crossing technologies.

Aviation Programs

The budget proposes to replace separate airport grants with funding allocations through the UTIIP. A funding level of \$6.88 billion is proposed for the balance of the Federal Aviation Administration's (FAA) programs. This compares to \$6.93 billion enacted in FY 1995 for these programs.

For **Operations**, \$4.7 billion is requested, an increase of \$121.5 million (2.7 percent) over FY 1995. The budget includes an additional 253 flight standards safety and certification inspectors. The number of controllers and field maintenance technicians will both decline about one percent, due primarily to contracting out and streamlining the operation of lower-level towers and management initiatives to improve the airways facilities program. The budget includes personnel and management savings of \$139 million and increases of \$260 million. Increases include \$165 million for pay and inflation adjustments, \$61 million for the operation of new equipment coming on line to modernize the airspace system, \$12 million for new safety-related and other critical staffing, and \$23 million for other high priority requirements, including continuing the successful contract tower program.

For **Facilities and Equipment**, \$1.9 billion is requested, a decrease of \$180 million or 9 percent from FY 1995. The reduction is due to budget constraints and not major program changes. The budget continues funding, at levels slightly below FY 1995, for the enroute, terminal and tower automation programs--formerly aggregated in the Advanced Automation Program.

The **Research, Engineering and Development** program is funded at \$268 million, an increase of \$8.5 million (3 percent) over FY 1995. Work will continue on improved methods for control of surface traffic at airports, and better use of satellites for navigation and control. Aviation security research is funded at \$44 million which includes \$10 million for an explosives detection system demonstration project at airports.

Maritime Programs

Although the programs of the Maritime Administration are not under the jurisdiction of this subcommittee, I would like to highlight key proposals in this area.

The budget proposes a new 10-year **Maritime Security Program** which would provide payments to 50 vessels in exchange for their service to the Department of Defense (DOD) in time of military action. The program is funded through appropriations at \$175 million in FY 1996 and \$100 million thereafter.

To support shipbuilding and shipyard modernization, \$52 million is requested to support the **Title XI Loan Guarantee Program**, the same as the FY 1995 enacted level in combined DOT and DOD funding. This program helps to maintain a shipbuilding base, which supports national security interests. The FY 1996 request will support \$1 billion in loan guarantees.

The **Ready Reserve Force** will be budgeted in the DOD budget at \$359 million, up from \$150 million enacted in FY 1995. The Maritime Administration will continue to manage the program. The shift of

The **Ready Reserve Force** will be budgeted in the DOD budget at \$359 million, up from \$150 million enacted in FY 1995. The Maritime Administration will continue to manage the program. The shift of budget responsibility will allow a greater level of funding in order to meet DOD requirements.

The request for the **United States Coast Guard** totals \$3.74 billion, only 2.1 percent over FY 1995 enacted levels. The request for **Operating Expenses** at \$2.62 billion is essentially frozen at FY 1995 enacted levels. The Coast Guard is conducting a wide-ranging review of options to streamline its organizational structure. The Commandant will make his recommendations in the spring.

Under this budget, Coast Guard's capital account, **Acquisition, Construction and Improvements** grows by 18 percent to \$428 million. Replacement of aging fleet and modern equipment and communications, which this request supports, are essential for an even more efficient, cost-effective Coast Guard.

The budget for the **Saint Lawrence Seaway** is \$10.24 million, essentially the same as the FY 1995 enacted level. Legislation will be proposed to spin off the Seaway.

Office of the Secretary and Inspector General

The budget request for the **Office of the Secretary** totals \$578 million. Of this amount, \$476.4 million is associated with departmentwide rental payments to GSA including \$331 million to acquire a new headquarters building. The balance of the budget, \$102 million, is 10 percent--\$11 million--below FY 1995 enacted level.

The request for funds to acquire a new building in our budget rather than the GSA budget, reflects a policy change by this administration to make GSA an oversight organization for governmentwide administrative services and give agencies the responsibility for determining the priority for their facility requirements. We have been working with GSA over the past year to develop a plan for consolidated headquarters space when the leases expire at the Coast Guard headquarters in 2003 and at the NASSIF building in 2000. Acquisition of space will also be more cost-effective than continuing to lease space.

All other OST accounts are essentially funded at or below FY 1995 levels, with few exceptions. For **Salaries and Expenses**, which funds the various secretarial offices, we are requesting \$57.5 million, slightly below FY 1995 enacted levels. Staffing declines to 595 FTE or 18 FTE below this year's level. We are requesting a single appropriation, as was enacted for FY 1995, to give us the flexibility to manage tight resources.

The budget for the **Office of Inspector General** is \$40.2 million, slightly above the FY 1995 enacted level. A staffing level of 440 FTE is proposed.

Closing

This concludes my opening remarks. I would be pleased to answer the subcommittee's questions.

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
THE TRAVELER: PROBLEMS AND SOLUTIONS
WASHINGTON, D.C.
MARCH 3, 1995

Opening

I'm pleased to join you at the first of what I hope will be many productive meetings to promote cooperation between the Department of Transportation, business, and the nation's consumer leaders.

Today, I'd like to talk about three issues.

First, the Clinton Administration's commitment to improving traveler safety and consumer protection -- and why it's so important as the transportation industry changes.

Second, I want to review some of our achievements in these areas -- many of them made in partnership with you.

Third, I want to talk about the threats we see to continued progress.

I. A commitment to putting people first

This Administration came to office two years ago with a mandate to put people first.

In transportation, that means ensuring people's right to travel safely and securely and their right to have quality transportation and customer satisfaction.

Our emphasis on safety and consumer protection began the day that the Clinton Administration took office, and over the last two years we've taken a number of actions that have benefitted travelers and consumers.

These efforts have become increasingly necessary in recent years. America's transportation industry has expanded rapidly.

That's brought tremendous benefits to travelers and consumers -- lower prices and greater choices in products and services.

We welcome that. However, we also recognize that this expansion brings with it tremendous competition and rapid change.

While that dynamism is usually a positive force, it can lead to consumer frustration and confusion, and can even bring some business practices to the edge of deception -- or of risking safety.

Let me be clear: the vast majority of operating practices put safety and fair dealing first. They protect the traveler's interests.

Responsible businesses know that *caveat emptor* -- "let the buyer beware" -- is no way to achieve success in the competitive world of the 1990s.

But we're disturbed by the abuses we've seen in business, and there are areas in which we need to strengthen consumer protection.

Similarly, we need to ensure that competitive pressures *never* cause safety to be compromised.

Sustaining traveler confidence -- both with regard to safety and to consumer satisfaction -- is critical to the continued success of America's transportation industry.

II. Our accomplishments on safety and consumer protection

And that brings me to my second topic: what we've done to sustain that confidence.

Over the past two years we've focused attention on safety at the highest levels -- bringing together transportation industry leaders for safety summits in several areas -- pipelines, air travel, and railroads.

We also have a truck safety summit planned for later this month and a child safety conference set for June.

All of these summits make me feel as if I've been to the mountaintop more than anyone since Moses -- but it's

been worth it. They've helped us to make great progress on safety.

On our highways, we've carried forward the work that's reduced the highway fatality rate by *two-thirds* since 1966.

We've issued new alcohol and drug testing rules for transportation professionals, a new highway-rail grade-crossing initiative, and proposals to improve vehicle safety.

And just last week we set a new goal to attack the most senseless cause of deaths on our highways: drunk driving.

Over the next decade we're going to work with state and local governments, safety groups, police, and businesses to reduce the number of alcohol-related deaths from the current 17,000 down to 11,000.

We're improving safety in other areas as well, such as rail, where we're supporting the development of positive train control systems that will prevent collisions...

...waterways, where the Coast Guard is strengthening licensing and training requirements for towboat operators. That will help to prevent tragedies like the 1993 incident in which a barge struck a railroad bridge, derailing an AMTRAK train...

...air travel, where we're going to set the same safety standards for *all* services, whether they're small commuter lines or major airlines...

...and pipelines, where we're working to develop a national one-call notification system that lets builders and other excavators make sure that their digging won't damage a buried pipeline.

We've also greatly expanded DOT's consumer protection efforts because -- although the vast majority of travel and transportation industry members are responsible and conscientious -- there are still many consumer complaints.

We recently strengthened the old DOT Office of Consumer Affairs -- assigning it to the enforcement division of the General Counsel's office...

...renaming it the Office of Consumer Protection, and assigning it to aggressively monitor -- *and correct* -- industry practices.

We've already taken a number of steps.

We've fought to protect air travelers, ensuring greater "truth-in-ticketing," so that consumers get more information about connecting or code-shared flights...

...acted to prevent rip-offs on charters to special events such as the Rose Bowl and Super Bowl...

...and protected international travelers by banning smoking on many flights and requiring that airline passengers be notified in advance of insecticide spraying.

We've given car buyers important information by expanding -- *and simplifying* -- the New Car Assessment Program.

In each of these actions, we served as the first-line defenders of travelers' safety and consumers' rights.

III. The threats to continued progress

This brings me to my third topic: the threats we see to continued progress on safety and consumer protection.

We want to achieve our goals in these areas through cooperation, not confrontation -- by relying on common-sense actions that benefit *all* parties.

However, where the safety of the public is at risk, or when deceptive practices violate the public trust, we will *never* hesitate to take action -- to actively enforce existing laws and regulations, *or to take new regulatory action*.

There are some who would tie government's hands when it comes to protecting the public.

The latest example of this is the legislation pending in Congress to arbitrarily freeze federal regulations.

That type of across-the-board freeze is wrong -- period.

And I think that the American people agree.

That's because they want common-sense regulations that protect their lives and safety.

They *want* regulations to prevent natural gas pipeline explosions.

They *want* regulations to keep intoxicated truckers off the road.

They *want* regulations to guarantee the same level of safety for the passengers of a small commuter plane as for those of a jumbo jet.

No one is more dedicated to cutting red tape than the Clinton Administration.

We're getting rid of regulations that are unreasonable or burdensome, and streamlining those that are needed to protect the public.

But the so-called "Regulatory Transition Act of 1995" isn't meant to improve regulations. *It's meant to cripple them.*

That's why I'm going to recommend to the President that he veto this bill if Congress sends it to him in the form recently passed by the House.

There are lives in the balance -- lives that it is our duty to safeguard.

I hope that -- in the coming days -- Congress rebuffs this attempt to paralyze our ability to ensure the safety of the American people.

And I hope that your voices -- and those of all Americans -- are heard in the continuing national debate over this issue.

Because it's more important than ever that we work together to preserve the gains we've made -- and to continue to progress in the future.

Closing

Today, we're asking you for your ideas about the nature and the scope of traveler and transportation consumer problems.

Then we want you to help us determine possible solutions to these problems -- including identifying which of these should be addressed by DOT.

Today's meeting is only the first step in this effort. We plan to meet with consumer leaders from beyond the Beltway on March 15, and to continue these discussions in other forums in coming months.

I'd like to thank you in advance for your contributions -- and to say how much we look forward to being your partners in this effort.

We've made great strides on traveler safety and consumer protection over the past two years -- and that progress is only going to increase as our partnership expands.

Thank you.

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U.S. Department
of Transportation

TRANSPORTATION TRENDS

**REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
1995 FAA AVIATION FORECAST CONFERENCE
WASHINGTON, D.C.
MARCH 3, 1995**

INTRODUCTION:

It's a great pleasure for me to be here with so many leaders in U.S. aviation — at the premier annual forecast meeting of this industry.

And it's great to be here during what is a truly a dynamic and exciting time for U.S. aviation.

Just in the last few weeks, we've made major advances to bolster aviation, here and abroad.

Last week, President Clinton witnessed my signing of a breakthrough agreement to open the skies between the United States and Canada, our largest single aviation partner.

And just a few days ago, I had the great honor of helping to open the finest airport in the world — Denver International — an airport that is already contributing substantially to our national air system.

As we look to the future and the continued growth of airline travel, the new DIA is sure to play a lead role in our efforts to handle that growth safely and efficiently.

OUR COMMITMENT TO AVIATION

These accomplishments didn't come about by coincidence. They are part of the most comprehensive aviation strategy developed by any U.S. Administration since deregulation.

They are evidence of the commitment that this Administration has made to assisting the recovery of the entire U.S. aviation industry.

Right from the beginning -- in fact, even before the President took office -- this Administration has recognized the strategic significance of aviation to our country, our economy and our future.

Aviation is an industry that America created, and has consistently provided world leadership.

We value the hundreds of thousands of high-paying jobs in the aviation sector and we understand the catalytic role that airline service and aircraft manufacturing play in both our national and local economies.

We know that exports of aviation equipment provide the single largest segment of our manufacturing trade surplus. We believe that expanding the global market for the export of U.S. aviation services, is also crucial.

That's why this Administration and my Department have worked so hard to do our part to contribute to the recovery and future growth of this vital American industry.

STEPS TO FOSTER RECOVERY

We began even before taking office, more than two years ago, when the President included major aviation companies in the economic roundtable he held in Little Rock.

In the earliest days of the Administration, we pushed for the creation of the Airline Commission, to help craft a blueprint for financial recovery of the airline industry.

To date, we've acted on over 80% of the Commission's recommendations, ranging from accelerating the deployment of Global Positioning Satellite Systems to liability reform for general aviation.

We've facilitated start-ups for new entrants, and we've welcomed a wave of new carriers coming onto the scene.

And, most importantly, this Administration has worked to strengthen America's economy.

By seriously tackling our deficit two years ago -- cutting it by more than half a trillion dollars -- this Administration has fostered a steady economic recovery that has already generated more than 5.6 million new jobs in an atmosphere of low inflation.

(More)

This rebound -- the Clinton recovery -- has been the single most powerful factor in assisting the airline industry's own recovery.

Last year, more than 555 million passengers flew in the United States, up 8% from the year before.

Revenues, traffic and load factors are all up.

For the first time in the 1990's, there are no major U.S. airlines operating in bankruptcy.

Indeed, after a period when the airline industry suffered \$12 billion in losses, the "p" word -- "profitability" -- has actually returned to our vocabulary.

We want this recovery to continue.

That's why, in addition to working at the "macro" level, we have also taken a vast array of specific actions to assist the industry at the "micro" level.

We've worked to help resolve labor disputes and to promote employee ownership of airlines, preserving jobs and promoting competition -- at Northwest, at United and American, and now at US AIR and TWA.

We've also worked to resolve disputes between airline and airports over fees.

Throughout all of these efforts, we have forged new partnerships with airline management and labor, with cargo carriers and shippers, with aircraft makers, airport managers and with airline consumers.

No one looking at this record can doubt that this Administration is fully, actively committed to a healthy, competitive future for this nation's airlines and aerospace industries -- at home and around the world.

I say "around the world" because we at the Department of Transportation are taking the lead on a global movement toward fully open trade in aviation services.

We are not only resisting every effort we encounter at aviation protectionism, we are pursuing a comprehensive aviation strategy that is already producing dramatic results.

Last week's aviation agreement with Canada was itself a huge breakthrough -- even in global terms.

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It freed up the largest single bilateral aviation market in the world, with more than 13 million cross-border passengers a year -- more than fly between the U.S. and the continents of South America, Africa and Australia combined.

It is already benefitting both the U.S. and Canada -- and setting a powerful example for others of the gains to be achieved by negotiating open aviation accords with the United States.

ACTIONS TO SUPPORT CONTINUED GROWTH

But if we are to secure the full benefits we anticipate from the airlines' recovery and from expanding international service, we need to meet the imperatives outlined in this year's FAA forecast.

As you will hear at this conference, the FAA's forecast is that an estimated 300 million more passengers will be flying in the United States by the end of the next decade.

But that growth will only come if we act now to increase our ability to handle it safely and efficiently.

Without more capacity -- capacity on the ground, and capacity in the air -- we simply won't be able to accommodate or sustain this growth.

To generate that capacity, we need to move on three fronts.

First, we'll need new airport capacity, whether it's through entirely new airports like DIA, or through expansion and better utilization of existing facilities.

The very tough weather conditions we encountered just a few days ago, when DIA opened, dramatically underscored the importance of that new airport.

We faced the kind of weather that would have limited old Stapleton Airport to 30 operations an hour -- at most -- sending delays cascading, domino-like throughout the nation's air system.

But, with its triple-parallel runways and state-of-the-art equipment, DIA was able to handle 90 operations an hour, in a driving snowstorm, triple the capacity of Stapleton.

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Instead of sleeping on benches waiting for the weather to clear, people reached their destinations.

That's the type of system enhancement that comes with modernization and new capacity.

Our challenge now, in a time of tight budgets, is to find creative ways to help cities and airports all across the United States to meet their own needs for expansion.

And that's why our Departmental reorganization efforts are aimed at maximizing the dollars that go to investment by making government more efficient, and by opening up innovative means of financing infrastructure development.

We must explore new ways to finance airport improvements -- to maximize the impact of federal dollars, to give local authorities flexibility and the capacity to engage in partnerships with private business and to access the capital markets.

Second, we'll need continued progress on the safety front.

The Aviation Safety Conference that we conducted (together with the FAA in January) set a course for enhanced safety through 173 specific initiatives; 100 of which will be completed in the next 6 months.

Like the industry itself, we are absolutely committed to assuring the travelling public that we will do everything we can to enhance safety -- and that our goal will be: "Zero Accidents".

The third area we need to address is reform of the air traffic control system itself.

AIR TRAFFIC CONTROL REFORM

Airline deregulation set a great American industry free, and we've seen the results.

Over the last 20 years, air traffic has doubled. It will double again in the next 2 decades.

A generation ago, barely one in three Americans had ever boarded a commercial aircraft. Today, three-quarters of all Americans have flown.

Freed from governmental constraints and motivated by competition, this industry has moved quickly to capitalize on new technologies. Today, our carriers are flying planes that are miracles of engineering.

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Unfortunately, the government that oversees this miracle hasn't matched that extraordinary record. In a real sense, we haven't kept up our end of the deal.

While we have stopped setting routes and fares, we have stubbornly clung to running the system that ultimately controls the entire airline industry's bottom-line efficiency.

While today's airline industry hardly resembles the one that existed in 1978, our air traffic control system is still working under the same types of rules and restrictions that existed then -- (not to mention equipment that belongs in the Smithsonian).

It has been estimated that ATC delays cost airlines and their customers \$3 billion a year.

This is a devastating burden to an industry that has never made that much in net profits in a single year.

The inefficiencies of a government-run operation, quickly and inevitably become the industry's.

We can do better. We must do better. And we will do better -- this year.

Just as deregulation freed our airlines to work like true private corporations, we should free our air traffic control system, and let it run more like a business.

State-of-the-art airplanes should not be controlled by 30-year old Univac computers. They were fine in their day. So were the 707 and the DC-3. But, we're not flying around in them much anymore.

Fortunately for the traveling public, the airlines don't have to work under government rules and regulations when it comes to procuring their own equipment.

They can utilize all of the tools that American business know-how can provide in providing safe and efficient service to the American people.

But, in the end, the level of safe and efficient service that airlines can provide is capped by the limitations of a government that is trying to operate a technically demanding, 24-hour-a-day, 365-day-a-year business.

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This has to change.

A dynamic industry like aviation should not be limited by a government agency that is systematically unable to acquire new equipment in a timely manner -- or to deploy people where they are really needed -- or to finance long-term improvements needed to increase safety and system capacity.

That's why we are introducing legislation to free the air traffic control system from the constraints of the federal personnel, procurement, and budget processes.

We would take the FAA out of the business of running air traffic control, and focus it on what it should and can do best: regulating the safety of the aviation system.

Achieving these fundamental reforms in budget, personnel, and procurement is critical.

Without them, it is hard to see how we can meet the challenges of the growth we all foresee -- and provide the opportunities that this industry, its customers, and the American economy deserve.

Let me caution you: piecemeal "reform" will not do this. We have tried that over and over again in the past. Now, we have reached the point where only fundamental change will work.

CLOSING

As I said at the outset, these are exciting times for aviation.

We are breaking down barriers and opening up new markets for our airlines and aviation manufacturers all over the world.

We are providing new economic opportunities for cities by expanding air service with our largest trading partner -- setting a powerful example for nations everywhere.

We have demonstrated the dramatic advances that a state-of-the-art airport can bring.

We are helping one of America's flagship industries to recover And, we are working to remove a major obstacle to that recovery by fundamentally changing how we provide air traffic control services.

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Over the last 17 years, we have seen how an industry, once freed from government constraints, can flourish. It's time that we keep up with the industry that we oversee and not hold it back.

I urge everyone here to continue to support our efforts to revitalize U.S. aviation, to move toward global free trade in the air -- and most of all -- I urge you to raise your voices in support of ATC reform.

With your help, we'll turn all of these "goals" into realities.

Thank you very much.

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TRANSPORTATION TRENDS

**REMARKS AS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
FORUM ON FUTURE DIRECTIONS ON
TRANSPORTATION RESEARCH AND DEVELOPMENT
WASHINGTON, D.C.
MARCH 6, 1995**

I'm happy to join you at this evening's event, because I believe that a commitment to technological progress is tantamount to a commitment to the future.

Tonight, I'd like to talk about three subjects.

First, why it's important for the federal government to help develop transportation technology. Second, what the Clinton Administration sees as the federal role in supporting technology development and deployment. Third, the threats we see to continued government support of research.

The Clinton Administration is strengthening America's ability to compete in tough global markets and create good jobs here at home by supporting technological innovation. Government support of technology is especially important when we recognize the increasing pressures on our infrastructure and our environment and the challenges of the global economy.

The Cold War's end has given us a unique opportunity to adapt advanced technologies developed for the military to civilian uses. At the same time, we can continue to maintain the productivity and innovation of our defense industries. This use of technology for both defense and civilian applications lowers the cost and increases the manufacturing capabilities for both sectors.

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That's critical in an age of diminishing resources, when we can't afford to maintain two separate industrial complexes.

We also can adapt space program technologies used to explore the cosmos to problems here on earth, moving from black holes to pot holes and applying scientific advances to daily life.

Nowhere is there greater potential for these dual uses than in transportation.

It's important to remember that a sixth of our Gross Domestic Product -- more than \$1 trillion annually -- is spent on transportation services and products. So just a one percent improvement in transportation system efficiency can save the American economy \$100 billion over a decade.

The technologies we're developing also are the seeds of new American industries, producing not only for domestic markets but also for export.

But there's more at stake than economic growth, because these new technologies also can help us overcome the traffic congestion, accidents, and pollution that erode the quality of life for millions of citizens.

These problems can't be permanently solved with the conventional responses of adding more highway lanes or airport runways: we can't continue to build our way to swifter traffic flows or cleaner air.

Instead, we must develop ways to better manage existing resources and infrastructure, using technology to move beyond the false choices between environmental quality and economic growth.

America can, and we should, lead the world in new technologies that maximize the use of our existing systems by making our roads and bridges more durable, and producing vehicles that are safer, quieter, and less polluting.

We also can harness technology to improve mobility and independence for senior citizens and those with physical challenges and other special needs -- ensuring that all Americans can play a full role in our society.

We've repositioned the Department of Transportation to support these goals, moving well beyond our traditional roles as a grant-making and regulatory agency. We're committed to fostering new technologies from conception and research to operational testing, deployment, and commercialization.

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We see three key roles for the federal government.

The first is as a catalyst: a source of seed money and of expertise from the great federal laboratories that won the Cold War.

DOT, through the interagency Technology Reinvestment Project, is helping to develop new "dual-use" technologies applicable to both military and civilian purposes. Indeed, about half of the first-year TRP grant awards were transportation-related, increasing government investment in transportation research by roughly \$400 million, and "leveraging" another \$400 million in private sector matching funds.

A second key role, and one that only the federal government can play, is that of standard setter.

We want to forge consensus on national, and even international, technological standards to create a stable, common ground that will encourage entrepreneurs to invest in these new technologies. They'll also provide uniformity for consumers, companies, and the interstate movement of people and goods.

At the same time, the "open architectures" we do support will allow these new technologies to stay flexible and accommodate further progress. Establishing such standards is especially important for evolving information technologies such as Global Positioning Satellite systems and Intelligent Transportation Systems. These are technologies that the federal government has led in the development of.

The third role we see for the federal government is as a facilitator and promotor of technology development. That means building new alliances with American industry to advance projects that are in the national interest.

The most dramatic example of this, and a model for other industries, is the Partnership for a New Generation Vehicle. This partnership links the federal government with Detroit's Big Three automakers to secure America's position in the worldwide motor vehicle industry of the next century. Our goal is to develop a commercially-viable automobile that will be virtually pollution-free and three times more fuel efficient than today's cars.

It's a target as ambitious as the Apollo space program, and it will have far greater benefits here on earth by helping to reduce the environmental impacts of exploding transportation use.

Our support also means ensuring that American industry has a fair opportunity to compete in the global marketplace. The Clinton Administration isn't a spectator in

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this process. We're promoting these new technologies at home and around the world. We've been active in supporting American businesses as they fight for a foothold in tough international markets.

For example, we actively supported our aerospace industry in its overseas marketing efforts -- most notably in Saudi Arabia, which saw a multi-billion dollar jet contract awarded to Boeing and McDonnell-Douglas.

I mentioned earlier that one of our key roles is providing seed money for research. Over the past two years we have raised DOT's budget for research by over 25 percent, to \$749 million in 1995 -- not counting the resources devoted to dual-use projects.

That's because we believe that adequate funding of research and development is critical: technology is no place to stint on investment. As the saying goes, "no bucks, no Buck Rogers."

But some people don't agree.

The House Appropriations Subcommittee on Transportation recently voted to rescind more than \$700 million from DOT's current, 1995 budget. That rescission proposal includes \$80 million for research and technology programs, nearly \$25 million of was intended to support ITS projects. And we expect Congress to make cuts in our proposed 1996 budget.

We understand the need to reduce federal spending if we're going to continue to control the deficit and provide the tax relief that middle-class Americans need. Indeed, we've proposed cancelling \$400 million in Congressionally-earmarked highway "demonstration" projects in 1995. And we've proposed an overall DOT budget for 1996 that's \$2 billion less than this year's.

But that budget also targets investment in certain key areas -- such as research and development, which would be increased to \$956 million in 1996. That includes support for key programs -- \$113 million for GPS development -- up 26 percent from this year...and \$356 million for the development of ITS -- including \$100 million for a "trailblazer" program that will create the infrastructure for advanced travel information systems and for non-stop electronic clearance of trucks across borders.

We need such investment to maintain the technological leadership that has made this the most economically-efficient nation in the world. That efficiency is what sustains our prosperity, and ensures our continued economic security. The technological

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leadership that makes this possible is something we shouldn't abdicate for short-term savings.

We've seen what can happen when we do. In the past, new technologies developed in America by American inventors and geniuses were forced abroad because of lack of support, instead of being commercialized here.

Americans developed low-cost GPS receivers for use by aircraft. Now the U.S. military is buying those receivers from a Japanese company.

Americans developed tilt-train technology that allows intercity trains to take turns safely without reducing speed. Now AMTRAK is looking to buy those trains from several European nations.

Americans developed the earliest MagLev technology, which could revolutionize high-speed rail. Now it's being commercialized in Germany and Japan.

We virtually gave away our technological expertise in these areas...and now we're paying for it.

There was an old saying among early American settlers: don't eat the seed corn. If you do, you won't have the seed to start next year's crop -- and then you'll surely starve.

That's where we are today with technology. Our funding of research and development is our seed corn. We've got to sustain it if we're going to benefit in the years to come. I hope that, as the full Congress moves through the budget process, it recognizes this simple fact: you can't reap what you didn't sow.

We in the Clinton Administration understand that, and have been supporting the new generation of American transportation technology. This commitment will only deepen as the need for advanced technology grows.

We'll redouble our efforts to:

...increase the federal government's outreach to entrepreneurs and inventors...

...build partnerships with universities and private industry...

...and fight for more funding of transportation research and development.

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And, most importantly, we'll demand real results: technologies that truly improve Americans' lives...advances that will have impacts as great as the steamboat, the automobile, and the airplane did in generations past.

We look forward to working in partnership with you -- government agencies, private business, and the academic research community -- to develop and deploy the technologies that will transform America.

And now, I'd like to conclude my remarks by carrying out one of my most pleasant responsibilities: presenting the first Secretarial Award for Excellence in Transportation Technology Research and Development.

This award was established last year to recognize particularly outstanding contributions made to expanding the base of technological knowledge and the ability of America's transportation industry to compete internationally.

The inaugural winner is QUALCOMM Incorporated of San Diego. QUALCOMM is represented here tonight by the President of its OmniTRACS division, Rich Sulpizio, and I'd like to ask him to join me.

We recognize QUALCOMM for its OmniTRACS system. OmniTRACS has been in development since 1988, and it's a milestone in the development of Intelligent Transportation Systems.

OmniTRACS is a two-way, mobile communications and vehicle tracking system. It's based on an oscillating antenna that locates and locks on to a satellite from a moving vehicle, and is the first example of a truly mobile satellite communications device.

OmniTRACS facilitates everything from vehicle tracking to communications, and gives motor carriers a powerful tool to help them better utilize equipment, increase productivity and profitability, and improve their customer service.

Rich, on behalf of the Department of Transportation, I'd like to present QUALCOMM with the Secretarial Award for Excellence in Transportation Technology Research and Development. It's an award that your company richly deserves. Congratulations!

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TRANSPORTATION TRENDS

**REMARKS AS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
TRUCK AND BUS SAFETY SUMMIT
KANSAS CITY, MISSOURI
MARCH 13, 1995**

I'm pleased to join you here at the Truck and Bus Safety Summit. Before I begin my remarks, I'd like to recognize someone who's been a longtime supporter of transportation safety -- first as chair of the Missouri state senate transportation committee, and now as a member of the House surface transportation committee -- Congresswoman Pat Danner.

This summit brings together -- for the first time -- senior leaders from every sector of this industry to discuss safety issues. It raises the profile of safety to the highest levels -- and gives us a unique opportunity to expand the partnerships we've been building.

These partnerships have helped us to make progress on issues such as the commercial driver's license -- an innovation that cuts red tape by making one state's license valid in all states.

They've helped us develop the "Sharing the Road" campaign to educate the public on how to drive safely with commercial vehicles.

Industry recommendations are also helping to design the Intelligent Transportation Systems Trailblazer Program -- which, among other benefits, will provide electronic clearance for trucks across state borders -- saving time and money.

You've been strong supporters as we've increased infrastructure investment to the highest levels ever.

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And you've supported us as we work with Congress to pass a National Highway System designation bill by the September 30, 1995 deadline after which over \$6 billion in federal funds would be at risk of being cut off.

Today, we're expanding this partnership to address safety. We want to hear your ideas about truck and bus safety problems, and how we can solve them together. We're especially interested in what you see as the appropriate role for DOT.

This meeting is the first significant step in this effort, and we'll be taking more in coming months. In fact, next month the National Motor Carrier Advisory Committee will meet to provide Administrator Slater with recommendations about how to improve commercial vehicle safety. I hope that this summit will give the committee some constructive ideas.

Today, I'd like to talk about three things.

First, our commitment to safety.

Second, our work to ensure safety through partnerships and sensible initiatives.

Third, the threat we see to reasonable steps to protect the public and transportation industry workers.

Any discussion of the truck and bus industries has to begin by recognizing that they are foundations of our economy -- efficiently carrying about 80 percent of America's goods, and providing economical mobility for millions of people.

Their importance has only increased over the past generation, as highway travel has doubled. In spite of that increase, the fatal crash rate for heavy vehicles has continued to drop.

But we can't take this progress for granted. The 1993 uptick in the number of deaths in crashes involving heavy vehicles is a wake-up call -- a warning that we can't rest on our record.

We've got to look to the future and the challenges it's going to bring. During this conference, I ask you to try to identify the safety challenges that the next five, ten, or fifteen years may bring -- and develop ways of meeting them.

For example, will increasingly congested traffic pose a threat to commercial vehicle operators or to the drivers they share the road with?

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How can the advances in vehicle technology that Intelligent Transportation Systems will bring be designed in ways that are user-friendly?

How can we make sure that competitive pressures and changing work conditions don't place stress on drivers and increase the risk of dangerous errors?

We've got to address these questions -- and others that you may think of.

Meeting these challenges concerns me, because safety is my highest priority. I can't overemphasize how central the safety of the traveling public and transportation industry workers is to everything we do.

Highway vehicle crashes alone kill 40,000 Americans a year and injure hundreds of thousands more. Each year these accidents cost our economy more than \$130 billion in medical expenses, wasted productivity, and other losses.

So let me be clear: highway travel must become safer -- and we want to work cooperatively with industry and all members of the motor carrier safety community to strengthen safety.

However, any actions we take must be sensible -- they must achieve their goals, and at the least possible cost to industry and consumers.

The Clinton Administration knows that -- with the best of intentions -- government has issued rules that don't make sense in the real world, and that don't serve their purpose of protecting workers or the public.

That's why President Clinton ordered all federal agencies to review their regulations by June 1 to determine which are obsolete or counterproductive, and to look for better alternatives.

The President doesn't want us to just look through these rulebooks mechanically, but to really change the ways we measure our performance so that we can focus on real results, and not on process or on punishment.

He's also asked us to get out of Washington and meet with the people affected by our regulations -- much as we're doing today -- and to work cooperatively with industry and with other levels of government to get results.

That's the spirit that underlies this summit. The summit will carry forward the work begun by DOT's zero-based review of motor carrier regulations.

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We're getting rid of those that don't make sense -- that are unreasonably burdensome -- or that duplicate state regulations.

We've already seen results from this effort. Last November, we tore out page after page of redundant or outdated regulations from the FHWA rulebook.

I'll be the first to admit that we found some that make me shake my head.

Did you know that we regulated how truckers climbed into their sleeper berths? Well, we did; but we don't now, because that regulation has been rescinded.

Did you know that the federal government required drivers who needed eyeglasses to wear them -- even though every state already requires the same thing? Well, we did; but we don't now, because that regulation has been rescinded.

Did you know that we required buses to stop at open drawbridges? Well, we did; but we figured that we didn't need a federal rule to tell bus drivers not to drive into rivers, and that regulation has been rescinded.

In other cases, we want to take action -- but can't, because the rules were mandated by Congress.

One example is the rule requiring pre-employment alcohol testing. This isn't an effective way of keeping drunk commercial drivers off the road.

We all agree on the need for effective alcohol testing -- but this doesn't do the job.

And so, today I'm asking Congress to repeal the alcohol pre-employment testing mandate in ISTEA -- for all modes of transportation.

And if Congress steps up to the plate and repeals its mandate, we'll immediately take action to permanently rescind the pre-employment test requirement.

And we'll make sure that employers can still pre-test if they want to do so for their own reasons.

The federal requirement for pre-employment alcohol testing is only one of the rules that doesn't make sense. We're searching for others, and look for your help in finding them.

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I've been talking about the need to get rid of regulations that don't make sense -- and there are a lot of them. But there also are a lot that do make sense.

For example, just last week we issued a regulation requiring anti-lock brakes on heavy vehicles. That rule is going to prevent hundreds of deaths -- thousands of injuries -- and billions of dollars in medical, property, and other costs. It was based on sound research -- the largest study of its kind ever done -- and it's based on solid cost-benefit analysis.

It's the type of regulation that makes sense. Our Canadian neighbors apparently agree, because they're considering the same requirement for their vehicles.

Many other regulations are called for by industry itself.

Industries often ask for national regulation to avoid a hodge-podge of local rules. They don't want to be subject to one rule in North Carolina and another in South Carolina.

Sometimes businesses want safety regulations to ensure a level playing field with less-responsible competitors.

And sometimes our rules protect industry from unwanted liability. That's why we want to issue a rule requiring railroads to install warning systems only in accordance with state plans.

But all regulations -- regardless of merit -- are at risk.

That's because there are some who would completely tie government's hands. The latest attempt to do this is the legislation pending in Congress that would arbitrarily freeze federal regulations.

That type of across-the-board freeze is wrong -- period. And I believe that the American people agree.

That's because they want common-sense protection of their lives and safety.

They want protections that ensure safer cars.

They want to be protected from natural gas pipeline explosions.

They want the same level of safety for the passengers of a small commuter plane as for those of a jumbo jet.

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No one is more dedicated to cutting red tape than the Clinton Administration.

Common sense tells us to get rid of regulations that don't work; but getting rid of regulations that do work makes no sense. But the so-called "Regulatory Transition Act of 1995" isn't meant to get rid of bad regulations. It's meant to cripple all regulations.

It's a transition -- a transition that could lead us back to the days of unsafe cars, toxic pollution, and dangerous workplaces. It jeopardizes the health and safety of the American people in order to protect select groups.

That's why I'm going to recommend to the President that he veto this bill if Congress sends it to him in the form recently passed by the House.

I hope that -- in the coming days -- Congress rebuffs this attempt to paralyze our ability to ensure the safety of the American people.

Then we can work with Congress and industry to change the culture of regulation and develop the types of initiatives -- both voluntary and regulatory -- that protect the American people without unnecessarily burdening business.

I hope that the voices of all Americans are heard in the continuing national debate over this issue, so that we can have necessary, sensible protection of the public.

The challenges that the transportation industry faces make it more important than ever that we work together -- to preserve the gains we've made on safety -- and to continue making progress in the future.

This summit is the right way to start -- but it's only the beginning. After it's over, we've got to come down from the mountaintop and continue the hard work of developing common-sense initiatives that protect Americans and that work for industry.

I'd like to thank you in advance for your contributions to this week's meeting -- and to say how much we look forward to being your partners in this effort.

We've made great strides on safety over the years -- and that progress is only going to increase as our partnership expands.

Thank you.

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TRANSPORTATION TRENDS

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
THE INTERNATIONAL AVIATION CLUB
WASHINGTON, D.C.
MARCH 7, 1995

INTRODUCTION:

It's a great pleasure for me to be here with so many leaders in U.S. and in international aviation.

And it's great to be here during what is a truly a dynamic and exciting time for U.S. aviation. So much has changed — and for the better — since I spoke with you two years ago.

Just in the last few weeks, we've made major advances to bolster aviation, at home and abroad.

Less than two weeks ago, President Clinton witnessed my signing of a breakthrough agreement to liberate cross-border trade in aviation between the United States and Canada, our largest single aviation partner.

This accord is a truly historic milestone on the road toward global free trade in aviation services — and one of the first major achievements of the new U.S. International Aviation Policy I announced last November at the 50th anniversary of ICAO in Chicago.

I want to thank President Clinton and Prime Minister Chretien for their support throughout our talks as well as my counterpart — and friend — Transport Minister Doug Young — and our able Ambassadors, James Blanchard for the U.S. and Raymond Chretien for Canada.

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I also want to congratulate our chief negotiator -- a man I have referred to as our "secret weapon" in these talks -- the DOT's General Counsel, Steve Kaplan.

Just a few days after our signing in Ottawa, I had another great honor -- helping to open the finest airport in the world -- Denver International -- an airport that is already improving the efficiency of our entire national aviation system.

We not only landed three jets simultaneously at the new DIA -- the only airport in the world where that is possible -- we did it in the teeth of a driving snowstorm.

OUR COMMITMENT TO U.S. AVIATION

These accomplishments didn't come about by coincidence. They are part of the most comprehensive aviation strategy -- domestic and international -- developed by any U.S. Administration since deregulation in the late 1970's.

Right from the beginning, this Administration has worked overtime to assist the recovery of the U.S. aviation industry.

We established the Commission to Ensure a Strong and Competitive Airline Industry -- almost immediately on taking office -- and we have already implemented more than 80% of its recommendations.

We have encouraged a wave of new entrants to our airline industry. We've worked to help resolve labor disputes and to promote employee ownership of airlines, preserving jobs and promoting competition.

We have led an industry-wide initiative to enhance airline safety -- with the goal of "zero accidents".

Throughout all of these efforts, we have forged new partnerships with airline management and labor, with cargo carriers and shippers, with aircraft makers, airport managers and with airline consumers.

At the time that Dr. Laura Tyson and I announced the Administration's Aviation Initiative, Dr. Tyson said that, "The airline and aircraft manufacturing industries are vital to our nation....(and) we cannot have healthy aerospace industries without a strong economy."

And this Administration has, in fact, launched -- and sustained -- a genuine recovery in the U.S. economy itself.

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By seriously tackling our deficit two years ago -- cutting it by more than half a trillion dollars -- this Administration has fostered a solid recovery that has already generated more than 5.6 million new jobs in an atmosphere of low inflation.

This rebound -- the Clinton recovery -- has been the single most powerful factor in assisting the U.S. airline industry.

And we are seeing results:

Last year, more than 555 million passengers flew in the United States, up 8% from the year before. Revenues, traffic and load factors are all up.

And, after a period when the U.S. airline industry suffered \$12 billion in losses, the "p" word -- profitability -- has actually returned to our vocabulary.

I am pleased to note that the International Air Transport Association recently reported that the world airline industry, as well, has now returned to the black. We want this worldwide recovery to continue.

OUR COMMITMENT TO INTERNATIONAL AVIATION

This Administration has worked very hard to sustain and to expand free market opportunities in aviation around the world.

We have consistently defended the rights of our carriers under existing agreements.

We have successfully resisted protectionist measures and spoken out forcefully against airline subsidies.

We have developed a new emphasis on "emerging aviation markets" in Eastern Europe and South America -- where U.S. carriers are already raising traffic levels, spurring trade and tourism and stimulating local economies.

We entered into a new liberal arrangement with Ukraine in January and we are now in the final stages of developing a more liberal arrangement with Poland.

We have shown ourselves to be willing to work cooperatively -- and flexibly -- with our major current partners to expand access for carriers to and from bilateral markets.

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Most notably, we reached an agreement with Germany that not only avoided renunciation, but will sustain one of our most liberal aviation accords.

This agreement achieved "open skies" for cargo immediately and a commitment to a very liberal regime within four years.

Let me note that we have also achieved access for U.S. carriers to the new Kansai Airport in Japan.

We are having ongoing contacts with the Japanese on the issue of improved access for American carriers in Japan, both in cargo and for our M.O.U carriers, Delta, American and Continental.

Federal Express, in particular, is planning to initiate expanded service in May and I fully expect our Japanese partners to honor these rights -- as we honor theirs.

Our commitment to international aviation is also reflected by the study we conducted -- the first by any organization -- of the systemic implications of code-sharing.

This study is not a one-time effort. Indeed, we are institutionalizing our focus on international aviation by establishing within the DOT a new office to carry on comprehensive, strategic analysis to guide us in future policy directions.

We are continuing to work with ICAO to ensure -- and enforce -- the high standards of airline safety that all signatories to the Chicago Convention are bound by.

We have taken action to ensure consumers' rights to information about code-share flights -- to discourage the practice of in-plane spraying of insecticides -- and to ban smoking on international flights.

And we are making rapid progress in our efforts to make Global Positioning Systems available to all of the world's airlines.

In addition to improving safety, GPS offers the world a revolutionary, 21st century navigation system that will save airlines hundreds of millions in fuel costs through more direct routing.

No one looking at this record can doubt that this Administration has long been committed to a healthy, competitive airline and aerospace industry -- and to a more open aviation regime around the world.

(More)

OUR GOAL: GLOBAL FREE TRADE IN THE AIR

I say "around the world" because we at the Department of Transportation are taking the lead in what is fast becoming a global movement toward fully free trade in aviation services.

This is a goal that fits seamlessly with President Clinton's core economic and trade strategies.

It's no exaggeration to say that this Administration will go down in the history books for its consistent -- often courageous -- advocacy of free trade -- from the North American Free Trade Accord through the GATT treaty to last year's historic breakthroughs toward free trade in the Western Hemisphere and with the Asia-Pacific region.

My challenge is to carry the same principles forward to free up world trade in aviation services. And that is exactly what we are doing.

OUR NEW INTERNATIONAL STRATEGY IS WORKING

Last November, we unveiled our new International Aviation Policy.

This Policy Statement -- the first in nearly a generation -- recognized the vast change underway in the world's airline industry -- from globalization of services, to airline cross-investments, to code-sharing.

It recognized that air service is no longer being viewed as simply travel from one foreign gateway to another -- but includes travel to and beyond interior points as well.

It took account of all the techniques that airlines everywhere are using to create networks that can meet new demands as seamlessly as possible.

And our Policy Statement outlined a realistic U.S. strategy to work consistently with our partners toward a fully open aviation world.

I said then that we would work with any nation -- or group of nations -- willing to pursue open aviation agreements with us.

I said that we would be flexible and realistic -- and that we would take account of our partners concerns and those of their carriers.

(More)

I said that the United States would offer them serious incentives to move -- with us -- toward open aviation agreements.

That is exactly what we have been doing -- and we are already seeing dramatic results.

CANADA: A HUGE BREAKTHROUGH

Last week's aviation agreement with Canada was itself a huge breakthrough -- even in global terms.

It freed up the largest single bilateral aviation market in the world, with more than 13 million cross-border passengers a year -- more than fly between the U.S. and the continents of South America, Africa and Australia combined.

More importantly, it shows nations everywhere that the United States is willing to reach aviation accords that will bring immediate benefits to their cities, their national economies -- and to their airlines.

With this agreement, we have achieved precisely the goals of our new International Aviation Policy -- expanded, competitive air service, economic stimulus, and real gains for communities and travellers of both nations.

I was very pleased last week to be able to award 12 U.S. airlines 17 new air routes to Canadian cities.

Today, barely two weeks after the signatures on our new accord, Air Canada and Delta have each begun new operations between Atlanta and Toronto with low introductory fares.

And for the first time ever, Air Canada is about to begin direct Ottawa-to-Washington air service between our two nation's capitals -- a service that I'm sure the Ambassadors of both nations will especially appreciate.

Several U.S. airlines have filed with us for broad new authority which would allow them to serve any desired point in Canada -- except for the restricted phase-in routes to Toronto, Vancouver and Montreal -- from any point in the United States.

(More)

These developments are just the beginning. We confidently expect to see dramatic growth in airline service and travel options that will benefit travellers and airlines in both nations.

**CANADA AS EXAMPLE OF HOW OPEN AVIATION
BENEFITS CITIES, NATIONS, TRAVELERS**

I want to emphasize today how grateful I am for the support that cities, communities, and businesses from both Canada and the United States gave us throughout our negotiations.

The support of groups like U.S. Airports for Better International Air Service and the Association of Canadian Airport Communities not only helped ensure the success of our talks – it broadened our vision.

I say that because the airport and business representatives from those U.S. and Canadian cities realized something all along – something that some transportation ministries around the world have not yet fully grasped: that is how vital access to competitive air services is for cities, industries and nations that seek to compete successfully in the new, global marketplace.

Yet all too often, the interests of cities and business communities, of tourism and of airline consumers themselves, get too little attention in international aviation negotiations which focus – with a sort of tunnel vision – only on the interests of the carriers.

Fortunately for Canada and the United States, we approached our aviation talks with a view to answering these questions: "What's good for Canadian and American cities? For our business communities? For our national economies, for airline consumers – and for the air carriers of both nations?"

Because all of the parties shared a broad vision in crafting our new aviation treaty, Canada and the United States will see millions of visitors who might never have come – billions of dollars of increased economic activity – and hundreds of thousands of jobs that might never have been created.

We invite the whole world to watch what we in Canada and the United States achieve through this accord – in terms of increased travel and tourism, new jobs and business investment, and increased airline business – for both nations.

(More)

Without question, the results of this agreement will send a powerful signal around the world of the benefits that other nations can achieve by reaching open aviation accords with the United States.

ISSUES AND OPPORTUNITIES IN EUROPE

That signal is being received loudly and clearly -- in Europe as well as in North America.

At the same time that I unveiled our new International Aviation Policy, I announced that the U.S. was prepared to begin negotiations with 9 European nations with the goal of achieving "open skies" between the U.S. and each of these nations.

I am pleased today to report that we have made excellent progress in these talks.

We have already completed discussions with several countries and we are proceeding toward the conclusion of talks with those that remain.

As many of you know, I have personally held two rounds of talks in the past two years with the European Commission with a view toward substantially liberalizing transatlantic air trade.

I met with the European Commission's Transport Minister, Abel Matutes twice -- once in Brussels and once in Washington to discuss the possibility of multilateral liberalization.

I was told that this goal was "impossible" for commercial passenger travel -- because the Commission lacks "competence" to discuss such agreements with us on behalf of member states of the European Union.

So we held further talks with the Commission to explore the possibility of moving toward "open skies" for air cargo.

Those talks, too, fell apart -- with no positive result.

Only then did we turn directly to our current talks with nine individual European nations -- all of which we have had bilateral aviation agreements with for more than four decades.

As I said, those talks have gone very well -- which is why we were dismayed by last week's objection from the European Commission.

(More)

We will continue to work with our nine sovereign European partners -- as we have ever since the Chicago Convention -- towards accords which will benefit all of our nations and our carriers.

As in the past, we are also ready and willing to work with the European Union and its Commissioners as well.

The European Union has always told us that they will be a force for liberalization and we are willing to take them at their word.

We seek any way we can to move forward -- never backwards -- in efforts to free up air trade with Europe and with our individual European partners.

And so, as we work to finalize agreements with these nine nations, we would welcome initiatives by other European partners who are interested in working with us to liberalize existing bilaterals -- sooner rather than later.

CONCLUSION

Ladies and gentlemen, barely four months have passed since I outlined the new United States International Aviation Policy at the fiftieth anniversary meeting of ICAO in Chicago.

And yet we are already seeing rapid movement toward the goal I outlined then -- a more open aviation world.

We encourage those that seek more open aviation to join us -- as partners. We've done that with Canada and we're doing that in Europe.

We also want to make steady, incremental progress with other nations that are not yet able to fully embrace open aviation -- and we're doing that, as well.

We said that we understood -- very clearly -- the legitimate anxieties that many nations feel about exposing their carriers -- overnight -- to the intense competition that now marks international air services.

And we have shown we will take such concerns into account.

That's why we were willing to consider a brief phase-in period before full liberalization to reach agreement with Canada.

Our goal of aviation openness is clear.

(More)

But we are not dogmatic about the process. We will do anything and everything we can to move forward -- never backwards -- toward an open aviation world whose benefits, we believe, far outweigh the costs.

With the currents of freedom and reform sweeping so much of the world's economy, it is time for all of us in global aviation to embrace a new way of thinking.

We must begin to see the world -- and the issues of airline liberalization -- in terms of opportunities, not threats; in terms of the real needs of travellers and shippers, not of turf-consciousness or protectionism; in terms of national and global economic growth, not just the interests of airlines.

And let me be clear, here. We believe that it is in the interests of airlines everywhere to frankly face up to -- and adapt to -- the forces of globalization and competition.

Reliance on continued subsidies and protectionism is not only a losing strategy for the nations that adopt it -- it is a dead-end for their airlines, too. It only postpones the inevitable and delays "protected" airlines ability to compete and prosper in the future.

By contrast, those nations that embrace an open market in air services -- and adjust themselves to compete in it -- will discover that they benefit their cities, attract new trade and investment and create new jobs throughout their economies.

They will also revitalize their airlines -- sometimes immediately, certainly in the long run.

I urge all nations to join us in this endeavor -- to create a world of free trade in the air.

We have nothing to lose but the chains of outdated, protectionist dogma.

As partners, we have a world to gain.

Thank you very much.

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5.47

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
APTA OLYMPIC BUS EVENT
WASHINGTON, D.C.
MARCH 14, 1995

Good afternoon. This is a proud moment for those of us in the U.S. transportation community.

In an unprecedented gesture, 60 transit agencies from across the country have joined together to provide 2,000 buses for use by the visitors to the 1996 Summer Olympics in Atlanta.

500 of these buses will remain in Atlanta for the Paralympics, which will follow the Olympic Games and bring together 4,000 athletes with physical disabilities.

The success of the nation-wide effort to obtain these buses is -- first -- a dramatic expression of Americans' commitment to making the Olympics and Paralympics a success.

It's also a symbol of our belief in the important role that transportation services must play -- not only in the staging of large-scale events such as the Olympics, but also in making America's communities livable.

Today, we've gathered to show our appreciation of the willingness of America's transit agencies to step up to the plate and do their part in making these Olympics a success.

Their generosity means a lot to us, because supporting the Atlanta Olympics is a high priority for President Clinton.

He wants the centennial Olympics to be a showcase for America in everything from technology to tourism. To do this, he's pledged the full support of the federal government to help Atlanta get ready.

We in DOT are ready to do everything necessary to ensure that Atlanta's transportation system can handle the traffic generated by the Games.

We want to ensure that the transportation system developed for the Olympics is efficient and convenient for everyone -- for the athletes and officials traveling to events, for the hundreds of thousands of visitors, and for the area residents who will need to travel during the Games.

Perhaps the most visible support is going to come through the buses that are being donated to complement Atlanta's existing fine system.

It's an effort that began more than a year ago, when we asked these agencies to contribute some of their newest buses to this cause.

The buses you see here in Freedom Plaza are the first of 2,000 that will be in Atlanta for the Olympics and the Paralympics.

These buses are going to be critical to the prevention of traffic jams, helping visitors to travel throughout the city.

They'll help to make these Games a success not only on the field, but off as well.

That's important to all of us, because these are not only Atlanta's Olympics: they're *America's* Olympics.

As Southern Californians understood when the Olympics came to Los Angeles a decade ago, it's an opportunity that comes to a nation perhaps once or twice in a century -- if at all.

For seventeen days, the whole world will be watching Atlanta -- and the United States.

These Olympics are a great opportunity for America to showcase the energy, the talents, and the creativity that have contributed so much to our success as a nation.

They'll also be an economic and tourism boost to Atlanta -- and to the entire nation.

Most importantly, they'll rekindle the pride all Americans felt at the success of the Los Angeles Games.

And now, I'd like to introduce some of the other people here who have been essential to making this a reality, and ask them to say a few words.

(You will introduce each speaker, who will offer brief remarks)

First, Mort Downey, DOT's Deputy Secretary. As the former Executive Director of New York's MTA, Mort has strongly supported this effort and brought his energies to it...

...Gordon Linton, our Federal Transit Administrator, who led DOT's effort to coordinate the delivery of these buses for the 1996 Olympics and the Paralympic Games...

...Mac McLarty, Counselor to President Clinton, who has been coordinating federal support of the Atlanta Games on behalf of the President...

...Billy Payne, Chief Executive Officer of the Atlanta Committee for the Olympic Games, who has done an outstanding job -- first leading the charge to bring the Olympics back to America, and then managing the preparations for the Games themselves...

...Andrew Fleming, President of the Paralympic Games, who has worked to make sports part of every American's life...

...and Dick Simonetta, head of MARTA, Atlanta's transit agency, and this year's President of the American Public Transit Association...

...thank you, Dick.

And now I'd like to ask Gordon Linton and Billy Payne to step over to these buses to place a commemorative decal designating them as the first of the buses to be delivered in this effort.

And then we'll present these commemorative plaques to each of the agencies participating in this effort.

FTA Deputy Administrator Grace Crunican will direct this part of the program.

Before I turn the podium over to Grace, I'd like to read the statement on the plaques:

"The Atlanta Committee for the Olympic Games and the United States Department of Transportation express their appreciation to each contributor for supporting the Centennial Olympic Games."

(Show sample commemorative plaque to audience)

I'd like to close by saying that these Olympics will be America's moment: I know we're going to come away with the gold.

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**REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AMERICAN PUBLIC TRANSIT ASSOCIATION
ANNUAL LEGISLATIVE CONFERENCE
WASHINGTON, D.C.
MARCH 14, 1995**

(Introduction to be made by Administrator Linton)

Thank you, Gordon, for that generous introduction.

I also want to thank Jack Gilstrap for inviting me here today -- and all of you for the work you do all year long to sustain America's transit systems.

The Clinton Administration recognizes the importance of public transportation to the vitality of our cities, the vigor of our economy, to health of our environment, and to mobility for so many Americans in both urban and rural areas.

That's why we fought to increase federal funding for mass transit after a decade of attempts to gut the program.

That's why we signed 11 new start full funding grant agreements last year -- worth \$3.4 billion -- after you'd been told that there would be no more new starts at all.

That's why our 1996 budget proposes funds to finish the MetroRail projects here in Washington and our other previous capital commitments.

We will continue to support you -- and today I want to tell you how we're going to do that. Today, I'd like to talk about three things.

First, the dramatic change in the national political climate.

Second, how we're proposing to meet the challenges that this change creates.

Third, the role I ask you to play in this effort.

I. The change in the national climate

Any assessment of transit's future has to begin with the dramatic change signaled by last autumn's Congressional elections.

Much of this change came from the same source that led to President Clinton's election two years ago: the American people's frustration with a government that they believe costs too much and doesn't work well enough.

The Clinton Administration has done a lot to address those frustrations.

We've sustained an economic recovery that's created more than 5½ million jobs while keeping inflation low.

We've cut more than \$600 billion from the projected federal budget deficit.

We've cut taxes for 15 million working families and hundreds of thousands of entrepreneurs and small businesses.

We've increased investment for the future -- in everything from infrastructure to education and job training.

And we've been making government cost less and work better through the Vice President's reinventing government effort.

The American people clearly want us to do even more to reduce the cost and burden of government -- while increasing its effectiveness.

That desire is being used to justify some initiatives that are good -- such as sensible regulation -- and some that aren't -- such as ending, or radically cutting, the federal role in mass transit.

As inconceivable as that may have been even during your meeting last year, it's being talked about in think tanks and Congressional cloak rooms.

Even so great a friend of transit as Senator Mark Hatfield recently told me during a hearing before his committee, "Mr. Secretary, I don't want to see *any* transportation infrastructure cut. I am opposed to the proposed \$200 million cut in transit operating subsidies...but the reality is, your proposal may be the high water mark for mass transit subsidies in this session."

That's the harsh reality we face. We no longer can count on a friendly Democratic Congress to moderate the calls for massive transit cuts.

Moreover, transportation is essentially competing with other programs on the chopping block, such as food stamps and child nutrition.

So we've got to work hard to continue the investment we need in transportation. The Clinton Administration is committed to working with you on this, and now I'd like to tell you how.

II. Our strategy to meet new challenges

Our proposed restructuring of the Department of Transportation and our 1996 budget proposal are the keys to our strategy.

They make the changes we see as absolutely necessary to ensure continued federal support of mass transit.

They support the Administration's efforts to continue cutting the deficit, provide middle-class Americans with tax relief, and give us the transportation system we need to compete in the economy of the 21st century.

It's a course that is different from that of the past -- but one we see as crucial to position mass transit in the battle ahead.

Our effort focuses on restructuring DOT by consolidating our 10 operating administrations into just three: the Federal Aviation Administration, the Coast Guard, and the Intermodal Transportation Administration.

That will end the duplication, red tape, and incompatibility resulting from having not *two* of everything -- as on Noah's Ark -- but *10* of everything.

The Intermodal Transportation Administration will include all of DOT's surface and maritime transportation operations -- including the Federal Transit Administration.

I know that some think that merging FTA into the new agency would reduce transit's profile within DOT. I believe that -- in conjunction with changes to our programs -- it will do exactly the opposite.

Having transit as an integral part of a multi-modal agency will allow it to preserve the current federal expertise -- and give transit access to even greater resources.

Under ISTEA, we've worked to break down the barriers between highway and transit funding. This restructuring would do the same thing on the organizational side.

Transportation will -- more definitively than ever -- become intermodal, with the best projects being funded -- regardless of mode. I'm confident that transit will hold its own in *any* determination of what should be funded.

I mentioned that changes to our budget and programs will support the reorganization. Although we haven't finished drafting the legislation to carry out the program changes we want or our 1996 budget, I'd like to talk about some of the principles underlying them.

As part of our restructuring, we want to streamline our transportation funding programs. We now have more than 50 grant, loan, and subsidy programs -- each with its own requirements and criteria.

I know -- from personal experience as Mayor of Denver -- that this places an unreasonable, unacceptable burden on you -- adding to your costs and discouraging new investment from other sources.

All of these programs also have numerous strings tied to them -- bureaucratic red tape that chokes off innovation.

We want to consolidate programs to give you greater authority and flexibility in choosing the projects that best meet your needs. *You* are most directly accountable to the people in your cities -- and *you* know their needs best.

We also want to cut red tape -- so that you don't waste time meeting *our* requirements instead of *your* cities' needs. That builds on the work that FTA is doing now to change its grants process and get money to you faster.

Our proposal does all of these things. In essence, it streamlines most funding into a consolidated grant program -- giving vastly-increased flexibility and discretion to state and local governments.

We'll ensure that there's a level playing field for all parties by strengthening metropolitan planning organizations and establishing a set-aside for investment in urbanized areas.

These consolidated grants also will fund transit operating assistance. Our goal for that in 1996 is \$500 million.

I know that's less than the \$710 million budgeted this year -- but it's far more than the zero that transit's opponents want.

It also makes clear -- even as other programs are eliminated -- that we believe there should be a continuing federal role in operating aid.

We recognize that this reduction impacts you -- and want to alleviate that impact by giving you the flexibility to use capital funds to maintain or refurbish federally-purchased capital equipment -- work that now is paid for by your operating budgets.

Our revised funding program meets transportation needs in other ways, too.

It calls for a federal discretionary grant program for projects of regional or national significance -- projects that can't easily be funded by one city or one state or even by a group of them.

That could include projects such as the Northeast Corridor, which benefits many commuter rail services.

We also call for the creation of State Infrastructure Banks. Funded with federal seed money, these can be used to leverage additional state or local funds or private resources -- greatly expanding the resources available to you, and letting you increase investment even as federal investment decreases.

All of these efforts build on ISTEA, and take it to the next level.

ISTEA's vision remains our vision. ISTEA's goals -- giving states and localities more choice between forms of transportation, giving communities a greater voice in transportation decisions, and linking forms of transportation together in a single, seamless web to better serve the nation -- remain our goals.

We believe that our restructuring and budget proposals move forward in this spirit.

III. A call to arms

I'd like to close today with a call to arms.

I don't mean that literally, of course. But I do call on you not just to join us in the battle ahead, but to take a leadership role in that battle.

Because I believe the best defense is a good offense. That's why transit needs your personal leadership -- leadership that's aggressive and willing to take the risks involved in any new proposal.

All of you must use your innovation to meet transit's needs in ways other than through increased federal funding alone.

When airports needed more funding for infrastructure, they came up with the passenger facility charge -- a local ticket tax spent by local officials on local projects. Today, this charge finances hundreds of airport improvement projects.

State DOTs in more than 20 states are using innovative financing techniques we've pioneered to cut red tape and attract private investment -- and speed more than \$2 billion worth of projects.

We need the same creativity in finding new ways to financing mass transit -- especially ways that can involve new partnerships with the private sector.

We'll work with you to make them happen, because *we want you to succeed.*

We'll work with you to become agents of change, so that mass transit not only survives the new political climate, but draws expanded support from the public and continues to offer the services so critical to our cities and to millions of working people.

I hope you'll join me in the battle ahead. I ask your support in positioning mass transit for the future -- and I promise you my support.

Thank you.

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FINAL

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AT 11:45 a.m.

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
WOMEN'S TRANSPORTATION SEMINAR
WASHINGTON, D.C.
MARCH 15, 1995

(Introduction by Judith Burrell)

INTRODUCTION

Thank you, Judith, for that kind introduction.

I also want to thank Alice Alexander, your program chair, who is also a member of the Federal Railroad Administration's crack development team, for inviting me here today -- and Laurie Radow for hosting the event.

When I first walked in, I thought this was a DOT staff meeting.

I'm very proud that we have 100 members in WTS Washington -- including Deputy Secretary Mort Downey, Chief of Staff Ann Bormolini, our Assistant Secretary for Budget and Programs Louise Stoll, and Federal Railroad Administrator Jolene Molitoris.

And the Department has several former WTS "Women of the Year," including Deputy Federal Highway Administrator Jane Garvey, Deputy Federal Transit Administrator Grace Crunican and FRA Assistant Administrator for Policy Sally Cooper.

I now see faces of people from AAA, ATA, AASHTO and WMATA and several other transportation organizations, and I want you to know it's great to begin my participation in Women's History Month by speaking to you.

Transportation, historically, was one of the last industries regarded as a "man's world."

Until recently, women were in a small minority in the transportation work force -- at all levels of government as well as in the private sector. Somehow, almost all of the transportation job categories seemed to be generally considered "man's work." Yet despite being vastly outnumbered, women in transportation sprinkled women's history with many stars.

Susan Morningstar, the first woman railroad employee in 1885, Phoebe Omilie, the first woman to get a transport pilot's license in 1920, Mary Patten, who took command of a clipper ship in 1856.

And Emily Roebling, who shared her husband's battle with dishonest contractors to give us the engineering marvel known as the Brooklyn Bridge -- these women and many more -- blazed a trail that led to today's environment for women in transportation.

At least today it's not unusual to hear female voices in the air traffic control towers, and it's commonplace to see women excelling in transportation professions -- from the highest executive leadership to the toughest and most technical jobs.

I am proud of the number of women I have brought into the executive ranks. We have added 53 women in executive positions -- including Chief of Staff Ann Bormolini, Deputy Chief of Staff Katherine Archuleta, and several of your members.

So let us honor those women who went before us in history as well as all women in transportation today.

Your diverse and multi-modal organization -- of men and women, has developed a well-deserved reputation, not only for its leadership in promoting the cause of women in transportation, but also as a forum for the public discussion of major transportation issues.

You are interested in the substance of governing -- and not in government as a spectator sport.

Making government work -- and work *better* -- is my topic today because, of course, if we make government work better, transportation will work better.

Today I want to discuss our proposal to consolidate the Department of Transportation and restructure its service delivery systems for funding transportation infrastructure. Many of you have been emersed in working on this proposal, and you may be as familiar as I am with this historic evolutionary change. Others may not know the details. Today I'm going too approach this subject two ways.

First, and primarily, I want to discuss our proposal to consolidate the Department, and how it positions us to meet the transportation challenges of the 21st Century.

Second, and to a lesser degree, I'll touch very briefly on restructuring DOT's program delivery system because one restructuring complements the other.

FIRST, DOT RESTRUCTURING

Through the years, most advances in transportation have evolved in response to national needs and priorities. The Interstate Highway System, Amtrak, federal transit operating assistance and the Intermodal Surface Transportation Efficiency Act (ISTEA) -- all reflect evolutionary changes and response to the national priorities of their time.

What we propose looks radically new, but, in reality, it is the next evolutionary change in federal transportation programs. It responds to a national priority to make the federal government smaller, more efficient and economical, but it is more than a change to cut the size of government.

We recognized the change in the political climate in Washington in 1992¹, stemming -- in part -- from the fact that Americans are determined to reduce the deficit and streamline government. That is why the Administration initiated the National Performance Review, the President's effort to reinvent government. The changes in Congress have underscored the need to accelerate the pace of change.

We accepted the reality that this new political climate isn't going away, and we created this proposal. It is far more than a change to cut the size of government. It is a change to position ourselves and our partners -- the states, localities and the private sector -- to build and operate the transportation systems of the 21st century.

Consolidating the Department's ten operational administrations into three focuses us on our core missions of safety, investment, and national security.

¹changed from 95 to 92 by Jano Lieber and K. Archuleta and 11:45 am. today

When DOT was created in 1967, it was not so much as an integrated unit, but as a holding company -- much like the giant business conglomerates of the 1960s. Those dinosaurs were not nimble enough to cope with the drive for efficiency and customer service that swept corporate America during the 1980s.

Now, the federal government faces the same pressures in the 1990s, and we're meeting those pressures.

I was pleased to join President Clinton and Vice President Gore in announcing this restructuring as a part of "reinventing government" last December 19.

We have had continuing success at cutting costs while improving efficiency and customer service through Vice President Gore's National Performance Review. And now, we've proposed the next logical step: restructuring DOT's program delivery that focuses on the basic question of the federal government's role in transportation.

Our proposal has three core elements: consolidating DOT's organization, streamlining its funding programs, and downsizing its work force.

CONSOLIDATION

By shrinking DOT's 10 operating administrations to three, we would eliminate duplication of administrative services and improve efficiency. And we would think and operate intermodally, hopefully, hastening the day when we do have a seamless web of national transportation service.

A new Intermodal Transportation Administration would integrate all of our surface transportation and maritime functions as a way of eliminating duplication of costly administrative services, cutting red tape and giving our customers one-stop shopping.

The Aviation Administration would maintain the FAA's safety, regulatory, and development functions -- everything but air traffic control, which will be transferred to a new government corporation.

These changes would free the Air Traffic Control system from the cumbersome bureaucratic personnel, budget, and procurement restrictions that hinder the efficiency and the new technologies we need to safely keep pace with future travel growth.

Finally, the Coast Guard, which already is undergoing its own internal streamlining, would continue in its present role, serving the nation well as it has for two centuries.

Downsizing of DOT's work force flows naturally from the reduced administrative requirements that will allow us to provide better service with fewer people.

We've already cut more than 4,700 employees. In the next year we will have reduced full time positions by an additional 3,000 employees. All told, DOT's civilian work force would be reduced by about half over the next five years. This would be primarily achieved by transferring 40,000 air traffic personnel to the independent corporation we're proposing.

PROGRAMMATIC RESTRUCTURING

DOT's restructured program design will streamline the delivery of national transportation funding, and return key decision-making to states and localities.

We believe that the Department's current 50 different grant, loan and subsidy programs should be consolidated into three -- unified grants, state infrastructure banks and federal discretionary funds. This will give greater flexibility to our partners at the state and local level -- particularly at a time when budget cuts are likely.

This proposal responds to the legitimate and forceful demands of Governors, Mayors, and citizens for greater control and less bureaucracy, while it also reserves funding for a limited set of key national interests in transportation.

By saying that state and local officials, rather than the federal government should decide what are the most important projects for their communities, our proposal responds the reality of tighter budgets. The proposal builds on the principles of ISTEA, while it also provides changes that reflect new needs in the transportation sector and the nation.

ISTEA's goals -- giving states and localities more choice between forms of transportation, giving communities a greater voice in decision-making, linking transportation systems into a single, seamless web to better serve the nation -- remain our goals. We will continue to work with Congress to assure that these principles are protected as the budget process moves forward.

CONCLUSION

One of the key themes of ISTEA expands the participants in the overall decision-making process.

Women in transportation -- at all levels of government -- federal, state, and local -- and in the private sector as well -- are surely part of this process. You helped to build the finest transportation system in the world, and you must be part of changing that system to meet the challenges of the future.

FINAL

We look forward to working with you to fulfill that responsibility. After all, it is our responsibility, as the poet Wordsworth wrote, "to live, and act, and serve the future hour."

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FINAL

**REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
THE TRAVELER: PROBLEMS AND SOLUTIONS
WASHINGTON, D.C.
MARCH 15, 1995**

Opening

I'm pleased to join you at this meeting to promote cooperation between the Department of Transportation, state and local leaders, business, and the nation's consumer and safety advocates.

Together with a similar meeting we held with representatives of Washington-based groups two weeks ago, these are the first meetings ever to bring together such a broad array of interests.

Before I begin, I'd like to thank the DOT Consumer Group for their hard work in arranging this forum.

I'd like to ask them to rise to be acknowledged.

Kathie Klass of NHTSA...

...Dick Bergen of the Coast Guard...

...Gloria Brown of the FAA...

...Dennis Deuschl of the St. Lawrence Seaway...

...Hoyte Decker of the DOT General Counsel's office...

...Norm Strickman of the DOT General Counsel's office...

...and David Iglesias of my office.

Today, I'd like to talk about three issues.

First, the Clinton Administration's commitment to improving traveler safety and consumer protection -- and why it's so important as the transportation industry changes.

Second, I want to review some of our achievements in these areas -- many of them made in partnership with you.

Third, I want to talk about the threats we see to continued progress.

I. A commitment to putting people first

This Administration came to office two years ago with a mandate to put people first.

In transportation, that means ensuring people's right to travel safely and securely and their right to have quality transportation and customer satisfaction.

Our emphasis on safety and consumer protection began the day that the Clinton Administration took office, and over the last two years we've taken a number of actions that have benefitted travelers and consumers.

These efforts have become increasingly necessary in recent years. America's transportation industry has expanded rapidly.

That's brought tremendous benefits to travelers and consumers -- lower prices and greater choices in products and services.

We welcome that. However, we also recognize that this expansion brings with it tremendous competition and rapid change.

While that dynamism is usually a positive force, it sometimes can lead to consumer frustration and confusion -- and can even bring some practices to the edge of deception -- or of risking safety.

Let me be clear: the vast majority of operating practices put safety and fair dealing first. They protect the traveler's interests.

I know that's true of the businesses represented here today. You've built your reputations on service and reliability.

Responsible businesses know that *caveat emptor* -- "let the buyer beware" -- is no way to achieve success in the competitive world of the 1990s.

But we're disturbed by the abuses we've seen, and there are areas in which we need to strengthen consumer protection.

Similarly, we need to ensure that competitive pressures *never* cause safety to be compromised.

Sustaining traveler confidence -- both with regard to safety and to consumer satisfaction -- is critical to the continued success of America's transportation industry.

II. Our accomplishments on safety and consumer protection

And that brings me to my second topic: what we've done to sustain that confidence.

Over the past two years we've focused attention on safety at the highest levels -- bringing together transportation industry leaders for safety summits in several areas -- pipelines, air travel, trucks and buses, and railroads. We also have a child safety conference set for June.

All of these summits make me feel as if I've been to the mountaintop more than anyone since Moses -- but it's

been worth it. They've helped us to make great progress on safety.

On our highways, we've carried forward the work that's reduced the highway fatality rate by *two-thirds* since 1966.

We've issued new alcohol and drug testing rules for transportation professionals, a new highway-rail grade-crossing initiative, and proposals to improve vehicle safety.

And just last month we set a new goal to attack the most senseless cause of deaths on our highways: drunk driving.

Over the next decade we're going to work with state and local governments, safety groups, police, and businesses to reduce the number of alcohol-related deaths from the current 17,000 down to 11,000.

We're improving safety in other areas as well, such as rail, where we're supporting the development of positive train control systems that will prevent collisions...

...waterways, where the Coast Guard is strengthening licensing and training requirements for towboat operators. That will help to prevent tragedies like the 1993 incident in which a barge struck a railroad bridge, derailing an AMTRAK train...

...air travel, where we're going to set the same safety standards for *all* services, whether they're small commuter lines or major airlines...

...and pipelines, where we're working to develop a national one-call notification system that lets builders and other excavators make sure that their digging won't damage a buried pipeline.

We've also greatly expanded DOT's consumer protection efforts because -- although the vast majority of travel and transportation industry members are responsible and conscientious -- there are still too many consumer complaints.

We recently strengthened the old DOT Office of Consumer Affairs -- assigning it to the enforcement division of the General Counsel's office...

...renaming it the Office of Consumer Protection, and assigning it to aggressively monitor -- *and correct* -- industry practices.

We've already taken a number of steps.

We've fought to protect air travelers, ensuring greater "truth-in-ticketing," so that consumers get more information about connecting or code-shared flights...

...acted to prevent rip-offs on charters to special events such as the Rose Bowl and Super Bowl...

...and protected international travelers by banning smoking on many flights and requiring that airline passengers be notified in advance of insecticide spraying.

We've given car buyers important information by expanding -- *and simplifying* -- the New Car Assessment Program.

In each of these actions, we served as the first-line defenders of travelers' safety and consumers' rights.

III. The threats to continued progress

This brings me to my third topic: the threats we see to continued progress on safety and consumer protection.

We want to achieve our goals in these areas through cooperation, not confrontation -- by relying on common-sense actions that benefit *all* parties.

However, where the safety of the public is at risk, or when deceptive practices violate the public trust, we will *never* hesitate to take action -- to actively enforce existing laws and regulations, *or to take new regulatory action*.

But *all* of our efforts to protect the public are at risk.

That's because there are some who would tie government's hands. The latest attempt to do this is the legislation pending in Congress that would arbitrarily freeze federal regulations.

That type of across-the-board freeze is wrong -- period.

And I think that the American people agree.

That's because they *want* common-sense protection of their lives and safety.

They *want* protections that ensure safer cars.

They *want* to be protected from natural gas pipeline explosions.

They *want* the same level of safety for the passengers of a small commuter plane as for those of a jumbo jet.

No one is more dedicated to cutting red tape than the Clinton Administration.

Common sense tells us to get rid of regulations that don't work; but getting rid of regulations that do work makes no sense.

But the so-called "Regulatory Transition Act of 1995" isn't meant to get rid of bad regulations. *It's meant to cripple all regulations.*

That's why I'm going to recommend to the President that he veto this bill if Congress sends it to him in the form recently passed by the House.

FINAL

I hope that -- in the coming days -- Congress rebuffs this attempt to paralyze our ability to ensure the safety of the American people.

Then we can work *with* Congress -- with state and local governments -- with consumer and safety advocates -- and with business to change the culture of regulation.

We want to develop the types of initiatives -- both voluntary and regulatory -- that protect the American people without unnecessarily burdening business *or* government.

I hope that the voices of *all* Americans are heard in the continuing national debate over this issue, so that we can have necessary, *sensible* protection of the public.

Closing

It's more important than ever that we work together to preserve the gains we've made -- and to continue to progress in the future.

Today, we're asking you for your ideas about the nature and the scope of traveler and transportation consumer problems.

Then we want you to help us determine possible solutions to these problems -- including identifying which of these should be addressed by DOT.

FINAL

Today's meeting is only the first step in this effort, since we plan to continue these discussions in other forums in coming months.

I'd like to thank you in advance for your contributions. I'd hoped to be here myself this afternoon to hear the results of your work -- but was pulled away for an unanticipated meeting. However, I *am* looking forward to seeing your conclusions.

In closing, let me say that we've made great strides on traveler safety and consumer protection over the past two years -- and that progress is only going to increase as our partnership expands.

Thank you.

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FINAL

**THIS DRAFT REFLECTS A FEW EDITS BY STEVEN AKEY, BUDGET ON
NUMBERS, INTERGOVERNMENTAL**

**REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NATIONAL CONFERENCE OF STATE LEGISLATURES
WASHINGTON, D.C.
MARCH 16, 1995**

(You will be introduced by Alabama State Representative Mike Box, vice president of NCSL)

Thank you, Mike, for that generous introduction, but I'm not sure whether it's good or bad to be the speaker who follows the President of the United States to the podium ...

In her letter of invitation to me, Jane Campbell, your president, said "be brief and concise" so that we can engage in "leader-to-leader" dialogue. I intend to do exactly as Jane requested as I'm sure I will gain some valuable knowledge from the leaders of America's state legislatures.

As a former member of a state legislature myself, I understand your concerns. I know what it's like to be on the front line -- facing constituents. I know how it feels to have to appropriate funds for transportation projects in which you have no say in how the funds will be spent. And I know how you feel about federal mandates and regulations -- and I agree that too many strings are attached to everything coming from Washington.

FINAL

Today I want to focus on two themes:

One, the proposed restructuring of the Department of Transportation's program delivery system for funding transportation projects. Specifically, I want you to know this: the state-federal relations and partnerships will be enhanced by our proposal.

Two, I want to discuss the National Highway System because we have \$6.5 billion in the 1996 budget -- the coming fiscal year -- and it can't be spent unless Congress enacts the NHS legislation by September 30 this year.

First, let's look briefly at the restructuring proposal.

RESTRUCTURING

Through the years, most advances in transportation have evolved in response to national needs and priorities. The Interstate Highway System, Amtrak, federal transit operating assistance and the Intermodal Surface Transportation Efficiency Act (ISTEA) -- all reflect evolutionary changes and responded to the national priorities of their time.

What we propose looks radically new, but, in reality, it is the next evolutionary change in federal transportation programs. It responds to a national priority to make the federal government smaller, more efficient and economical, but it is more than a change simply to cut the size of government.

FINAL

We recognize the change in political climate in Washington, stemming -- in part -- from the fact that Americans are determined to reduce the federal deficit and streamline government.

This is why the Administration initiated the National Performance Review, the President's effort to "reinvent government." Our restructuring is a part of the initiative led by Vice President Gore.

We accept the reality that this new political climate isn't going away. That's why we created this proposal that will position DOT and its partners -- the states, localities and the private sector -- to build and operate transportation systems of the 21st Century.

The proposal will make it easier for you in the state legislatures to serve your constituents.

It will increase your ability to make decisions at the state and local government level, and streamline delivery of national transportation funding.

It will consolidate the Department's 50 different grant, loan and subsidy programs into three.

Three overall programs: unified grants, state infrastructure banks, and the federal discretionary fund -- are at the heart of our drive to revamp federal transportation funding.

FINAL

Unified grants will empower states and localities by letting them use funds to meet your needs, and not spend time and money on our requirements. You, after all, are most directly accountable to the public and best know its needs.

We are proposing \$18 billion for the unified grants, including funds for the National Highway System and critical safety programs.

We are proposing that \$2 billion be held for state infrastructure banks, because "leveraging" of public funds will allow up to three times the use of that money.

The third program, federal discretionary grants will directly fund projects of regional or national significance, such as high-speed rail or freight corridors, that states or regions cannot finance or coordinate by themselves. We will keep \$1 billion available for these national projects.

With these three elements, the federal-state-local partnerships and our partnership with the private sector should grow and prosper. Because, the grant program gives you flexibility to act, and to decide for yourselves which projects are needed. The state infrastructure banks give you a way to stretch shrinking federal dollars and get more for your money.

FINAL

In short, this proposal should lead to more transportation infrastructure financing by the private sector, which is where the bulk of new investment in infrastructure will come from -- in the years ahead.

We made sure that this proposal responds to the legitimate and forceful demands of elected officials, and private citizens -- that we give you more flexibility, while also reserves funding for a limited set of key national interests in transportation.

And we have listened to you by eliminating much of the paperwork now required to apply for funds because you will be the ones making the decisions, not proving to us why your projects are worthwhile.

NATIONAL HIGHWAY SYSTEM

My second area of discussion today is the National Highway System legislation.

The National Highway System, as you well know, is 159,000 miles of Interstates and other primary roads that carry over 40 percent of our freight tonnage, and 70 percent of all traffic. The NHS is literally the lifeline of our economy, and will enable us to do a better job of linking our transportation investment -- and of justifying it -- in the context of economics and traffic growth and budget realities.

FINAL

With the help of the states -- working at an accelerated pace -- we finished drafting the NHS legislation in December 1993.

At the time we sent the legislation to Congress, I said the reason we submitted it a few days early was to give Congress plenty of time to enact it. The legislation was passed by both houses last year, but it died because they couldn't agree on a final bill.

The NHS legislation was introduced in Congress again in 1995, and has undergone committee hearings in both houses. The next step will be a mark-up. Then perhaps we can get a clearer sense of whether it will be enacted before the September 30 deadline this year.

I hope so because the NHS will be the backbone of the National Transportation System that will bring all forms of transportation together in one seamless system. Many of you were with me at Union Station when I unveiled the NHS and the development of the NTS, and many of you have provided excellent ideas on this issue.

The NTS will allow federal, state and cities to plan for the future. If, however, Congress doesn't pass the NHS, it will be difficult to complete the NTS.

I know the September 30 deadline is critical to your funding processes. I agree that we cannot afford to let the clock run out on \$6.5 billion, but as all state legislators well know, Congress makes its own decisions.

FINAL

I encourage you to stay involved in that debate.

CONCLUSION

Members of state legislatures helped to build the finest transportation system in the world, and you must be a part of changing that system to meet the challenges of the future. We look forward to working with you to fulfill that responsibility.

Thank you very much, and let's move on to the dialogue.

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U.S. Department
of Transportation

TRANSPORTATION TRENDS

REMARKS AS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
ITS AMERICA ANNUAL MEETING KEYNOTE ADDRESS
WASHINGTON, D.C.
MARCH 16, 1995

I'm happy to join you at this afternoon's event because I've been a strong supporter of the work that ITS America has been doing to foster the development and deployment of intelligent transportation systems.

You've been essential to bringing together government agencies at all levels -- private business -- and the academic research community in a common effort. In particular, you've been critical partners as we lay the foundations for ITS through the development of standards and a common national architecture.

I don't think that anyone has done more to further these goals than the recipients of today's awards. I'm especially proud that ITS America has honored three DOT employees -- Mort Downey, our Deputy Secretary, and Gary Euler and Lee Simmons of the FHWA.

They deserve our congratulations -- and our thanks for their contributions to an effort that will enrich all of our lives.

Today, I'd like to talk about the importance of that effort -- the work that's being done on ITS and on technology more generally.

I believe that a commitment to technological progress is tantamount to a commitment to the future...and *nothing* expresses that better than our support of Intelligent Transportation Systems.

(More)

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

Today, I'd like to talk about three subjects.

First, why it's important for the federal government to help develop ITS and other transportation technologies.

Second, what the Clinton Administration sees as the federal role in supporting the development and deployment of ITS.

Third, the threat we see to continued government support of the research that's led to American technological leadership.

The Clinton Administration is strengthening America's ability to compete in tough global markets and create good jobs here at home by supporting technological innovation. Government support of technologies such as ITS is *especially* important when we recognize the increasing pressures on our infrastructure and our environment and the challenges of the global economy.

The Cold War's end has given us a unique opportunity to adapt advanced technologies developed for the military to civilian uses. At the same time, we can continue to maintain the productivity and innovation of our defense industries. This use of technology for both defense and civilian applications lowers the cost and increases the manufacturing capabilities for both sectors. That's critical in an age of diminishing resources, when we can't afford to maintain two separate industrial complexes.

We also can adapt space program technologies used to explore the cosmos to problems here on earth -- moving from black holes to pot holes -- and applying scientific advances to daily life.

Nowhere is there greater potential for these dual uses than in transportation.

It's important to remember that a sixth of our Gross Domestic Product -- *more than \$1 trillion annually* -- is spent on transportation services and products. So just a one percent improvement in transportation system efficiency can save the American economy \$100 billion over a decade. The ITS technologies we're looking towards -- from the travel information systems now being deployed to the automated highways of the next century -- can bring us far more than that one percent improvement.

The technologies we're developing also are the seeds of new American industries, producing not only for domestic markets but also for export. Indeed, our strategy of pursuing a national ITS architecture is designed to ensure a strong, long-term market abroad for American ITS providers.

(More)

But there's more at stake in research than economic growth, because these new technologies also can help us overcome the traffic congestion, accidents, and pollution that erode the quality of life for millions of citizens.

These problems can't be permanently solved with the conventional responses of adding more highway lanes or airport runways: *we can't continue to build our way to swifter traffic flows or cleaner air.* Instead, we must develop ways to better manage existing resources and infrastructure, using technology to move beyond the false choices between environmental quality and economic growth.

America can, *and we should*, lead the world in new technologies that maximize the use of our existing systems by making our roads and bridges more durable, and producing vehicles that are safer, quieter, and less polluting.

We also can harness technology to improve mobility and independence for senior citizens and those with physical challenges and other special needs -- ensuring that *all* Americans can play a full role in our society. We've repositioned the Department of Transportation to support these goals, moving well beyond our traditional roles as a grant-making and regulatory agency.

We're committed to fostering new technologies from conception and research to operational testing, deployment, and commercialization.

We see three key roles for the federal government:

The first is as a catalyst: a source of seed money and of expertise.

DOT, through the interagency Technology Reinvestment Project, is helping to develop new "dual-use" technologies applicable to both military and civilian purposes. Indeed, about half of the first-year TRP grant awards were transportation-related, increasing government investment in transportation research by roughly \$400 million, and "leveraging" another \$400 million in private sector matching funds.

The ITS community benefits from rapidly-increasing direct federal funding -- \$227 million this year, with \$356 million proposed for 1996.

A second key role is that of standard setter.

We want to forge consensus on national, and even international, technological standards to create a stable, common ground that will encourage entrepreneurs to invest in these new technologies.

(More)

They'll also provide uniformity for consumers, companies, and the interstate movement of people and goods. At the same time, the "open architectures" we do support will allow these new technologies to stay flexible and accommodate further progress.

Establishing such standards is especially important for evolving information technologies such as ITS and Global Positioning Satellites -- technologies that the federal government has led in the development of.

The third role we see for the federal government is as a facilitator and promotor of technology development.

That means building new alliances with American industry to advance projects that are in the national interest. ITS America is perhaps the foremost example of this effort, and a model for other industries, but it's hardly the *only* one.

For example, the Partnership for a New Generation Vehicle links the federal government with Detroit's Big Three automakers to secure America's position in the worldwide motor vehicle industry of the next century.

Our goal is to develop a commercially-viable automobile that will be virtually pollution-free and three times more fuel efficient than today's cars. It's a target as ambitious as the Apollo space program, and it will have far greater benefits here on earth by helping to reduce the environmental impacts of exploding transportation use.

Our support of research and technology also means ensuring that American industry has a fair opportunity to compete in the global marketplace. The Clinton Administration isn't a spectator in this process.

We're promoting these new technologies at home and around the world. We've been active in supporting American businesses as they fight for a foothold in tough international markets.

For example, we supported our aerospace industry in its overseas marketing efforts -- most notably in Saudi Arabia, which saw a multi-billion dollar jet contract awarded to Boeing and McDonnell-Douglas. We're working with other federal agencies to explore more opportunities to assist U.S. businesses overseas.

I mentioned earlier that one of our key roles is providing seed money for research and development. Over the past two years we have raised DOT's budget for research by over 25 percent, to \$749 million in 1995 -- not counting the resources devoted to dual-use projects.

(More)

Our proposed 1996 budget would increase that even further -- to \$956 million. That includes \$356 million for ITS work -- \$100 million of which would support the new Trailblazer initiative.

That's because we believe that adequate funding of research and development is critical: *technology is no place to scrimp on investment.*

As the saying goes, "*no bucks, no Buck Rogers.*"

But some people don't agree.

The House Appropriations Subcommittee on Transportation recently voted to rescind more than \$700 million from DOT's current, 1995 budget.

That rescission proposal includes \$80 million for research and technology programs, nearly \$25 million of which was intended to support ITS projects. The full House is expected to vote on this proposal today, with Senate action following as soon as next week.

We also expect Congress to make cuts in our proposed 1996 budget.

We understand the need to reduce federal spending if we're going to continue to control the deficit and provide the tax relief that middle-class Americans need.

Indeed, we proposed cancelling \$400 million in Congressionally-earmarked highway "demonstration" projects -- to no avail.

And we've proposed an overall DOT budget for 1996 that's \$2 billion less than this year's.

But that reduced 1996 budget also targets increased investment in certain key areas -- such as research and development. We need such investment to maintain the technological leadership that has made this the most economically-efficient nation in the world.

That efficiency is what sustains our prosperity, and ensures our continued economic security. The technological leadership that makes this possible is something we shouldn't abdicate for short-term savings.

We've seen what can happen when we do.

(More)

In the past, new technologies developed in America by American inventors and geniuses were forced abroad because of lack of support, instead of being commercialized here.

There was an old saying among early American settlers: don't eat the seed corn.

If you do, you won't have the seed to start next year's crop -- and then you'll *surely* starve.

That's where we are today with technology. Our funding of research and development is our seed corn.

We've got to sustain it if we're going to benefit in the years to come.

I hope that, as the full Congress moves through the budget process, it recognizes this simple fact: *you can't reap what you didn't sow.*

We in the Clinton Administration understand that, and have been supporting the new generation of American transportation technology.

This commitment will only deepen as the need for advanced technology grows.

We'll redouble our efforts to:

...increase the federal government's outreach to entrepreneurs and inventors...

...build partnerships -- such as ITS America -- with universities and private industry...

...and fight for more funding of transportation research and development.

And, most importantly, we'll demand real results: technologies that truly improve Americans' lives...advances that will have impacts as great as the steamboat, the automobile, and the airplane did in generations past.

We look forward to working in partnership with you -- government agencies, private business, and the academic research community -- to develop and deploy the technologies that will transform America.

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
PIPELINE SAFETY EVENT
EDISON, NEW JERSEY
MARCH 20, 1995

Opening

Thank you, Senator Lautenberg. I'd also like to thank you for your leadership on pipeline safety -- especially your commitment to fighting for the resources that the Department of Transportation needs to protect the public.

Before I begin my remarks, I'd like to recognize the contributions of the other leaders who have joined us today.

Senator Bradley co-sponsored -- with Senator Lautenberg -- a one-call bill that could help prevent a recurrence of this disaster, and has strongly supported our safety efforts.

Congressman Pallone championed the one-call bill in the House last year, and has introduced comprehensive pipeline safety legislation this year.

Congressman Franks has also been a strong supporter of greater pipeline security, sponsoring pipeline safety legislation this year and working for a one-call requirement.

Mayor Spadaro has demonstrated outstanding leadership in this community, working hard to ensure its safety and helping it to recover from last year's disaster.

Herbert Tate worked closely with us in his capacity as President of the New Jersey Board of Public Utilities to ensure the safe restoration of service and to take steps to prevent a repeat of this incident.

Finally, I'd like to commend Linda Chicarielli for her exemplary leadership in taking the initiative to help her fellow Durham Woods residents recover from the trauma of the explosion.

Topics

Today, I'd like to talk about three things.

First, pipeline safety as I see it today.

Second, my vision of pipeline safety.

Third, three strategies I'm announcing today to continue making pipelines safer.

I. Pipeline safety today

The quick, effective response of state and local officials limited the casualties and property damage from last year's explosion.

However, the Edison disaster was a wake-up call -- one heard around the country.

The nearly two million miles of pipelines that comprise the nation's system are among *the* very safest ways to move the oil, natural gas, and other products that power our economy.

Despite the publicity that last year's tragic accident received, the number of such incidents *hasn't* been increasing...

...*but* most pipelines were built decades ago, and are subject to the deterioration that comes with age.

In addition, suburban growth is putting houses and shopping malls closer to pipelines, increasing the risk of pipeline breakage by excavations.

Our investigation showed this is probably what happened at the Durham Woods Apartments -- excavators scraped the pipeline years ago, causing its ultimate deterioration.

II. The vision

That investigation made it clear that the key to pipeline safety is prevention -- and that's been the focus of our efforts over the past year.

In the face of the conditions I just cited, we've got to act now if we're going to maintain the level of safety that the American people deserve.

That means using the latest technologies to test and -- if necessary -- repair or upgrade pipelines to ensure their safety.

It means one-call systems -- a single number that anyone can call to *immediately* find out the location of pipelines or other utilities. That's *the* most effective way of preventing outside damage like that which occurred in Edison.

It means that state and local pipeline safety programs must have the full confidence of the people they serve as they oversee pipeline construction and inspect the existing system.

We're supporting them by funding nearly half of their safety budgets, providing technical advice, and conducting research.

When an accident happens, we're there to assist them in investigating the cause and in developing steps to prevent a repetition.

One of the things of which we're proudest is that -- in the entire history of the federal pipeline safety program -- we've *never* had such a recurrence when we've identified a problem and issued recommendations.

Continuing this record means that the federal government's own pipeline safety program must be capable and credible -- and have the will and the means to take action where it's warranted.

With the strong support of New Jersey's Congressional delegation -- especially Senator Lautenberg -- we increased our pipeline safety budget by \$18 million this year -- and have requested an additional \$5 million for 1996.

These increases have let us nearly double our pipeline inspection team, create a New Jersey field office that will open in May, and provide additional funding for state safety programs.

This has let us build on the progress we've made since the pipeline safety summit we held in Newark last June.

That summit -- which brought together leaders from all parts of industry and government -- was a landmark in pipeline safety.

It yielded such tangible results as increased federal funding for state one-call programs...

...a national outreach initiative to educate the public and excavators about one-call programs...

...doubling the frequency of federal pipeline inspections...

...a government-industry partnership to promote improvements in pipeline technology, risk management, and inspection methods...

...and a project -- through a contract with the New Jersey Institute of Technology -- to make sure that localities have the information about pipelines they need to make sound decisions about land use.

III. Today's announcements

Today, I'd like to announce three additional actions we're taking to further protect those living and working near pipelines.

First, we're implementing a new rule requiring that natural gas pipeline operators in all American cities establish excavation damage programs.

These programs will require operators to clearly mark the locations of their pipelines, and expand monitoring of their pipelines for excavation activity.

Second, we're proposing a rule that would require pipeline operators to participate in a "one-call" program.

These programs would give excavators specific information about pipelines, fiber optic cables, and underground utilities *before* they begin digging -- and help to avoid the damage that caused last year's explosion.

Third, we're proposing legislation that would reauthorize the federal pipeline safety program.

Like most federal programs, this must periodically be reapproved by Congress.

We're seeking to add provisions that will promote common-sense investments in pipeline safety that fully protect the public -- without unnecessarily burdening pipeline operators.

Closing

We're looking forward to working with Senator Lautenberg, Senator Bradley, Congressman Pallone, and Congressman Franks on our proposal for pipeline safety program reauthorization.

We also hope that our regulations for mandatory one-call programs and excavation damage prevention can be carried out.

I say that because these regulations -- like many others designed to protect the health and safety of the American people -- would be frozen by the Regulatory Transition Act that's now pending in Congress.

Common sense tells us to get rid of red tape and regulations that don't work, but getting rid of regulations that do work doesn't make sense.

That's why we hope that Congress rebuffs this attempt to cripple our ability to protect the American people.

What we saw here in Edison a year ago shows the importance of that.

Americans' lives, the future of a vital American industry, our economic prosperity, and our national security depend on strengthening our commitment to pipeline safety.

Although much remains to be done, today is a milestone in the effort to keep America's pipelines as the world's safest in the years to come.

We look forward to working in partnership with Congress -- with state and local governments -- and with industry to develop common-sense ways to protect the American people.

And now, I'd like to introduce Herb Tate, President of the New Jersey Board of Public Utilities.

#

Mr. Secretary:

- RSPA recommends not formally acknowledging the Texas Eastern representative (Jim Hart, their Vice President for Public Affairs) during your remarks. He will not be on the platform, and there is a minority in Edison that is intensely suspicious of Texas Eastern.
- Pipeline data: 1.98 million miles of underground pipelines. 200,000 miles for liquid; 280,000 miles for gas transmission (usually interstate, generally the long-distance lines); and 1,500,000 miles for gas distribution (mostly from main lines to local streets).
- Incident data (for gas transmission operators only):

<u>Year</u>	<u># Incidents</u>	<u># Fatalities</u>	<u># Injuries</u>
1984	85	7	32
1985	129	6	12
1986	83	6	20
1987	70	0	15
1988	89	2	11
1989	102	22	28
1990	89	0	17
1991	71	0	12
1992	74	3	15
1993	96	1	18
1994	80	0	19



U.S. Department of
Transportation

News:

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

FOR IMMEDIATE RELEASE
Thursday, March 23, 1995

Contact: Jim Cullinan
202/366-5563

MEDIA ADVISORY

Delivering on his promise for one level of safety for air travelers, U.S. Transportation Secretary Federico Peña will announce the "New Standard of Safety" for commuter airlines on Friday, March 24, at 11:00 a.m. in the Robert Marx Media Center (Room 2201) at the Department of Transportation.

The proposed commuter rule will raise the safety levels of commuter aircraft to the same level as larger aircraft. Issues such as pilot training, flight and duty time, and aircraft certification are addressed in this rulemaking.

Last December at the site of the plane crash in Raleigh/Durham, North Carolina, Secretary Peña announced the 100 day deadline for completing this rule, along with the creation of a new safety office at the Federal Aviation Administration and an aviation safety conference. The safety conference was held in January of this year with over 1,000 aviation experts coming together to offer ways to improve safety. The new safety officer, Chris Hart, was named by FAA Administrator Hinson last month.

WHAT: Announcement of Commuter Aircraft Safety Rule

WHEN: Friday, March 24, 1995, 11:00 a.m.

WHERE: The Robert Marx Media Center (Room 2201)
U.S. Department of Transportation
400 7th St. S.W.
Washington, D.C.

WHO: Secretary Federico Peña
FAA Administrator David Hinson
Kathy Hakala, Manager of Commuter Branch,
FAA Flight Standards

NOTE: Credentialed media should use the southwest entrance. Parking is available on Parking Level 1 for credentialed media. Non-media may use Room 2240 to watch the announcement.

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U.S. Department of
Transportation

News:

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

Contact: Bill Adams
Tel.: (202) 366-5580

STATEMENT BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
ON UNFUNDED MANDATES

Wednesday, March 22, 1995

As former mayor of the City of Denver, I am more familiar than most with the burdens which unfunded mandates impose on the resources of local and state officials. That's why I applaud President Clinton's signing today of the Unfunded Mandates Reform Act.

The Department of Transportation will continue to seek opportunities to give states and localities more flexibility through innovative financing to leverage their resources more effectively. In the Department of Transportation restructuring I announced earlier this year, and in submitting the FY 1996 DOT budget to Congress, we have proposed that more discretion be given to state and local decision-makers in the use of federal grant funds. I hope that our proposal, along with the passage of the unfunded mandates law, will open the door to new opportunities for states and localities.

#

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
PIPELINE SAFETY RADIO INTERVIEW
MARCH 21, 1995

- * Edison a wake-up call: while pipelines are among the safest ways to move oil and gas, most were built decades ago and are aging. Growth puts houses closer to pipelines, increasing the risk of pipeline breakage by excavations -- as apparently happened in Edison.
- * The key to safety is prevention: using the latest technologies to test and -- if necessary -- repair or upgrade pipelines.
- * States need one-call systems -- a single number that people can call to immediately find out the location of pipelines or other utilities before they begin digging -- *the* best way to avoid the damage that caused the Edison explosion.
- * DOT's pipeline safety budget increased by \$18 million this year, with \$5 million more requested for 1996. Nearly doubled DOT's pipeline inspectors, created a New Jersey field office that will open in May, provided more funding for state programs.
- * Safety summit in Newark led to a national effort to educate the public and excavators about one-call programs, a government-industry partnership to improve technology, and a project to give localities the data about pipelines they need to make sound land use decisions.
- * New actions: first, a rule requiring gas pipeline operators in all American cities to establish excavation damage programs. Operators must clearly mark the locations of their pipelines in populated areas and expand monitoring of their pipelines for excavation activity.
- * Second, a rule that would require pipeline operators to participate in "one-call" programs.
- * Third, proposing legislation to reauthorize the federal pipeline safety program. We want to add provisions that'll promote common-sense improvements in pipeline safety to protect the public.
- * That's consistent with the Clinton Administration's approach: getting rid of red tape and regulations that don't work, but taking action to protect the public where it's necessary.

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U.S. Department
of Transportation

TRANSPORTATION TRENDS

**REMARKS AS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
COMMUTER SAFETY RULE PRESS CONFERENCE
WASHINGTON, D.C.
MARCH 24, 1995**

One hundred days ago, at the site of a commuter airline crash that killed 15 people in North Carolina, I promised the American people that the Department of Transportation would lead the way to the safest aviation system possible.

Today, I am pleased to announce that the Department is issuing the airline "Commuter Safety Rule," a comprehensive rule that, when fully implemented, will assure travelers of one level of commercial aviation safety.

This rule represents an extraordinary achievement by the FAA. I commend them for completing the rule proposal in the shortest time ever for the development of a major new aviation regulation.

This rule is one of the three bold initiatives I announced last December to improve aviation safety in America.

First, the aviation summit on safety I promised, which convened in January, has already led us to take steps to improve air travel. In fact, over two-thirds of the safety initiatives recommended at the meeting -- over 100 -- will be implemented within the next six months.

Secondly, I promised increased surveillance of all airline safety programs and safety oversight procedures to assure that all carriers were aggressively addressing safety concerns. This program, including inspections, is now underway.

(More)

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

Today, I announce our third initiative -- the airline Commuter Safety Rule.

Previously, there was one set of rules for airplanes with 30 or more seats and another set of rules for airplanes with 10 to 30 seats. These rules will require any aircraft with 10 or more seats to meet the same standard of safety.

The rules being issued today are just a step towards ensuring that the public can be confident that no matter what type of aircraft they fly on -- from a 400+ seat Boeing 747 to a 19-seat Beech 1900 -- they can be certain that each aircraft is subject to the same level of safety.

Why are we issuing this rule? After all, 1994 was the safest year ever for commuter aviation. The number of accidents decreased to 10 from 16 in 1993 and the number of fatal accidents dropped 25 percent. While this is good, it is not good enough. We won't be satisfied until we have zero accidents.

Thus, if we want to continue to be the world leaders in aviation safety, we must evolve with the changing times, and the commuter airline industry is the fastest-growing, fastest-changing segment of the aviation industry.

Establishing a new standard of safety is essential to keeping pace with the tremendous growth of the commuter airline industry during the last two decades. And recent recommendations from the National Transportation Safety Board support our adoption of the rule.

The commuter airline fleet in 1978 was comprised of smaller, general aviation-type aircraft. During the last 20 years, we've seen a major trend toward integration of commuter operations with the major and national carriers along with a consolidation of smaller carriers to form larger commuter airlines.

The fleet of today is made up of newer, larger aircraft. In the categories of aircraft covered by this rule -- 10 to 30 seats -- the growth is staggering. The number of commuter aircraft in the 10 to 19 seat category has tripled to 800 airplanes. In the 20 to 30 seat category, we have seen an eight-fold increase to 300.

Today, 37 million travelers use commuter airlines. By 2006, that number will grow to 84-and-a-half million. That's why we need to take action now to continue to protect the public -- and to maintain its confidence in our system.

If the public doesn't have confidence in our system, I can recite all the statistics I want, but people will still be reluctant to fly.

(More)

The "Commuter Safety Rule" isn't really one rule, but rather it is a comprehensive set of rules that will ensure one level of safety for all commercial aircraft of ten seats or more.

How does this rule do that? It addresses two aspects of aviation -- the operational side and the aircraft certification side, which Administrator Hinson will address in some detail.

From an operational perspective, the rule calls for many operational improvements for commuter carriers. It requires, for example, commuter airlines to appoint a safety officer who will oversee the internal safety program of the airline.

I am pleased to report that 54 of the larger commuter airlines have already committed to having one, or have done so.

From the airplane certification standpoint, these rules will require, for example, emergency exit lighting and first aid kits.

Now all planes themselves will meet the same level of safety.

In meeting our commitment to commuter safety, we recognize these new safety initiatives have costs. We've carefully considered these proposals to ensure that the important safety gains are considered in light of these costs, and that they make sense in achieving our safety goals. These rules were drafted in a common-sense manner that won't unnecessarily burden airlines -- indeed, many airlines already have adopted some of these standards.

The bottom line is that for a one-way ticket on a 20 to 30 seat commuter aircraft, passengers can expect to pay an additional 68 cents; on a 10 to 19 seat aircraft, they will pay an additional \$1.91. I'm certain that people will be more than willing to pay this small price for the 94 accidents we estimate this rule will prevent over a ten year period.

One hundred days ago, I promised we would issue a commuter safety rule that would give the American traveling public one level of safety on all types of aircraft. We kept that promise.

Today, I am going to make another promise to the American people: By December 14, 1995, one year from the date I made my first promise, the rules we are issuing today will become final.

The Commuter Safety Rule isn't all that we're doing to have one level of safety for all airline passengers. Today, I'm transmitting a letter to Congress with a proposal

(More)

that would provide for the certification by the Federal Aviation Administration of airports serving commuter air carriers.

The actions we are announcing today send a clear signal to the American people that we -- government and industry -- are doing everything we can to ensure their safety in the skies.

Again, let me thank the 50 women and men of the FAA who comprised the commuter rule team. And now I would like to congratulate, thank, and introduce the head of that team -- David Hinson -- who has a statement.

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TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
CENTRALIZATION AND COMPUTERIZATION OF DOCKETS CEREMONY
MARCH 29, 1995
WASHINGTON, D.C.

(You will be introduced by Steve Kaplan)

- Thank you, Steve, for that introduction. I'm delighted to be here to inaugurate the new consolidated docket system.

- Two years ago, the General Counsel's Office came to me with an idea to use new technologies to streamline the Department's docket functions and provide better customer service.

-- Now, who would ever dream that lawyers would think of such things?

- You can see the results here today. And it is a major accomplishment.

- This project consolidates our nine docket facilities, and makes a phased transition from a paper-based docket system to storage of electronic "images" in an unalterable form to avoid disruption of ongoing work.

- I want to congratulate everyone who had a hand in this project.

-- The General Counsel's Office began the centralization and computerization process, but employees of all the affected departments, agencies and offices joined in to work together to make this undertaking successful.

FINAL

-- And the Transportation Systems Center at Cambridge, Massachusetts, provided the technical expertise.

-- All of you "cheerfully" undertook this enormous task of planning and developing the consolidated docket facility, standardized docket procedures and electronic capabilities.

- And I want to thank each and every one of you who worked so hard and are continuing to work to complete this project. You are an outstanding example of what Vice President Gore had in mind in "reinventing government."
- This project is a model of the Vice President's vision to use modern technology to achieve efficiencies in government and to increase public participation in rulemaking and other government proceedings. It also meets DOT's strategic goal of using technology to make government more efficient and better serve people.
- The improvements will enable DOT to provide more efficient document management and storage -- and serve customers better.
- Now let's celebrate this great accomplishment.

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REMARKS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NATIONAL LEGAL CENTER FOR PUBLIC INTEREST
WASHINGTON, D.C.
MARCH 29, 1995

(Introduction by Rob Brady, board chair, National Legal Center)

Thank you, Rob, for that generous introduction. Let me begin by congratulating the National Legal Center for Public Interest for sponsoring this outstanding conference.

I'm pleased to be here today to speak to so many corporate general counsels because I believe you have a contribution to make in the current regulatory reform debate that has engaged almost everyone in Washington.

My message today is that our government needs to improve its regulatory process and ensure that its rules meet the test of common sense, so that we can effectively meet the challenges of tomorrow.

It is a message the American people agree with. The American people want a government that simply uses common sense judgment.

I will use two broad themes to discuss the common sense approach to regulatory reform.

One, the direction of the Clinton Administration's regulatory reform actions.

Two, the problem I see with current Congressional reform proposals.

Number one, President Clinton made regulatory reform one of his highest priorities from day one of his Administration. His philosophy that guides us in these changes is pretty simple:

"Protect people, not bureaucracy; promote results, not rules; get action, not rhetoric. Wherever possible, try to embrace common sense. It will confound your enemies and elate your friends."

Lets look at the cabinet and my own experience.

The problems were discussed in the earliest Cabinet meetings. I met with senior DOT officials during my first couple of months in office to initiate changes. The President took two very important steps early in his Administration.

First, he established the National Performance Review (NPR) and put the Vice President in charge.

The NPR quickly developed a large number of recommendations to help us reinvent government, to create a government that "works better and costs less."

Many of these recommendations directly affect rulemaking and the President took quick steps to implement them. For example, he immediately directed agencies to identify rulemakings where the negotiated rulemaking process could be used.

This negotiated rulemaking process enables an agency to bring together representatives of all the interests that could be affected by a rule and have them develop the rule by consensus.

Second, he issued an executive order on "Regulatory Planning and Review."

His executive order very quickly changed the tone of the rulemaking process in Washington. It recognized the continued importance of determining the need for rules and the costs of implementing them. But it also stressed the importance of benefits such as preventing accidents or cleaning up rivers.

It also acknowledged the importance of executive oversight through the Office of Management and Budget, but stressed the need to have an open process and one that allowed the agencies to play a primary role.

Nor did the President stop here.

As many of you know from his recent speeches, he has reemphasized the need for a common sense approach to rulemaking.

He has instructed his cabinet and agency heads to do four things:

One, cut obsolete rules;

Two, to stress compliance and results over enforcement and red tape;

Three, to create more grassroots, outside-the-beltway partnerships, and

Four, to use even more regulatory negotiations.

We are moving to change the culture of regulations -- rather than putting on another layer of procedures for regulations to pass through.

We need -- and I believe have -- political appointees who will stop silly rules and ensure carefully analyzed and well-thought out requirements. We can accept statutory mandates for risk analysis or cost benefit analysis to ensure effective decisions. But the legislation must be more carefully crafted than what is currently pending.

At the Department of Transportation, we are instilling a new philosophy in transportation regulations.

We strongly support a regulatory process that is efficient, cost effective and does not put our government or its people to unnecessary processes that result in red tape and delays -- and accomplish nothing.

DOT has made many positive changes -- ranging from creating an electronic docket to formulating better processes for dealing with Congress over proposed legislation that could result in the need for rules.

My Department was one of the first agencies to regularly use cost-benefit analysis as an aid to making good regulatory decisions -- and our analyses, especially those of the National Highway Traffic Safety Administration and the Federal Aviation Administration, are widely regarded as among the best in the federal government. We don't need a new mandate to use this technique.

We were also the first federal agency to use regulatory negotiation -- a means of involving business and consumers directly in partnerships -- to negotiate rather than dictate - - wherever possible -- so long as the bottom line is good regulations.

We regularly solicit input from -- and form partnerships with -- interested parties. The Department has sponsored summits on aviation, pipeline, rail and trucking safety. We get information from these conferences on rules that allows us to promulgate better rules and amend or repeal existing ones.

For example, at the aviation summit, we were provided a list of actions industry recommended to make aviation safer. We are examining each of these very carefully.

We are also applying the "rule of reasonableness" as opposed to the rule of the ridiculous.

Let me tell you a little story about how "salad oil" became one of the first crises I had to deal with as Secretary of Transportation. When I arrived at DOT, I discovered that we had a rulemaking in progress that would require "salad oil" to be treated as a hazardous material. What next? A regulation that would call ketchup a vegetable?

I ordered the rulemaking stopped.

Since then, DOT has been examining all its rules, looking for others that don't comply with the "rule of reasonableness."

We are combing over every regulation looking to cut those that are obsolete and ridiculous.

(Truck rule: Berths and open draw bridges)

But there is another side to rulemaking -- that is safety.

As Secretary of Transportation, safety is -- and always will be -- one of my highest priority. I believe the American people look to the Department of Transportation to ensure the highest level of safety. And our regulations do that, in the most effective and cost-efficient way possible.

A couple of weeks ago, I was in Edison, New Jersey, site of the rupture and explosion of a natural gas pipeline a year earlier. I announced a three-point initiative that included new regulations to ensure safety of natural gas and hazardous liquid pipelines. This plan is supported by owners of the pipeline that exploded.

Our rules mandating antilock braking systems for trucks, tractor trailers and buses will prevent about 29,000 crashes involving up to 500 deaths and 25,000 injuries annually. This rule is supported by safety organizations and the transportation industry.

Finally, the commuter aviation safety rulemaking we started last week illustrates several issues. The need to move faster in the regulatory process and the need to assure that the cost benefit measure allows room for safety.

I have long been concerned about the differing levels of safety requirements between small, commuter airplanes and the more stringent rules for the largest commercial carriers.

After my visit to a crash site in North Carolina last December, I promised the American people that DOT would move quickly to ensure that there will be one level of safety for all airline travelers.

We put 50 FAA employees to work full time on the task to have a proposed rulemaking on the table in 100 days. This was a "Herculean" task that would have taken 2-3 years or more through the regular channels.

Last Friday we made the concrete rulemaking proposal that will help us on our way to Zero Accidents in air travel. True, these regulatory changes will have their costs -- the actual cost will be \$1-2 per ticket -- a small price to pay to prevent another accident like the '94 crash in North Carolina. I believe those costs will be worth it. More importantly, so will consumers. Regulatory reform is important, but we must take care not to go too far and undercut our transportation safety programs.

From this overview, you can see that while we are very serious about reforming the regulatory process, we take very seriously the critical jobs that Congress and the American people expect us to perform.

We are equally serious about our mandate to assist states and localities in creating their essential transportation infrastructure with due consideration for the environment.

An efficient, effective and fair regulatory process is an essential, irreplaceable tool if we are to do these jobs right.

II. Proposals in Congress

But I have serious concerns about many of the "regulatory reform" proposals pending in Congress, which is my second point.

Let me say at the outset that I strongly oppose one of the proposals -- the call for a regulatory moratorium -- because it would interfere with important transportation safety regulations.

To interrupt the regulatory process while consideration is given to permanent revisions would gravely impair the Department's ability to carry out its most important responsibility. It halts important safety initiatives -- ranging from one level of safety for airlines to prevention of natural gas pipeline explosions and hazardous material releases with no consideration being given to the merits of the particular actions.

Let's reform the system, but not close it down.

The question we should be asking is: Would regulatory reform legislation currently pending in Congress improve the situation, and provide more common sense in the regulatory process? That is the test we should apply to reform proposals.

Unfortunately, the assumption underlying many of the regulatory reform proposals seems to be that virtually all government action is bad -- and that government action taken through regulation is particularly bad. Some would place so many procedural and legal obstacles and delays in the paths of agencies that they could rarely bring a significant regulatory project to a successful conclusion -- regardless of its merits. .

When applied to DOT safety regulations, the results could be literally deadly.

The bills in question are very long and complicated, and it would take much more time than we have this morning to proceed through them section by section. This very length and complexity is one of the problems. The current Administrative Procedure Act (APA) is a few pages long -- and it is backed up by almost 50 years of well-developed case law.

Some pending bills add 70-80 pages of excruciating procedural detail. This accumulation of ill-considered procedural detail will provide years of opportunities for lawyers and courts to reshape the administrative process - - probably in ways none of us can now anticipate.

Right now, my staff and Congressional staffs are being asked to provide instant analysis of regulatory reform proposals, often without even having complete, up-to-date copies of bills. The magnitude of changes requires more time and consideration.

Several themes that go through the bills trouble me.

One is just the sheer piling on of new procedural requirements.

For example, DOT already conducts cost-benefit analyses of major rules, using the \$100 million dollar threshold found in the Clinton, Bush and Reagan Administration Executive Orders on regulations.

We also do economic evaluations of smaller rules. But some of the bills would lower the threshold for more complex and detailed cost-benefit analyses to \$50 or \$25 million -- making us do the full-blown analyses for far more rules -- which takes time and resources away from other pressing needs. One of the bills would have mandated 23 separate procedural steps in each analysis.

If it weren't enough to do more analyses of new rules, some of the bills would make the Department -- and other agencies -- do repeated analyses of older, existing rules.

Anyone could petition the Department to do a new cost-benefit analysis of a rule that had been in effect and working well for years -- like our airbag rule or our aircraft certification rules -- even when we had already done an analysis that found that the benefits justify the costs.

Then there are regulatory review requirements.

Some of the bills would make the Department review all its rules over a 10-year span. Regulatory reviews can be very useful. We do them on our own quite regularly -- like the current zero-based review the Federal Highway Administration is doing of motor carrier safety rules.

But some of these bills would say that if a review wasn't completed on time, the rule would sunset -- go out of existence. When we're talking about transportation safety rules, that's downright dangerous.

For example, several years ago, the Federal Aviation Administration reviewed its aircraft certification rules -- taking about eight years to finish the project and put revised rules in place. With all the other procedures required by these bills, it would have taken them over ten years.

Would the aviation industry have wanted no certification rules in effect?

Would the flying public?

Then there is peer review. Congress would burden the regulatory process for safety rules with requirements for peer review panels. These panels would add from several months to a year to the regulatory process for each major rule. They would add costs that the agencies haven't the budget to afford.

To make this burden worse, agencies would be prevented from excluding from supposedly objective peer review panels people with direct conflicts of interest -- such as a representative of an interested party that had already commented on a proposed rule.

A second important theme is risk assessment -- an analytical process used to evaluate and describe how dangerous a hazard or substance is.

In doing risk assessment, an agency compiles factual or technical information about factors in the risk.

Risks are typically evaluated in terms of how severe the adverse effects of a hazard are and the likelihood of encountering the hazard.

The Department supports the idea of assessing risks rationally -- based on the best information we can get. We already do this. Depending on the nature of the hazard -- and there's a big difference between aircraft safety and the toxicity of a pesticide), the way an agency goes about assessing risks can vary substantially. It is important that regulatory reform proposals not impose "one size fits all" mechanisms or procedures for assessing risk that do not fit the circumstances of the Department's safety regulatory prices.

A third troubling theme in the legislation is what we call the "supermandate." Some of the bills establish so-called "decisional criteria" that override the substantive requirements of environmental and safety statutes.

One such bill requires that an agency, in order to issue a final rule, determine that the benefits outweigh the costs -- and that the net benefits of the alternative chosen are greater than other alternatives.

Making regulatory decisions "solely" on the basis of easily manipulable numbers is questionable. But then the bill goes on to say that this requirement trumps decisional criteria for rulemaking in substantive statutes -- criteria like safety, the public health, a clean environment -- unless the statutes specifically preclude considering costs and benefits. Making rules cost beneficial is important, but that cannot be the only criterion we use.

The fourth area -- and perhaps of most concern to the lawyers I have talked to about regulatory reform -- is that the bills would greatly multiply the opportunities for the courts to involve themselves in every detail of the regulatory process.

It is completely appropriate for agencies to be subject to judicial review concerning their final regulatory products. But should the agencies be subject to judicial review during the regulatory process?

The Department of Justice has cited numerous ways in which these bills make intermediate procedural steps independently subject to judicial review.

In a Congressional session that has given considerable attention to what some call "lawsuit abuse," it is ironic that sponsors of some regulatory reform bills would transfer an enormous amount of power to the courts, not to politically accountable officials who write and implement the laws.

The road to sensible regulatory reform truly does not lead through every courthouse in the nation.

As you can tell by these proposals, Congress is looking at the agencies to see how best we can reform our regulatory system. But for real regulatory reform to occur, Congress must look at itself.

As an Executive Branch agency, our job, under the Constitution, is to faithfully execute the laws. And that is exactly what we set out to do. Most of our rules either respond to a specific statutory mandate -- like the environmental requirements coming from the Oil Pollution Act of 1990, or nondiscrimination requirements resulting from the Americans with Disabilities Act -- or they carry out the general responsibilities Congress has assigned us -- to protect transportation safety.

When Congress expresses concern about the burdens of regulation, it is often talking about the cost of compliance with requirements that it has expressly mandated.

It is appropriate for Congress to review existing substantive statutes to determine if they impose unreasonable burdens. For example, we will help Congress with that task, as we are doing by requesting an amendment to the alcohol and drug testing legislation to delete the requirements for pre-employment alcohol testing.

But Congress must face squarely issues in substantive statutes, not try to avoid responsibility for its own decisions by throwing procedural roadblocks in the way of agencies' effort to carry out the statutes it has passed.

The Senate today is likely to pass legislation calling for a 45-day congressional review of most new regulations.

While this approach is clearly superior to that of a regulatory moratorium, it is not without its downsides. Further, we'll have to wait and see what happens after the Senate bill goes to conference with the moratorium legislation.

SUMMARY

It all comes back to something the author Philip Howard said in the best settler -- "The Death of Common Sense." Howard wrote that he wanted to figure out why everyone who deals with the government has the same basic reaction -- anger and frustration.

"It's because we've banned judgment," Howard concluded.

It all comes back to using common sense in government. Those are my views on the regulatory reform proposals. Now, it's time to do your "common sense" analyses of these proposals and let your views be known.

Thank you very much and I look forward to your questions.

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
DEPARTMENT OF TRANSPORTATION RESTRUCTURING EVENT
THE WHITE HOUSE
WASHINGTON, D.C.
MARCH 30, 1995

Opening

Thank you, Mr. Vice President -- for that introduction, and for your leadership as we reinvent the federal government.

Today, we're unveiling our plan to reorganize the Department to reduce its size and cost while making its operations more responsive to our customers.

We're also proposing a new, independent air traffic services corporation.

Finally, we're providing Congress with a set of principles for reforming DOT's funding programs.

I'd like to review each of these initiatives.

I. Reorganization

The Departmental reorganization resembles those recommended by Secretaries of Transportation almost since DOT's creation in 1967.

They -- and we -- found that DOT isn't really an integrated unit but a holding company, much like the giant business conglomerates of the 1960s.

So we've proposed consolidating DOT from 10 operating units to three: a new Intermodal Transportation Administration, the Federal Aviation Administration, and the Coast Guard.

The Intermodal Transportation Administration, or ITA, would integrate *all* of our surface transportation and civilian maritime functions, reducing bureaucracy, cutting red tape, and giving our customers one-stop shopping.

The Coast Guard -- which is preparing a proposal for its own internal streamlining -- would continue in its present role, serving the nation well as it has for two centuries.

Finally, the Federal Aviation Administration would continue to promote and develop our air travel system and ensure its safety -- but its air traffic control functions would be transferred to a new government corporation.

A major part of our plan is to dramatically reduce administrative personnel at DOT -- areas like personnel, procurement, and accounting, which aren't on the front lines serving the public.

Each of the consolidated administrations must achieve a 50 percent cut in its administrative bureaucracy.

To help them achieve this ambitious goal, we're going to give them greater freedom to contract these functions to outside vendors -- whether private or public.

The means will be their choice, but they'll be held to that 50 percent reduction.

II. Air traffic control

The second piece of legislation we're proposing would create a new government corporation for air traffic services.

Today, the FAA operates under a stack of procurement rules that makes it virtually impossible to bring on new technologies before they're obsolete.

That's why the FAA still spends \$7 million a year on vacuum tubes -- a technology created when the Wright brothers were on the cutting edge of aviation.

Together with bureaucratic federal personnel and finance systems, this type of inefficiency costs airlines -- and their passengers -- \$3 billion annually at a time when the industry is struggling to return to profitability.

With experts projecting huge growth in travel over the coming decade, we also need to upgrade the air traffic control system to meet future challenges.

III. Funding program reform

The third element of this package addresses our fragmented, bureaucratic transportation funding system.

We now have *more than 30* different programs for infrastructure projects alone -- each with its own rigid rules, applications, and criteria.

That places an *unacceptable* burden on state and local governments and private industry -- especially as they struggle to make the most of increasingly-limited public funds.

We need to change this system -- but we're aware that our partners have concerns about just how this is done.

So today we're sending to Congress a set of what we call statutory principles for the reform of our funding programs.

We want these to be the basis for a dialogue -- one that will lead to legislation.

In essence, we have three simple principles.

First, we want to consolidate those 30-plus programs into a more sensible number, so that state and local officials can fund the projects they actually need -- without spending time trying to decide which projects fit into which categories.

Second, we want to simplify our requirements, so that these officials don't waste time with bureaucratic nonsense.

Third, we want federal programs that promote innovative strategies to finance the highways, airports, and transit systems America needs -- especially those which tap private capital.

Experience tells us that this can be done. For example, earlier this year, we unveiled our new Partnership for Transportation Investment, which cut red tape to jump-start \$2 billion in new projects without a single penny of new federal funds.

Closing

In total, this restructuring will make us more effective and more efficient -- and let us -- and our partners -- spend more time moving people and less time moving paper -- building bridges, not bureaucracy.

Its elements -- cutting bureaucracy and red tape, reforming programs -- are at the heart of our effort to reinvent government.

Over the coming months, we look forward to working with Congress on these initiatives as we continue to develop transportation systems for America's future.

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U.S. Department of
Transportation

News:

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

FOR IMMEDIATE RELEASE
Thursday, March 30, 1995

Contact: Wendy Burt
202-366-5565

MEDIA ADVISORY

Secretary of Transportation Federico Peña will address the 13th annual Lifesavers national conference on highway safety priorities at 12:30 p.m. on Monday, April 3, 1995 at the Westin Hotel in Indianapolis.

Peña will discuss new goals for reducing alcohol-related fatalities and the increased need for private-public partnerships to achieve them.

Lifesavers is an annual national highway safety meeting of both the public and private sectors involved in traffic safety, transportation, public health, injury prevention and law enforcement.

WHO:	U.S. Secretary of Transportation Federico Peña
WHAT:	Address to Lifesavers national conference on highway safety priorities
WHEN:	12:30 p.m. Monday, April 3, 1995
WHERE:	Westin Hotel, Grand State Ballroom 50 South Capitol Avenue Indianapolis

5.55

**REMARKS AS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
DOT EMPLOYEES TOWN MEETING ON REORGANIZATION
WASHINGTON, D.C.
MARCH 31, 1995**

(Introduction to be made by Melissa Spillenkothen)

Thank you, Melissa, for that introduction.

This is the latest in a series of meetings that the restructuring outreach committee has organized to keep DOT employees informed about our restructuring.

This restructuring has involved 200 DOT staff who've participated in the restructuring work groups -- and hundreds of others who have given us their ideas.

Their efforts are helping us to develop a reorganization that will transform this department.

Of course, this effort didn't begin with the restructuring announcement last December.

It really began two years ago, when President Clinton took office with a commitment to make government work better and cost less.

That's why he asked Vice President Gore to lead the National Performance Review, which challenged us to rethink how we serve the public.

DOT has been in the forefront of that effort -- streamlining procedures, improving customer service, and empowering employees.

I'm proud -- and you should be, too -- of how you've responded to the NPR.

You're making it work -- for us, for our partners in state and local government, and for our customers -- the American people.

The second phase of reinventing government goes beyond making our operations more efficient to asking fundamental questions about what our role should be in the future.

That led directly to the restructuring of DOT that I joined the President and Vice President in announcing last December.

Then -- and with a subsequent announcement in February -- we proposed a reorganization that would consolidate our current 10 operating administrations into three:

the Federal Aviation Administration, the Coast Guard, and a new Intermodal Transportation Administration.

This common-sense approach will promote intermodalism, streamline our operations, and give our partners in state and local government one-stop shopping.

We're approaching a milestone in this effort.

Next week, we plan to submit to Congress the legislative proposals necessary to make this reorganization a reality.

And I'm proud to say that we'll be the first agency to do this.

I'd like to report to you on the highlights of these proposals -- but before I do so, I want to say several things to all of you.

First, you've been doing a wonderful job -- during the restructuring, and every day. I want to thank you for that.

Second, the changes that I'm about to announce represent a better way of organizing ourselves to serve the public.

It makes sense of the functions that have been added to this Department since it was created 28 years ago.

Third, you all should know that -- even if this reorganization means that you're transferred to another of the DOT operating units -- this doesn't mean that you and your work are no longer valued.

That's important to understand.

And now I'd like to turn to the legislative package, which has two parts.

First, our reorganization legislation will create the three-agency structure and the new Intermodal Transportation Administration.

The ITA would include most of the functions currently carried out by five modes:

FHWA, FRA, FTA, NHTSA, and MARAD, together with the safety-related responsibilities of RSPA.

Our legislation proposes that this transition begin at headquarters in fiscal year '96, with the modes "sunsetting" only in FY '97.

The reorganization will be implemented in our field offices on a longer timetable *beginning* in FY '97.

The second piece of legislation would transfer our air traffic control system to a new government corporation.

This will end the personnel, budget, and procurement obstacles that make it inefficient today -- and delay the advances we need to safely handle the massive travel growth expected in the future.

That would free the FAA to be responsible for the safety, development, and regulation of our air travel system, as well as for our commercial space transportation operations.

Finally, we want to change the Office of the Secretary itself.

Those changes aren't explicitly described in the legislation, but would complete the reorganization.

I'd like to talk in a bit more detail about that because it affects so many of you here at headquarters.

When I first walked around the building two years ago, I was surprised that so many doors had plates saying "Office of the Secretary."

Over time, I learned what the people behind those doors did -- everything from developing policy to overseeing procurement to providing the financial controls an organization like this needs.

These are necessary functions -- but the imperative to rethink how we do our jobs has forced us to consider whether we're always doing them in the best way.

The answer -- in many cases -- is "no."

It's often more sensible to give these responsibilities to people in the operating administrations.

If it makes sense to give states and localities the authority to decide what the best transportation projects are for them, then it also makes sense to give the operating administrations the authority to make decisions without a lot of second-guessing or review.

Of course, a lot of what we do spans the concerns of more than one operating administration.

Matters such as safety and technology development require coordination throughout the Department.

Other things -- such as long-term strategic planning -- require a department-wide focus.

That's why we want to reengineer OST to concentrate on such issues.

At the same time, we want to reduce the size of OST by devolving responsibilities to the operating administrations.

And so, as part of our reorganization of the Department, we're proposing several major steps.

The new Intermodal Transportation Administration means that the intermodal coordination provided by the Associate Deputy Secretary would no longer be necessary.

So, we're proposing that this position instead coordinate safety-related issues throughout the Department --especially as they relate to the new ITA.

That will send a clear message that safety is our top priority.

We're also proposing a new position, that of Assistant Secretary for Transportation Technology, to coordinate our growing efforts in the development and deployment of advanced technologies.

In a time of growing budgetary constraints, we've proposed a 28 percent increase on research investment to give us the technologies that will make travel safer and more efficient.

Although most R&D will still be done by the operating administrations, the new Assistant Secretary will give this area the Department-wide focus it needs.

We're also proposing changes in other areas.

The Assistant Secretary for Transportation Policy would become the Assistant Secretary for Policy and Planning.

That better reflects the new responsibilities this position would acquire -- some program evaluation work now done in Budget and Programs, and strategic planning now managed -- in part -- by the Office of Intermodalism.

A new position -- the Assistant Secretary for Management and Budget -- would pick up most of the responsibilities of Budget and Programs as well as some of the administrative policy work now performed by the Assistant Secretary for Administration.

Finally, we're proposing to create a Transportation Administrative Services Bureau.

This new unit will acquire most of the responsibilities now held by Administration -- but with an entrepreneurial approach that's in keeping with the National Performance Review.

The NPR set a goal of a 50 percent reduction in the staff providing administrative services -- and we want to give the new operating administrations the ability to do that.

For at least two years, the bureau will continue to provide existing services now housed in OST Administration.

After that, the bureau's board -- which will include the heads of the new operating administrations -- will have free rein to decide how to obtain these services.

For example, they'll be able to have their own staff carry out any and all functions -- *as long as they meet the NPR goals.*

They'll be able to contract with the Transportation Administrative Services Bureau -- pooling resources where it makes sense.

Or they'll be able to contract with private business or with other public agencies.

Over time, I believe that competition will make the services bureau an attractive alternative.

This new, business-like spirit is going to help us to deliver these services more efficiently and at lower cost to the taxpayers -- who stand to gain the most from this reorganization.

In December, I said that I wanted us to get back to basics -- our core missions of safety, infrastructure investment, and national security -- and to serve the public more efficiently

This reorganization proposal achieves these goals.

We're now moving to the next phase -- working with Congress to make this a reality, and developing detailed plans for the transition.

The next phase of the reinvention process will be decentralized.

Smaller groups within the new operating administration structure will have responsibility for making the decisions that affect them.

You -- DOT's employees -- have been critical to the process so far, providing thoughtful comments and suggestions through the restructuring task forces and through calls and faxes.

We expect you to be involved as much -- or more -- in the future.

And as we begin this process, I especially want to thank Melissa Spillenkothen and her staff at OST Administration for making this process move so smoothly.

Let me finish by saying that I recognize these uncertain times are challenging...

...but I also know I can rely on you for your continued advice and support.

I look forward to working with you to ensure that this restructuring allows all of us to better serve our customers: the American people.

Thank you.

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REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
VIDEO MESSAGE TO USDOT EMPLOYEES ON REORGANIZATION
WASHINGTON, D.C.
MARCH 31, 1995

President Clinton took office two years ago with a commitment to make government work better and cost less.

That's why he asked Vice President Gore to lead the National Performance Review, which challenged us to rethink how we serve the American people.

DOT has been in the forefront of that effort -- streamlining procedures, empowering employees, and improving customer service.

The second phase of reinventing government goes beyond making our operations more efficient to asking fundamental questions about what our role should be in the future.

That led to the plans for restructuring DOT that I joined the President and Vice President in announcing last December.

Then -- and with a subsequent announcement in February -- we proposed a reorganization that would consolidate our current 10 operating administrations into three:

the Federal Aviation Administration, the Coast Guard, and a new Intermodal Transportation Administration.

This common-sense approach will promote intermodalism, streamline our operations, and give our partners in state and local government one-stop shopping.

We're approaching a milestone in this effort.

Next week, we plan to submit to Congress the comprehensive legislative proposals necessary to make this reorganization a reality.

And I'm proud to say that we'll be the first agency to do this.

I'd like to report to you on the highlights of these proposals.

As we've previously announced, the new Intermodal Transportation Administration -- or ITA -- would include most of the functions currently carried out by five modes:

FHWA, FRA, FTA, NHTSA, and MARAD, together with the safety-related responsibilities of RSPA.

Our legislation proposes that this transition begin at headquarters in fiscal year '96, with the modes "sunsetting" only in FY '97.

The reorganization will be implemented in our field offices on a longer timetable beginning in FY '97.

In addition, as you may know, we're proposing legislation to transfer our air traffic control system to a new government corporation.

This will end the personnel, budget, and procurement obstacles that make it inefficient today -- and which delay the advances we need to safely handle the massive air travel growth expected in the future.

Our ATC corporation proposal would free the FAA to be responsible for the safety, development, and regulation of our air travel system, as well as for commercial space transportation policy and operations -- which we propose to transfer out of the Office of the Secretary.

Another major area we want to change is the Office of the Secretary itself.

We want to reduce the size of OST and reengineer it to concentrate on issues that require a department-wide focus -- such as long-term strategic planning.

The position of Associate Deputy Secretary will be refocused to provide department-wide coordination of safety issues.

And we're creating a new position of Assistant Secretary for Transportation Technology to coordinate technology development.

A major part of the OST reorganization will be changing how we perform administrative functions -- things such as personnel, procurement, and financial management.

The National Performance Review has set a goal of a 50 percent reduction in the staff providing administrative services.

We think that's an achievable goal, and we're adopting it for DOT.

To do that, we'll give the new operating administrations greater freedom to decide how to provide these services.

That could include contracting with outside providers or with a new Transportation Administrative Services Bureau with many of the functions now carried out by OST Administration.

Over time, I believe that competition will make the new services bureau an attractive alternative.

This new, business-like spirit is going to help us to deliver these services more efficiently and at lower cost to

the taxpayers -- who stand to gain the most from this reorganization.

In December, I said that I wanted us to get back to basics -- our core missions of safety, infrastructure investment, and national security -- and to serve the public more efficiently

This reorganization proposal achieves these goals.

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