



**U.S. Department of
Transportation**

News:

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

FOR IMMEDIATE RELEASE
Friday, September 1, 1995

Contact: Bill Schulz
(202) 366-4570

MEDIA ADVISORY

U.S. Secretary of Transportation Federico Peña will travel to Montreal, Canada, Tuesday, September 5, for meetings with Canadian Minister of Transport Douglas Young and Mexican Secretary of Communications and Transportation Carlos Ruiz Sacristan. The three leaders will discuss the implementation of the North American Free Trade Agreement.

Following the tri-national meeting, Peña, Young and Sacristan will hold a joint news conference at 3 p.m.

WHO: Secretary of Transportation Federico Peña
Minister of Transport Douglas Young
Secretary of Communications and Transportation Carlos Ruiz Sacristan

WHAT: News Conference Following Tri-National Meeting

WHERE: St. Laurent Room
Queen Elizabeth Hotel
900 René Lévesque West
Montreal, Canada

WHEN: 3 p.m.
Tuesday, September 5, 1995

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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, September 7, 1995

Contact: Steven Akey
Tel.: (202) 366-4570

STATEMENT BY SECRETARY OF TRANSPORTATION FEDERICO PEÑA CONCERNING REFORM OF THE FEDERAL AVIATION ADMINISTRATION

Over the past two and a half years, I have spoken out often and forcefully on the need to completely reform the financing, procurement and personnel operations of the Federal Aviation Administration's air traffic control system.

Early on, we identified the system's chief deficiencies:

- o a budget incapable of properly matching funding with needs;
- o a procurement system unable to guarantee timely installation of future technology; and
- o hiring practices which make it nearly impossible to put the right people where we need them the most.

These three fundamental issues are driving the reform debate.

The House legislation, while commendable for beginning to address purchasing and hiring reform, will not solve the financing problems by its off budget provisions. Taking the trust fund off budget makes responsible management of the federal budget impossible, and it does nothing to provide badly needed funding for safe operation of the air traffic control system.

I also have serious reservations about the creation of an independent FAA. We don't need a new bureaucracy, especially when this administration and this Congress have been committed to downsizing the federal government, and the separation of aviation policy from our other transportation modes ignores the importance of intermodalism to meeting the transportation challenges of the 21st century.

I have consistently opposed an independent FAA and, for the reasons outlined above, I would recommend that the President veto any bill to establish an independent FAA.

We remain committed to continuing our work with the Congress to reach our goal of reforming the FAA's financial, procurement and personnel operations.

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<http://www.dot.gov/affairs/index.htm>*

FP -- Design for Transportation Awards -- 9/19/95
draft 1 -- 5 minutes (by Ilene)

- Thanks, Jane (Alexander), the first lady of the arts.

My Department and the National Endowment for the Arts have had a remarkable relationship, and it's because of Jane.

- I feel like Judge Ito talking to the jury. I'm just glad we could find so many Americans still interested in being on juries! You came from around the country, I'm told, and I thank you for giving so generously of your time.
- This is an important program to me personally. I started it for two reasons:
 - 1) In this country, taxpayers spend \$50 billion a year building transportation infrastructure, 42 percent of that is federally funded. There's no reason when the bridge or airport or railroad station

is built and it will last 50 or 100 years, you have to look at it and say: "yuk."

2) I felt we needed projects that we can hold up as examples to show future designers: this is what's good and innovative.

- We can build structures that are functional -- be they user friendly, convenient, safe -- but function doesn't exclude them from also being beautiful.
And it's a mistake to think beauty means more expensive. It does not. Buildings can be beautiful ... can be functional ... and low in cost -- all at the same time.
- When I was a Mayor in Denver,
 - 1 percent tax
 - convention center ... library
- Here in Washington, we're lucky to have so many

great monuments and structures. They didn't go up overnight. The wonderful National Cathedral took 87 years to build, but it will last many generations. So, will some of this country's transportation structures. Look at the Brooklyn Bridge.

- From my office window, I can watch the new National Airport being built -- a \$750 million investment. One of my first summer jobs was as a construction worker. So as I watch the construction workers pour the concrete and put the beams up and work their hands everyday for three or four years to build that airport, I think to myself: I hope the design equals the effort that the workers put in everyday.

- Let me end by challenging all of you. Every great building starts with a blueprint. I hope that as you judge the 300 entries, you create a blueprint for great transportation design in this country.
- Thanks, and I look forward to seeing the results.

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AMERICAN TRANSPORTATION TECHNOLOGY AT RISK

by Federico Peña

Last week I participated in the opening of Maryland's Statewide Transportation Operations Center. The product of \$7 million in federal funds, the center uses advanced technology to reduce highway accidents and congestion and give drivers in the Washington area and throughout the state better information about traffic conditions.

This is the first statewide highway management center in the U.S., but it is old news elsewhere in the world. Japan has 160 state-of-the-art traffic operating centers, representing a \$2 billion investment.

Such leadership by other nations is not unusual. While the U.S. has the finest transportation system in the world, we consistently lag behind international leaders in one critical area: the use of advanced technology to make travel safer and more efficient.

It seems inconceivable that a nation which dominates in so many areas of technology can be behind in one of such importance, but it is a situation that is likely to worsen. Budget cuts now being considered by Congress would devastate federal transportation research, especially for Intelligent Transportation Systems (ITS).

In fact, the non-partisan American Association for the Advancement of Science projected that Congress's proposals would lower overall federal research funding by a third over the next seven years. The biggest cuts would come in applied research, which is focused on developing new technologies such as ITS.

ITS technologies like those used in Maryland's new operations center are absolutely essential to our effort to manage traffic in the 21st century, when Maryland's roads will have 40 percent more traffic than they do today.

Moreover, these technologies are not science fiction: ITS is in operation in select places *today*, saving lives and money. Automatic vehicle locators on buses in Baltimore have improved on-time performance by 23 percent, and a freeway control system in Minneapolis has increased average rush hour speeds by 35 percent.

They do this at a cost as low as one-twentieth that of new highway construction. In an era of limited funding, ITS is a terrific bargain, one that will only increase in value as the technology matures. In just a few years, we will look back at today's first-generation systems the way the Apollo astronauts looked back at the Wright Brothers.

Over the next two decades, ITS will fully integrate advanced information and communications technologies in the next generation of automobiles to make collision-avoidance systems, intelligent cruise controls, and perhaps even automated highways a reality. Fiber optic cables and sensors embedded in roadways will

combine with these in-vehicle systems and operations centers to revolutionize traffic management.

The risk is that federal budget cuts will strangle this technology in its cradle. I proposed \$345 million in ITS research and development for 1996, even as overall transportation spending is being reduced to end the deficit.

However, the budget passed by the House calls for only about \$200 million, and the Senate budget includes approximately \$250 million. The long-term prospects are even worse, because Congress's plan to balance the budget in just seven years would virtually eliminate ITS investment. In fact, the House specifically proposed ending this initiative in its balanced-budget plan.

Some in Congress believe that state and local governments or private industry will make up the difference. That is wishful thinking, because ITS is at a critical stage of development that demands federal leadership.

State and local governments do not have the resources for the intensive research and development that ITS demands. Moreover, entrepreneurs are reluctant to make huge financial commitments without a national consensus on the technological standards that reduce risk and produce stable markets.

That is why we at the federal level are promoting public-private partnerships with business and with state and local governments. We are providing seed money

and expertise and helping to create uniform standards to ensure the compatibility of ITS technologies. *This commitment is vital.*

Imagine where we would be as a nation if our government had not invested in lasers, or polymers, or the Internet. We have recognized these national priorities before: in 1836 Congress gave Samuel Morse \$30,000 to develop an experimental telegraph.

For us to scale back or end this role in transportation would cost hundreds of preventable highway deaths annually and billions of dollars in congestion and delays.

It also would cede lucrative ITS markets here and abroad to the Japanese and European companies which, aided by their governments, have leap-frogged us. *They* understand the opportunities for secure, high-wage jobs that this technology presents, and that is why Japan and Germany each invest *30 percent more* per capita on research than the U.S.

We in the Clinton Administration understand the importance of such technological leadership, and have supported this new generation of American transportation technology. It would be a tragedy of historic dimensions if we were to let this opportunity slip through our fingers.

Fortunately, it is not too late: the full Congress has not yet acted on the 1996 budget. We are now beginning a great national debate over our priorities. The

Clinton Administration's position is clear: we stand for the federal investment that has given us the world's most efficient, most productive economy.

Now that Congress is back from its recess, let's hope that they make the strategic investments that will make faster commutes a reality *every* day in Washington and around the country.

(Federico Peña is U.S. Secretary of Transportation)



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STATEMENT BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
ON MINETA RETIREMENT

Monday, September 11, 1995

The people of the United States and this Congress will miss Representative Mineta, one of the finest public servants in the history of our great nation. I know I will.

Norm's remarkable record of accomplishment stands as testimony to his tireless efforts, especially in helping the United States build and maintain the world's finest transportation system.

From my many dealings with Norm, I was always struck by his ability to treat all of the participants in a matter, regardless of the views they represented, with dignity and respect.

I am saddened to see Norm leave the Congress, but my personal memories of him and his work will remain forever.

I wish him the best of luck in his new pursuits.

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DEMOCRATIC BUSINESS COUNCIL

MONDAY, SEPTEMBER 11, 1995

- Last visit to San Antonio - TRANSGUIDE
- Concerned about Kelly AFB (my uncle) like having AFB in Denver
- Met with Mayor Thorton
- Brook Army Medical entrance - I-35
- NAFTA System Highway

Clinton Success - Untold

- Infrastructure and transportation a priority - why?

Transportation activity = 11 % of 6 D.P. = \$687B

I. Total Record Investment - up for '93 and '94

\$2B/year \$20B

II. Transportation Industries Succeeding

A. Railroads

- Profitable
- Consolidating

B. Maritime and Shipbuilding

- Title XI
- Maritime security (?)

C. Trucking

- Going strong
- NHS - this year = \$5B
- NAFTA - December 17 - Big Issue

D. Autos

- Emerging market
- Shanghai - China
- (e.g., Vietnam)

E. Aviation

- Biggest comeback
- Pre-Clinton: 2 bankrupt cites; lost \$10B in 3

years

- Seattle-Boeing meeting
- Airline Commission - 80%
- Streamline regulations - 777

- Opening international markets

- Canada

- Europe

- Japan and Federal Express

- U.K.

- South/Central America

- Projected profits - \$2B

F. Aerospace - marketing by all

- Saudi Arabia

- Taipei

- Asia trip - November

- South America Trip

- New Challenges

1. ATC Reform

- Equipment

- FAA problems

- Legislation

2. Infrastructure shortfall: \$17B/year

- Creative finance & DOT changes

- Dulles Toll Road

- Transit shortfall

3. Security

- Across modes

- Recent threats

6.66

DOT OFFICIALS TALKING POINTS ON
THE NATIONAL PERFORMANCE REVIEW
(SHORT VERSION)

- * President Clinton has cut the deficit by nearly *half* -- from \$290 billion to about \$160 billion. Both he and Congress want to build on this progress and balance the budget, but there's a *right way* and a *wrong way* to do that.
- * The *right way* is to cut government spending -- while still continuing to invest in America's future. The *right way* is to save money by reinventing government to make it cost less *and* work better.
- * The *wrong way* to balance the budget is to gut investments in education, training, and technology -- and sacrifice the foundations of our future.
- * Reinventing government makes sense, because Americans don't want to shut down the government -- they want it to work better.
- * That's why the President asked Vice President Gore to head the National Performance Review, which recently released its two-year report. The NPR evaluated every agency and every function of the federal government with the goal of eliminating those that aren't necessary -- and improving those that are.
- * The two-year report card found that we've already locked in \$58 billion of a projected \$108 billion in savings -- eliminated 400 obsolete programs -- 16,000 pages of unnecessary regulations -- and 160,000 federal jobs.

- * That would be meaningless if it were done at the cost of good government -- but it hasn't been. We've developed customer service standards -- accelerated automation -- and moved employees onto the front-lines to improve service and efficiency.
- * At DOT, we're cutting or reworking half of our regulations -- setting customer service standards for more than 50 major programs -- and overhauling such critical projects as our air traffic control modernization initiative. And, although we've eliminated more than 7,000 jobs, we've actually improved service to the American people.
- * This is only the beginning. On top of the savings identified so far, we've already found *another* \$70 billion over the next five years -- savings that move us closer to a balanced budget.
- * As we do all of this, we're keeping our eye on the goal: a leaner, less costly government that better serves the American people. We want to make the old phrase "good enough for government work" a synonym not for mediocrity, but for excellence.
- * The progress we're making towards delivering better service at lower cost is making possible a balanced budget *without* disastrous cuts in the things that matter to Americans -- good schools -- clean air and water -- safe highways and safe workplaces -- and security for senior citizens.
- * The savings we're seeing prove that we *can* cut the deficit *without* sacrificing our future. The choice is clear, and the Clinton Administration is choosing to take the side of America's working families and their children.

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DOT OFFICIALS TALKING POINTS ON
THE NATIONAL PERFORMANCE REVIEW
(LONG VERSION)

- * President Clinton has cut the deficit by nearly *half* -- from \$290 billion to about \$160 billion. Both he and Congress want to build on this progress and balance the budget, but there's a *right way* and a *wrong way* to do that.
- * The *right way* is to cut government spending -- while still continuing to invest in America's future. The *right way* is to save money by reinventing government to make it cost less *and* work better.
- * The *wrong way* to balance the budget is to gut our investments in education, training, and technology -- sacrificing the foundations of our future.
- * The choice that the Clinton Administration has made to reinvent government makes sense, because Americans don't want to shut down the government -- they want it to work better.
- * Americans *want* a government that will protect their health and safety -- safeguard the environment -- and create opportunity for their children by investing in education and training.
- * That's why the President asked Vice President Gore to head the National Performance Review, which recently released its second anniversary report. The NPR evaluated every agency and every function of the federal government with

the goal of eliminating those that aren't necessary -- and improving those that are.

- * In his initial report two years ago, the Vice President identified \$108 billion in savings from improvements to the way the government serves Americans. He also proposed a reduction of 252,000 federal workers by 1999 -- while improving service and increasing efficiency.
- * The Vice President recently released the NPR's two-year report card -- and found that the Administration was ahead of schedule. We've already locked in \$58 billion in savings and eliminated 400 obsolete programs and 160,000 positions -- including more than 7,000 at my department.
- * Federal agencies already have cut 16,000 pages of unnecessary regulations, with another 31,000 being rewritten to make them simpler. At DOT, *half* of our regulations are either being eliminated or reworked.
- * Cutting federal jobs, programs, and regulations is important if we're going to save money -- but meaningless if done at the cost of good government. That's why the NPR's greatest achievement is the improvements in service it has produced -- improvements that every American will see.
- * For example, we've overhauled our air traffic control modernization program, so that the system that ensures safety in our skies can replace outworn technology and manage rapidly-growing air travel.

- * We're also working with 11 airlines to create a worldwide Aeronautical Telecommunications Network that will dramatically improve communications -- saving airlines \$600 million a year in their overseas operations alone.
- * As dramatic as these are, our successes are hardly limited to air travel. Every form of transportation -- highways, transit, rail, water -- has its list of accomplishments.
- * Each of our agencies is setting customer service standards to improve how we meet the public's needs. These standards have been established for 30 major programs to date, with 24 more in the works. The impact will be tremendous: the Federal Railroad Administration, for example, has developed a comprehensive plan that will affect every aspect of its operations.
- * Together with these, we're developing performance-based standards for our budgets -- and the Coast Guard and National Highway Traffic Safety Administration are leading the federal government in implementing them.
- * The first two years of the NPR are only the beginning. On top of the \$108 billion in savings identified to date, we've already found another \$70 billion over the next five years -- savings that move us closer to a balanced budget.
- * My department is slated to generate part of those savings through a comprehensive restructuring of our operations. We've sent legislation to Congress that would streamline the number of DOT agencies from 10 to three, letting us slash redundant bureaucracy.

- * We've also proposed reforming our funding programs, which help state and local governments meet their transportation needs. Our proposal would give them greater decision-making authority and flexibility, letting them make the most of their funds.
- * As we do all of this, we're keeping our eye on the goal: a leaner, less costly government that better serves the American people. We want to make the old phrase "good enough for government work" a synonym -- not for mediocrity, but for excellence -- and we're going to regain the faith of the American people one customer at a time.
- * The progress we're making towards delivering better service at lower cost is making possible a balanced budget *without* disastrous cuts in the things that matter to Americans -- good schools, clean air and water, safe highways and safe workplaces, and security for senior citizens.
- * The savings we're seeing about equal the cuts that others are proposing in many of these areas -- and that proves we can cut the deficit *without* sacrificing our future and crippling our ability to compete in the 21st century. The choice is clear, and the Clinton Administration is choosing to take the side of America's working families and their children.

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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
Tuesday, September 12, 1995

Contact: Bill Schulz
Tel.: (202) 366-4570

STATEMENT OF TRANSPORTATION SECRETARY FEDERICO PEÑA CONCERNING FAA REFORM

September 12, 1995

When I first took office as Secretary of Transportation, we undertook a comprehensive review of the challenges facing the FAA. Through the bipartisanly supported National Commission to Ensure a Strong Competitive Airline Industry, the National Performance Review and our own efforts at the Department of Transportation we grasped the fundamental underlying problems facing the agency, as well as the industry and passengers who rely upon its services.

The President's leadership has been at the heart of this effort. His desire to tackle these issues, to help the aviation industry, and the recommendations that came from these reviews has very clearly led us to this point at which we stand today.

There has been a tremendous change at the FAA already under the direction of Administrator Hinson. Together, we have turned around major procurement projects, such as the Advanced Automation System. We've made the agency more fiscally accountable, reducing the work force by 5,000 and paring the annual budget by \$600 million. A new streamlined organizational structure was adopted, giving the FAA a businesslike approach to its mission.

At the same time, the industry is turning a corner. There seems to be a new start-up carrier every week, more Americans are flying than ever before and, after years of bleeding red ink, the established airlines are healthy, and a number of them are reporting record profits.

However, the FAA's challenges to meet these growing needs of the aviation industry for services are still ahead of the agency, not behind it.

I have long said that the challenges presented to the FAA -- especially now, given Washington's increasing pressure to reduce the deficit -- can only be fixed by addressing the agency's fundamental financing, procurement and personnel policies.

- (more) -

Plainly speaking, we need a budget that can properly match funds with needs -- a purchasing system which can guarantee timely installation of future technology and hiring practices which will put the right people where we need them the most.

The legislation being introduced today represents a major step forward in addressing these issues which we have been working on. The bill would remove many of the obstacles which hinder an efficient air traffic control system.

Specifically, it would give authority to the FAA to make final decisions on most personnel and procurement actions. Over seven years, the FAA believes this will lead to \$2.4 billion in savings.

The legislation would also end the FAA's reliance on dedicated federal excise taxes and general fund appropriations, over time making the FAA financed by user fees to the extent possible. It is out of a simple principle, that those who use the system, whether for aircraft testing, weather information or air traffic control, should pay for them, and we should reduce the taxpayer contribution.

To ensure that these fees are appropriate and justified, there will be a link established between the fees and the FAA's performance, a link in which Congress and the industry will have a role in developing.

The FAA needs to be able to charge for the equipment it needs, when it needs it -- and end the budgeting nightmare under which it has operated for too long. This legislation goes a long way to ending that nightmare.

While there are certain areas -- such as the reliance upon Defense Department participation and the impact on the EPA's responsibility for emission controls -- which we believe needs additional work, Administrator Hinson and I are enormously pleased by its introduction today.

Giving the FAA the business tools to function like a business -- and that means the key areas of financing, personnel and procurement -- will serve ultimately to ensure the safety and efficiency of our nation's airspace.

This year, the American people have heard too many stories of problems with our nation's air traffic control system. The computer glitches, power outages and aging equipment have all been an unmistakable sign to thousands of delayed passengers and millions of others that, despite the excellent work that has been done in the past two years, we need a major overhaul. This legislation brings us one big step closer to that goal.

I want to express my deep personal thanks to Senators McCain and Ford for their efforts and those of their staffs; to Congressman Bob Clement for his plan to introduce this in the House; to Administrator Hinson and particularly to Deputy Administrator Linda Daschle and their staff at the FAA; and those at the Department of Transportation who have sacrificed many hours and put a tremendous amount of work into the process.

It's now my pleasure to introduce Administrator Hinson.

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Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Tuesday, September 12, 1995

Contact: Bill Schulz
202-366-4570

MEDIA ADVISORY

Secretary of Transportation Federico Peña and Federal Aviation Administrator David Hinson will join U.S. Senators John McCain and Wendell Ford as they announce the introduction of legislation to reform the Federal Aviation Administration on Tuesday, September 12, in room 253 of the Russell Senate Office Building.

WHO: Senator John McCain
Senator Wendell Ford
Transportation Secretary Federico Peña
Federal Aviation Administrator David Hinson

WHAT: Introduction of legislation to reform the FAA

WHERE: Room 253 Russell Senate Office Building
Washington, DC

WHEN: Tuesday, September 12, 1995
2 p.m.

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TALKING POINTS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NETWORK OF EMPLOYEES FOR TRAFFIC SAFETY
SEPTEMBER 12, 1995
WASHINGTON, D.C.

Welcoming Remarks

- Welcome to the second meeting of the Network of Employers for Traffic Safety (NETS) Leadership Council.
- In 1989, my predecessor, Sam Skinner, and Jim Kemper, CEO of Kemper Insurance Companies, held a meeting of the Council. Today, we are honored to have Jim with us. Jim serves as the Honorary Chairperson for NETS.
- At that first meeting, Secretary Skinner established a partnership, that brought together corporate and public sector officials to address the tremendous costs to business of motor vehicle crashes.
- Since I came into office 2 1/2 years ago, I've set as one of my highest priorities safety and security. I've wanted to see the NETS initiative continue to grow. And it has. Now, 2,000 companies are members, and we have some prospective ones here today.

- Our purpose today is to:
 - 1) recognize the accomplishments of our designees, who serve on our working Board,
 - 2) review and be a part of planning for the future.
- As we talk, I hope that you keep in mind: the costs of transportation injury are significant for employers and employees, and that we can do something to reduce the costs if we work together.
- Let me turn the meeting over to Jerry Choate, whose company has been committed to safety and reducing motor vehicle crashes for years. Allstate Insurance is one of the 12 organizations that participated in the original meeting and helped to establish the organization that exists today -- Jerry
- Introduce Ric Martinez, who will discuss NHTSA/Injury Control
- Introduce Gloria Craven, assistant vice president, national programs, USAA, who will discuss NETS Overview/Goals

Closing Remarks

- As we heard today, NETS has made tremendous progress, building a network of employers that includes millions of employees and their families. The question to be asked of NETS, the Department of Transportation, and the other employers in this room is "Where do we go from here?"
- Ric, with the help of many of you in this room, have given this question a great deal of thought..As a result, I propose that each of us commit today to the following goals for the next 12 months.

(REFER TO DISPLAY BOARDS)

To each of us as Employers, I recommend:

- Join the NETS Leadership Council (if not current member)
- Implement the NETS program for your employees and their families
- Recruit one other CEO or Public Sector Official to NETS
- Work to build Safe Communities

To the NETS Leadership Council, I recommend:

- Publish a 1996 Employer Cost of Injury Report (published annually)
- Add 5 additional NETS state programs (currently there are 13 state programs)
- Increase participation to 2,500 employers representing 3 million employees (from current 2,000 employers)
- Publish a report card on Fortune 100 workplace traffic safety programs (survey of current policies and programs)

For DOT, I will commit to:

- Designate 1996 as the year of Employee Transportation Safety (To seek non-traditional partners beyond insurance / transportation)
- Provide national leadership and resources for workplace safety (Continue to provide materials and assistance to employers and expand support of the NETS Electronic Bulletin Board System)
- Reconvene the NETS Leadership Council in one year (Hear progress on goals established at today's meeting and provide an update on NETS accomplishments)
- Hold Labor Day event to recognize progress (Employer success stories)

To facilitate some discussion of these goals, I would like to turn the floor over to Gloria Craven,

- Before we conclude, I want to recognize someone who has been the backbone of the NETS organization for the past 3 years. Gloria Craven, whom you have all heard today, with her delightful Texas accent has done it all, and I want to present her with a plaque.
- Thanks for coming, and forming a new partnership which will combine the resources and energy of both the public and private sectors to make a difference.

(Stay for photo op)

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U.S. Department of
Transportation

News:

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

6.62

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
REGIONAL CONFERENCE OF AIRPORTS COUNCIL
INTERNATIONAL NORTH AMERICA
AND ACI WORLD ASSEMBLY AND EXHIBITION
SEPTEMBER 12, 1995

Let me start by congratulating my friend, Jim DeLong. Those of us from Denver are sharing Jim's talents with you next year, and if he runs ACI anything like he runs the new Denver International Airport, you're in very good hands.

Of course, Jim Wilding is one hard act to follow. Whether you flew into National or Dulles, you saw the vision of his \$2 billion in investments.

Both airports will be extraordinary in their focus on customer comfort and user friendliness -- and, Jim, that's spoken by someone with a little experience in building airports!

Now, I asked Jim -- what should I talk about today? What are your most pressing worries?

Jim suggested I discuss the changing role of government, our role in opening international markets for your communities, the pending FAA and ATC reform, and the growing concerns for airport security. And I'm to do it in a flight time of 20 minutes. Now, that's a challenge!

But first, I want to up date you on the budget debate. I know you're following it. Both the President and Congress want a balanced budget -- and the decisions on how to get there, on where we need to cut and where we need to invest -- will determine how well we compete in the global economy.

I work for a President who's a former governor. This Administration has many former mayors and governors, and we came in frustrated by the federal bureaucracy; determined to change things; determined to get government off your backs; determined to

- more -

downsize, and there are 7,000 fewer Transportation employees than the day I walked in; and determined to listen and be flexible, and I thank ACI for supporting the revised rates and charges policy we issued last week.

As we balance a budget, the President also wants to make strategic investments in education and job training, just as you want to make investments in future airports.

Cities that understand the economic value of expanding their airports will be strong in 10 years, and those not willing to invest, or those not able to resolve problems with surrounding jurisdictions, will be left behind.

Many Republicans in Congress say leave everything up to the private sector. Or turn everything over to the states. Their answer is "Don't get Washington involved." I believe they are dead wrong.

Let me give you an example: when we entered office, the airline industry in the United States was a financial basket case. It had lost \$10 billion in three years.

Within a month after taking office, the President and I went to Seattle, to Boeing, to meet with leaders from the airlines and aerospace industries. We asked: How can we be most helpful?

A commission of experts made recommendations in 90 days and we acted on 80 percent of them. The bottom line: last quarter, the major airlines had net profits of \$1 billion. Today, none of the major ai are in bankruptcy.

How did this happen? Well, re-invigorating the economy has been key to getting more people to fly. Almost 7.5 million jobs have been created (the President doesn't get much credit for that, but if 7.5 million jobs were lost, he'd sure get blamed) ... inflation is low ... the deficit has been cut in half. And Wall Street is bullish on the transports.

And clearly much credit goes to the airlines and their employees, because with in the context of a strong economy, they've cut costs, addressed the problems of over-capacity, and restructured their fleets.

I believe we have also helped by fighting for more access to lucrative international markets, something which is helpful not only to the airlines -- but to you, and to the communities you serve. For the first time in two decades, the Transportation Department issued a comprehensive statement that outlines our overall goals ... our strategies ... our objectives in conducting international negotiations for air service.

I issued it, because I believed it was important that the public, the airlines, the cities, the consumers, the airports -- that everyone -- understood what our goals were. The results have been quite beneficial. In fact, I believe the opening of aviation markets is one of the most positive accomplishments of our international trade policy, although the President has received little recognition for it.

In February, after 13 unsuccessful tries by previous administrations, we signed an agreement with Canada that effectively deregulated the largest single bilateral aviation market in the world. In the three month period, from April through June, flights between Canada and the U.S. were up almost 25 percent. Now, 29 American cities have non-stop service to Canada.

One reason for this breakthrough was the role played by many of you in this room representing the cities. Both American and Canadian cities argued the case and explained the economic benefits of open skies. And ACI was an important voice in this effort, and I thank you.

We've also signed open skies agreements with nine European countries. Last week, we signed up Belgium, the last of the nine. This week, we're in negotiations with the United Kingdom, with the primary objective of obtaining greater access to Heathrow.

Later this month we'll begin new cargo negotiations in Tokyo, after ensuring the successful operation of Federal Express in Japan and throughout Asia.

I've spent much time with my fellow transportation ministers from Latin America, raising the need for more market-oriented aviation agreements.

And I am happy to announce that in November, I plan to travel to Asia to continue to advocate American interests in aviation, aerospace, and other transportation sectors. I'm going because this Administration understands that we must change the role of government by opening up new markets and creating jobs at home.

Speaking of changing government, reforming the FAA, and in particular air traffic control, is an issue I've pushed as hard as any with Congress.

Between 1995 and 2002, commercial aircraft operations in the United States will grow by 18 percent. That's an 18 percent increase in demand for air traffic control services. In that same period, the congressional budget resolution would shrink FAA's funding by 19 percent.

For 2 1/2 years the Vice President and I have said, over and over, that three things must be changed about air traffic control:

- more -

One, procurement. The system does not allow us to buy the technology we need in a timely way. It is virtually impossible for the FAA to acquire and install technology before it becomes obsolete. This is the country that builds the greatest airplanes in the world, but, unfortunately, we're guiding the new high-tech Boeing 777 with low-tech, 30 year old equipment.

Second, the personnel system. We need the flexibility to move people where they're most needed. If we want to send a maintenance or traffic control employee to a busier tower, or if we want to make seasonal changes or adapt to changing demand, the system is too rigid to allow the FAA Administrator to make appropriate changes.

Third, financing. We have a budget process that doesn't allow us to match spending with needs. We simply do not have the resources to continue to invest in the future capital needs of the system, and that includes AIP funding.

In the last 10 years there have been 13 different studies on how to restructure and 25 different reforms and reorganizations, yet all of us are still totally frustrated with the system.

This is an important matter for me, you, and the American people. We must fix it, and fix it now.

I want to be able to assure the American people that as we increase travel in the coming years, that we will have the best technology, the best people, the best system. If we don't we'll have to slow traffic, create delays, and disrupt our economy.

The answer is not an independent FAA, as some have recommended.

I am very pleased to announce today, that following this speech, I will be going to the Capitol, where Senators Ford and McCain and I will announce the introduction of a bill that reforms the FAA and the air traffic control system.

The bill permits FAA to compensate people according to their skills and services and allows them to place personnel where they're needed. It will expedite procurement of modern equipment. And it will reform financing to move from aviation taxes to performance-based user fees so that those who use the system pay the costs, but also reap the benefits of better service.

Let me conclude by addressing our latest challenge -- security. The American people need our highest attention to this new challenge.

I'm told that Transportation Secretaries don't often discuss this sensitive subject before large groups -- not even to airport directors. But it's my responsibility to guide and advise the American people, because we live in a more dangerous world.

Since 1991, there have been 11,000 terrorist attacks throughout the world, and transportation was the target of 1,600 of them. Of those 1,600 attacks, 20 percent involved civil aviation; the rest were against trains, buses, pipelines and our transportation infrastructure.

We've seen a shift from hijacking being the preferred form of terrorist activity, to explosive devices, which have deadly consequences.

Whether real or implied, we've experienced more threats.

The most important shock came from the World Trade Center bombing, then the Oklahoma City bombing, and then the Unabomber. We have learned that we Americans are not immune.

For three decades, we've built a foundation of solid security measures. Today, I say to you, we must significantly improve them. In fact, we must not only maintain a sharper security focus in aviation, but in all transportation sectors.

And we must be partners. Many attacks are made at the local level, with the first line of defense a local responsibility. So, let me outline three areas we need to work on -- together.

First, advanced security technologies are available today that would markedly improve screening of passenger baggage. The technologies are expensive. Historically, luggage screening has been the airlines' responsibility -- not yours. Nevertheless, I encourage you to use AIP money to obtain and deploy appropriate security equipment.

Second, the foundation for security is tight control at airports. Security personnel must do their job thoroughly and without any breakdowns -- period.

You need a competent, highly motivated workforce. So, I ask that you stress the need for better training for your people.

Third, last month, I directed an increase in security at airports, based upon sensitive information provided by law enforcement and intelligence agencies. These security measures are not tied to any specific threat or event. Nevertheless, they are warranted, and FAA will adjust them as circumstances change.

Thinking ahead, I'll continue to work with other governmental agencies and our private industry partners to exchange information and to develop strategies that address any evolving new threats.

Let me end, by saying to you something the public has said to me during the last several months.

Thank you.

So much of what we do in the transportation industry involves complaints. The plane's late. The bags are lost. The engines are noisy.

We forget that everyday airports serve 1.5 million passengers securely, safely, and efficiently. You are partners in making the U.S. air transportation system the finest in the world -- and I thank you.

And I look forward to continue to work with you. Thank you very much.

####

FP

Back to School

September 14, 1995

final -- event should last about 20-25 minutes (by scott)

- Happy to be here. Thanks for asking me to come. I brought with me a couple of my friends from work -- Vince and Larry. We work together at the Transportation Department. Our boss is President Clinton.
- My job is making sure all the cars and school buses ... and trains, boats and airplanes are safe for everybody to ride on. Vince and Larry help me with my job by showing children like you, moms and dads, brothers and sisters, friends and relatives the safety steps to follow when travelling.
- But sometimes, they forget what to do.
- Ms. Stevens (class teacher) tells me you've been talking about safety this week. So could you help me in reminding Vince and Larry about how to go to and from school safely?
- First let's see how much they know. *(Vince and Larry will act out each of the stories described below about travelling to school. After you tell each story, ask the kids to hold up their red paddles if Vince and Larry should stop because they did the wrong thing or to hold up the green paddles for go if they did the right thing. All are stop stories.)*

- Vince gets a ride in his Dad's car to meet Larry. He jumps in, didn't buckle his seat belt, and they take off.
- Larry rides his bike to the corner to meet Vince. He jumps on his bike but doesn't put on his helmet and rides away.
- Vince and Larry meet at a corner and then cross together. As they cross, they walk between two parked cars and walk into the street without stopping at the edge and looking left, right and then left again.
- While they wait for the school bus, they stand in the road and on the curb, not 5 giant steps back from the edge of the road.
- When the bus arrives, Vince and Larry push and shove to get on first. Once on the bus, they sit in their seats sideways and backwards. They also get out of their seats and walk around the bus talking to others.
- When the bus arrives at school, they jump out of their seats before it stops and push each other as they get off. Vince drops his books under the bus and picks them up without asking the bus driver for permission.

- I think Vince and Larry have a lot to learn about safety.
- Let's teach them a few lessons. First, always wear a seat belt in the car. Always wear a helmet when bike riding. Always stop at the edge of the street before crossing and look left, right, and then left again. When on the school bus, always sit and stay in your seat and never push or shove. And always, always, listen to the bus driver.
- Thanks for helping me teach Vince and Larry some of the safety rules. *(Hand out Moving Kids Safely T-shirts, student pledge cards, stickers, and coloring books. Give the teacher and principal the NHTSA "Yellow Bus" safety education package.)*
- *(At the end, talk with other parents who will be in the room. Work into the conversation the following points about how K-12 education programs are under fiscal attack by the House GOP majority.) (For more details on the education spending cutbacks, consult your Thursday briefing materials.)*
 - Head Start. GOP cuts from the President's budget request would total \$500 million over 7 years. As many as 230,000 children would be excluded from this highly successful program in 2002.

- Goals 2000 School Reform. The House majority would eliminate this key administration initiative. President Clinton wants to increase funding for Goals 2000 to \$750 million next year, allowing communities to help all children meet higher academic standards.
- Safe & Drug-free Schools. One of toughest problems in the schools. Administration wants to boost funding by \$300 million a year, helping nearly every school district (14,575 of 15,000) provide safer, more drug-free learning environments. The Republicans want to cut these programs by 60 percent, affecting millions of our children.

#

FP

Latina First reception

September 14, 1995

talking points -- 3-5 minutes (by scott)

copy

- Happy to be here. Thanks for inviting me. I understand this is your first event as a new group. What a great way to kick off Hispanic Heritage month.
- It's great to see so many familiar faces. *(Among those attending will be Miriam Cruz, Katherine Archuleta, Mari Carmen Aponte, and Maria Elena Toraño. You might want to check the invitation in your briefing materials for other names.)*
- We're especially lucky to have women like Suzanna Valdez -- who you are honoring tonight -- in the White House. She's the kind of quality person from the Hispanic community who has been doing so much for President Clinton.
- She's known for her energy in reaching out to many communities as Associate Director of White House Public Liaison.
- She's been especially helpful -- as I know many of you have been -- in getting the message out about all the good things the Clinton administration has done for the Hispanic Community. Her work on Cuban immigration policy, for example, is noteworthy.
- Thanks for all the work, Suzanne, and to all of you here tonight.

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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
Friday, September 15, 1995

Contact: Bill Mosley
Tel.: (202) 366-5571

STATEMENT OF SECRETARY OF TRANSPORTATION FEDERICO PEÑA CONCERNING U.S.-U.K. BILATERAL AVIATION TALKS

I am disappointed that, after all of the time and effort we have spent to liberalize aviation relations with the U.K., the current round of negotiations in London has not resulted in an agreement.

I am reviewing the situation and we will contact the British next week to determine whether further talks are reasonably likely to bear fruit, and are therefore worthwhile.

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*An electronic version of this document can be obtained via the World Wide Web at:
<http://www.dot.gov/affairs/index.htm>*

FP

Rep. Mineta Portrait Unveiling

September 18, 1995

talking points -- 3-5 minutes

(by scott)

- Great to be here. Norm is a close, close friend and colleague. One of the finest people I've ever known. Wonderful kids -- David and Stuart are here tonight ... lovely wife -- Deni.
- Norm is a fellow who always challenges you. Done it throughout his career. So when they asked me to say a few words tonight, I thought I had it easy. In fact, had the speech all written several weeks ago ... had it perfect and ready to hand out. Then he goes and resigns from Congress!!
- All-around, genuinely nice guy. I believe everyone would agree, and you can't say that about many lawmakers after 20 years in the Congress.
- Always respects the other guy's opinion. Always listens to you ... then again, he'll go ahead and do what he wants anyway. (If you time this right, you should be able to get a laugh or two.)
- Hands-on kind of guy, one of the things I admire most. (Talk about the trips you and Norm took to visit Southern California flood sites in January 1995 and earthquake damage in 1993).

- List of accomplishments while in Congress very long ... here are just a couple:

-- Certainly a wizard on transportation issues. The Washington Post called him recently "A methodical, detailed-oriented legislator ... widely regarded as an expert on transportation policy." (WP 9/12/95)

-- In particular, Godfather of ISTEA (Intermodal Surface Transportation Efficiency Act) that renewed America's 35-year-old transportation programs for challenges of the 1990s.

-- But that's not all. Promoter of environmental protection laws, too.

-- And, I believe, of greatest importance to Norm personally, the 1988 Japanese war reparations law and congressional apology for WW II internment.

- Norm, I'm going to miss you come October 10 (date resignation takes effect) but wish you well in the new job.

#

FP
Rep. John Duncan's Legislative Day
September 20, 2:15 p.m.
talking points -- 10-15 minutes
(by scott)

- Thanks for asking me to stop by. Always happy to see John. He's a great congressman. Always looking after his constituents. I especially enjoy meeting with a group like this ... hearing what's on your minds ... reminds me of one of the best jobs I ever had, Mayor of Denver.
- Know you have already heard from a stream of Washington insiders -- most of them friends from the other side of the aisle. So I appreciate the chance to give the administration's pitch. I want to spend as much time as I can taking your questions but first I want to talk about the economy and then about what we're doing at the Transportation Department.
- Candidate Clinton's top priority was the economy and President Clinton's top priority is the economy. Done a lot to reduce the deficit ... I know you heard about that from Alice Rivlin earlier but important to remember that we're on track.

-- Deficit shrinking ... cut nearly in half to \$160 billion from \$290 billion in (fiscal) 1992. Partly due to improving economy but also to downsizing of the federal government .. 150,000 fewer federal workers ... 7,000 at my agency.

-- Economy growing, on average, 3.5 percent. That's over twice the pace as when Clinton took office.

Here's what that means: 1.5 million new new small businesses nationwide -- largest number in history. There are 2.4 million new homeowners ... a record-breaking stockmarket .. record corporate profits ... and a record number of millionaires.

-- Job growth. 7 million new jobs in two-and-one-half years. That's more than under just about any administration.

Speaking of new jobs and growth, state-wide in Tennessee my department, for example, has helped create about 14,700 jobs over the last two years -- Federal Highway Administration (FHWA) spent over \$650 million. *[Note: There are no pending federal highway projects in Duncan's district.]*

-- Inflation low. You business people in the audience know how important it is to keep a handle on costs, prices. They affect your bottom line. Inflation is now running at about 2.7 percent a year. Outlook is good.

- Transportation industry succeeding. Been working on turning around this key part of the economy since coming to Washington. We've succeeded. For example, aviation: biggest comeback.

-- When I came in: 2 bankruptcies and industry lost \$10 billion in 3 years.

-- Opening overseas markets critical as foreign trade contributes more to American economy. For example, this summer won an important agreement expanding Memphis-based Federal Express service in Asia. *[Note: American Airlines recently suspended U.K. service from Nashville and it remains unclear what will happen to the gateway.]*

-- During Asia trip this November will be working to secure American economic interests in those emerging markets.

- Want to close with a concern about the looming budget confrontation between Congress and the administration that you've been hearing about. Caught up in all the talk about a government

shutdown is funding for the Federal Aviation Administration. Now, John and I both agree the FAA needs reforming. I complement him for his leadership on this ... it's crucial we act to assure public confidence in the air traffic system. We don't yet agree on how to reform FAA but we're working on it.

-- Still, I worry about inadequate current funding for FAA operations. Appropriations bill now in conference could worsen FAA air traffic control problems you've been hearing about, maybe you've experienced personally. Congress must agree to fully fund President Clinton's request. Safety is at stake. *[Note: Steve Palmer will be attending this event with you and can bring you fully up to date on the spending bill, which the conference might consider Wednesday morning.]*

- Thanks and now let's get to those questions.

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#

FP -- Opening Ceremony DOT Hispanic Month Event
9/20/95 -- draft 1 -- by Ilene

Thanks Monte (Belger) ... and Cesar DeLeon ... and thanks to Anna Chavez for organizing this ... and for the work so many of you do throughout the year for the Hispanic community at the Department.

I'm supposed to give the welcome, and Gloria Gutierrez from the Commerce Department will be giving the longer address today. But it's not often I get to meet with, what for me personally, is such an important group, so I wanted

to have a conversation about our Hispanic heritage; the diversity issues being debated in this country right now; and what issues I believe would be more important for all of us to debate.

- A. My views are the product of my personal experience:
- Grew up: Brownsville: 85% Hispanic
 - Home: spoke Spanish and English
 - U of T: saw discrimination (1960s, only 1 out of 50 Hispanics went to college)
 - Civil Rights Lawyer -- fought for voting rights for Hispanics (now 15 million Latinos of voting age; triple 20 years ago) ... Motor Voter -- 50,000 vs. 100,000)
 - Mayor: made leadership issue, not Hispanic background

- Started small business: today: 720,000 Hispanic owned businesses, \$63 billion in sales
- Secretary: major appointments on staff.
 - President: 300 across Administration; twice as much as President Bush
 - 8% Judicial appointments

B. Today, what are issues?

1) Racism.

- Turn on TV -- every night OJ, Fuhrman

2) English as official language..

- US News (hold up): "One nation, one language?"
- No-brainer: we must speak English.
- But asset to be bilingual as we increase trade.
Latin America will be largest market; air traffic in hemisphere to grow 80% in decade.

3) Affirmative Action

- began 25 years ago by President Nixon
- progress (Henry and I in cabinet)
- Some want to end it. Make it issue of '96 campaign

- but today, average income for Hispanic woman with college degrees less than average income of a white male with a high school degree
- President says mend it:
 - a) no quotas
 - b) no reverse discrimination
 - c) no preference for unqualified individuals
 - d) no continuation of programs that have met their goals.

C. What should issues be?

Whether Hispanic or not, they're issues all Americans should be concerned with:

1. Education

- funded Head Start (50,000 more kids)
- student loan reform (saved \$7 billion)
- National Service (10% Hispanic participants)

2. Growing the economy

- 7.5 million jobs
- 700,000 new businesses a year

- 2.5 million home owners
- deficit: 3 years in a row
- inflation lowest since JFK

3. Expanding Trade

- open skies
- NAFTA/GATT

4. Valuing Families

- Family and Medical Leave Act
- welfare down. crime down. food stamps down.

5. Empower communities/Enterprise Zones

-- visits with VP

D. The issue on the minds of public servants is: As we downsize government (and in my Department there are 7,000 fewer employees than the day I walked in) what happens to me? We haven't hired very many, and are the last in, going to be the first to go?

In Washington, we have about 350 Hispanic civil servants between the DOT building and the FAA building.

If we can't grow this number because of budget cuts, we can at least protect it.

We are sensitive to the issue. We are identifying surplus positions and helping retrain those people. The average person will change jobs seven times in his or her lifetime.

The challenge -- and I say this especially to our younger employees -- is to look at your role models. They are throughout government. Just because we're not adding new employees, doesn't mean those who are here can't

work hard and work their way up the system and be the leaders of the future.

E. I'll end on this:

I was at an Hispanic Awards ceremony last week. One of the recipients was Minerva Bernardino, who signed the resolution to establish the UN 50 years ago. I presented an award to Ellen Ochoa, the first Hispanic astronaut, and helping me was an eight year old, whose dream it is to be a doctor.

We're passing the torch, from one generation to another. We have so many shining examples, in every field -- Joan Baez; Cesar Chavez; Gloria Estefan; Roberto Goizueta; Lee Trevion; or the late Willie Velaquez, who the President will bestow the Presidential Medal of Freedom Award to later this month.

Our country was founded on diversity. It has been our strength for 200 years, and it will continue to be our strength. Thank you very much.

Now, it's my honor to introduce our guest speaker. She currently serves as the Deputy Assistant Secretary for Administration at the Department of Commerce. As such, she oversees 650 staff members involved in oversight and policy matters broadly impacting the Commerce Department. She has been involved in Secretary Brown's efforts to re-invent the Commerce department, and has restructured many areas, eliminating unnecessary layers of

management and streamlining operations. She has also been instrumental in implementing Secretary Brown's diversity strategy.

Prior to joining Commerce, she was involved in issues relating to women-owned businesses as part of a 12-year association with A.M. Herman and Associates. Previously, she served in the Department of Labor; was a research associated at the University of Texas; and a high school teacher in Tennessee.

It is my pleasure to introduce, Gloria Gutierrez.

FP -- The GAO Hispanic Heritage Celebration
9/20/95 -- draft 1 -- by Ilene

Thanks, Chuck (Bowsher) ... and thanks, Dr. Tasat, a fellow Longhorn, that was beautiful.

Hello to all of you here -- and to a few thousand of you, around the country, watching on TV, including some in Denver.

Whenever Chuck calls or writes, as he did to invite me, I usually think: our congressional watchdog has found a problem. What did we do now? In fact, I've been told that in the last eight months, the Transportation group at GAO

has testified 22 times before Congress -- more than any other. I don't know how we've been so blessed. But your work is balanced ... it is appreciated by the taxpayer and by me ... Chuck and I have a great relationship ... and that relationship holds true at all levels of our organizations, and I'm very proud of that.

Today, I wanted to have a conversation about our Hispanic heritage; the diversity issues being debated in this country right now; and what issues I believe would be more important for all of us to debate.



U.S. Department of
Transportation

News:

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

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
FAA PRESS CONFERENCE
SEPTEMBER 21, 1995
WASHINGTON, D.C.

Over two years ago I called for a major overhaul of the air traffic system within the FAA. I brought to the attention of the American people and the Congress that while our system was safe, it had old equipment, inadequate financing and personnel rules which made it difficult to assign air traffic controllers and maintenance personnel where we needed them.

I invited the media to take pictures of our towers and old radar screens. I showed you old UNIVAC computers and vacuum tubes that should be replaced with computer chips. And Vice President Gore and I submitted reform legislation to the Congress to correct these problems.

In the meantime, our air traffic control system has experienced interruptions, power outages and other problems that have caused the travelling public to raise questions about the safety of the system.

So today I'd like to speak directly to the American people ... and to the media ... about the safety of our system and our aggressive actions to modernize our nation's air traffic control system.

Let me begin by making a simple, but straight-forward statement: Our skies are the safest in the world. And I'm committed to doing whatever it takes to keep it that way. This administration since day one has focused on making our aviation system better and safer for millions of people who fly every day.

Despite the reports about aging equipment, system breakdowns, power outages and the like, the plain truth is: the system is safer today than it was last year ... safer than a decade ago.

In fact, American skies are the safest anywhere, period. And flying continues to be the safest way to travel.

- more -

Take a look at this chart. It shows the track record for availability of air traffic equipment to controllers over the last dozen years or so, a good measure for how well the system is working. Now follow the performance trend line ... it moves steadily higher. There are a few bumps along the way, but the trend is clear. In 1985, a low point, controller equipment was up and running 98.6 percent of the time. Today it's running at 99.4 percent.

That means 99.4 percent of the time the nation's air traffic control system is fully operational, 24 hours a day, 7 days a week, every day of every year ... even with 30-year old system equipment. It's a real testament to the hard work and dedication of the technicians who keep the system operating and to the air traffic controllers who use it.

Still, that's not good enough. I want availability to be 100 percent ... all the time. That's my goal.

Our strategy to get there has four parts.

First, we are aggressively installing the most technologically advanced system in the world. It was once referred to as the AAS (Advanced Automation System). It's a bold, complex project that will cost some \$5.4 billion.

When we took office two years ago, I realized the program was out of control. It was running over budget and behind schedule. We fixed that and are now back on track.

This modernization effort is the backbone of the air traffic system of the future.

We will install new, interim support computer software and hardware to replace today's old computers at five of our busiest centers by early 1997. Then beginning in 1998, we will start replacing all of the automation equipment at our 21 centers across the nation.

We will replace the 30-year old display consoles, install modern controller workstations, and allow for future additions of new technologies of the next century.

We will automate our terminal radar control facilities -- TRACONS as we call them -- to allow us to use commercial off-the-shelf software and components. This will save time and development money.

This installation at our TRACONS begins in 1998 and will be completely installed at all TRACONS by 2003.

We're replacing equipment in the top 70 airport towers, including new state-of-the art computer displays and radars, starting in 1997.

And just this month, we signed an eight-year, \$150 million contract with a consortium led by Hughes Aircraft that will enable us to use satellite communications and the global positioning system to guide and communicate with airplanes as they fly across the world's great oceans.

As you can see, this complex modernization will take time to make fully operational. But it's back on budget and on schedule and we're bringing in new corporate partners.

In the meantime, we are likely to continue to experience some interruptions of our current system, even at 99.4 percent availability.

We have some photographs of some of the new equipment that will go into the new system. You might want to take a look at them after the press conference.

We're not waiting for the new advanced system to come on line. Instead, the current system is continuously updated with new equipment, computer software, and shifting of personnel to the busiest airports.

We have not yet publicized the fact that some 2,700 new pieces of top-notch advanced gear have been installed over the last two years -- that's about 10 percent of existing equipment.

We've installed 27 Terminal Doppler Weather Radar systems. These help airport controllers detect deadly wind shears.

Twenty-nine state-of-the-art advanced radar systems (ASR-9s) have recently been deployed, which will help busy airports to better track nearby aircraft. And 14 advanced ground radar systems are now online that help air tower controllers keep track of taxiing aircraft and service vehicles, helping to prevent collisions.

As a result of a severe power outage in Oakland, California, which closed down air traffic in the region for several hours, I ordered the FAA to speed up its equipment-replacement program. Some \$65 million worth of computers will go into facilities in the busiest air traffic regions -- including Chicago, Cleveland, Ft. Worth, New York and Washington, D.C. -- 16 months earlier than planned. These will vastly improve the efficiency of the current system.

Our second strategy has been to take immediate, short-term measures to address future interruptions.

First, we've hired more technicians nationwide ... 116 by October 1. Secondly, we've beefed up training for technicians and controllers. For example, the FAA is developing a computer-based simulator to better train people in switching to backup systems when the primary equipment goes down.

Third, we're installing new, state-of-the-art equipment to stabilize electrical power at all air traffic facilities. This should help prevent the kind of power outages that have been giving us trouble. Ten of these power systems have already been installed. By early 1997, all these backup systems will be in place at all centers.

Fourthly, 50 more controllers will be working at the nation's busiest air traffic facility ... the Chicago center. Moreover, Monte Belger, who heads up the air traffic system, has recently completed on-site reviews of our 21 centers. Monte, who's here today, will talk about the review in just a minute .. but let me address the six key areas where more action will be needed.

They are:

- Beefed up staffing at key control centers, especially maintenance personnel.
- Expanded training for controllers and technicians. We've already gotten a start on training but more is needed.
- Better contingency planning.
- Expanded emergency communications capabilities.
- Replacing fragile, aging equipment more quickly.
- Better communication among the 21 control centers.

As more steps are taken based on these findings and the FAA's ongoing effort to improve safety, we'll be publicizing our additional actions based on the teams' review.

Now that's a lot, but we can't do it alone. We also need some help from Congress. That brings me to our third strategy ... adequate funding from the Congress.

First we're going to need all the funding the FAA has requested for new fiscal year 1996. I recommended \$4.7 billion for FAA operations. However, a congressional conference committee is considering a substantial cut from my request. The size of the cuts -- \$160 million in the Senate version and \$110 million in the House -- are big enough to seriously harm the integrity of the very air system we're trying to make better.

Yes, it could reduce airport security, prevent hiring needed safety inspectors, and close small airport towers.

I'm also concerned about deep cuts in FAA research and development.

We strongly supported the 5 percent premium pay for air traffic controllers and we'll be expressing our concerns about changes in the federal retirement system, which could force maintenance people to retire early. This would add to our problems.

Let me show you our problem. Take a look at this other chart. It shows you what we're up against. Those top lines show you the rise in the workload for the FAA and the air controllers. Thirty-five percent jump in the number of people flying by fiscal 2002. An 18 percent rise in airport commercial operations.

I urge lawmakers to give the FAA the funds it needs to do its vital job.

Our fourth strategy recognizes that the FAA needs the flexibility to operate more like a business than a byzantine bureaucracy. Congress must move ahead rapidly on a bipartisan compromise plan sponsored by Senators McCain, Ford and Hollings. We support the thrust of this legislation. The FAA reform legislation would give the agency the freedom it needs to continuously update its technology and to shift personnel more easily to where workers are needed the most, and to have long-term financing to bring on new technologies of the future.

Let me end on this. I've been up here about 15 minutes. In this time 500 planes have taken off or landed safely. That doesn't make news. You won't write about that tomorrow. But it is a fact. We have the safest system in the world and with our plan of action, and the help of the good people at FAA, we're going to make it even safer.

Thank you.

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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
Wednesday, September 20, 1995

Contact: Steven Akey
202-366-4570

SECRETARY PEÑA STATEMENT ON NHS PASSAGE

I am pleased the National Highway System bill is moving, because more than \$5 billion in critical highway financing faces an October 1 deadline. But I am very disappointed by the House vote to remove the national maximum speed limit.

If speed limits go up, America will continue to face one thousand deaths a month from speed-related crashes, more injuries and increased costs that every taxpayer in the United States would be expected to help pay.

I am pleased the House approved the "zero-tolerance" provisions which, should the Senate concur, send a strong message to the youth of this country that drinking and driving will not be tolerated.

I urge the House and Senate conferees to move forward, not backward, on highway safety provisions because we should not retreat when 40,000 people are killed on our highways every year.

While I know the Congress shares the commitment of the Administration to the timely approval of the NHS, I hope we can work together to continue to resolve contentious issues that might jeopardize enactment of this vital legislation.

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FP -- Budget/DNC Latino Day -- 9/28/95
draft 1 -- by Ilene (you have 15 minutes)

I. Introduction

- Thanks Minyon (Moore). Glad to be here.
- Whoever thought when you were planning this, that in one hour, on the White House Lawn, would be President Clinton ... Prime Minister Rabin ... King Hussein ... President Mubarak ... and Chairman Arafat. It's a wonderful day for peace. And that they all came to the United States, where as we Latinos know diversity and religious tolerance has been our strength, is a testament to this nation's greatness.

II. Message

- My role today is to brief you on the budget battle. If peace can break out in the Middle East, there's hope between Democrats and Republicans from the Midwest and South.
- **Check** Last night, we came to terms on a continuous resolution. So it buys us a month or two to work out critical issues.
- President has drawn a line in the sand on: education, Medicare, investments, and the key issues that face our country, and therefore are critical to Latinos.

III. Education

- Americorps (4,500 Latinos)
- School loans (6 million students) ... my kids.
- Head Start (add 50,000 children)
- School lunches (provide one good meal a day for 40% of

Latino school children who live in poverty)

IV. Medicare/Medicaid

- Republicans: cut \$270b from Medicare to pay for \$245b tax cut for rich ... cut \$180b from Medicaid (eliminates coverage to 6m poor children and their families)

V. Earned Income Tax Credit

- President gave families with children and incomes under \$28,000 a tax break. They pay \$1,300 less in income tax.
 - Last week, Republicans came out with their tax increase:
 - for 17 million low-income Americans, they'll increase taxes by an average of \$280. In 10 years, it'll be \$450.

VI. Transportation

- Transit: 220 cities face fare increases of 50% or more. 40 cities out of business
- 1/3 of riders working poor.
- states and locals won't pick up difference. Average commuter in New York spends \$625 a year; city just raised it to \$750.
- 2 million more cars. Traffic jam, not train wreck.

VII. Real issue: our values

- Balancing budget is important. Keeps interest rates low ... economy strong ... allows private sector to create jobs (already created 7.5 million).
- But I'm working for a President who understands:
 - cut waste (re-inventing government saves \$70 b)

-- downsize government (DOT: 7,000)

- The President says the budget battle is a fundamental struggle of what we want this country to be -- people working hard every day, who want to get out of poverty
- I'm a former mayor ... frustrated by federal bureaucracy determined to changes things ... making sure government is downsized ... but want to make investments in education, training that make our country competitive.
- 10 years from now look back at values. Hope we aren't saying why were we so short sighted. This is what leaders are about -- what values are all about.
- We'll find the common ground.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
BUS SUMMIT
SEPTEMBER 22, 1995
WASHINGTON, D.C.

- Good afternoon. No long speech. Wanted to drop in to say hello ... and check on progress you've made today.
- I'm a big believer in sessions like this ... in pulling everyone together to ask: how can we help? How can we ensure a healthy industry?
 - Boeing -- 80% -- \$10b loss, \$2b
 - Safety: rail, truck, airlines, moving kids
- I understand your problems:
 - Was a customer:
 - Denver: bought 430 buses
 - replaced half of fleet
 - 98% accessible to disabled (one of the highest in nation)
 - Wade Blank story

- Watched each city wanting different specs, messing up your standardization, adding to costs (What ever happened to Henry Ford's idea of any color as long as its black?) ... been a buyer's market.
- Not a big market: 7 firms competing for 3,000 vehicles a year, vs. 6 manufacturers competing for 150,000 heavy duty trucks.
- Funding is a question mark -- budget deficit goes to zero. (7,000 fewer DOT employees)
- Looking to future, we need transit:
 - Congestion
 - No interstates
 - decade: truck traffic up 20% ... 300 million more plane trips
 - increased trade

- LA Highway story
 - More mobility
 - society growing older
 - people moving off welfare and into jobs
 - East Cleveland: day care at transit stop
- I understand, this morning, Gordon discussed possible changes to our procurement policy that would help to stabilize the industry:
 - 1) Plans to cut the procurement documents by 50%
 - 2) Plans to fully automate the process
 - 3) Plans to up the purchase limit on noncompetitive bids from \$25,000 to \$100,000.
 - I'm for joint purchasing. I raised it at the APTA meeting two years ago. Why can't cities buy in volume? I understand you talked about that today.

- I've asked Gordon based on discussions, to present me with a plan of action on whether we should take these or others steps to ensure a healthy industry.
- Just about every transportation industry is healthy.
 - Railroads. airlines, auto companies, shipbuilders.
 - Wall Street bullish on transports.
- Economy is strong.
 - Low inflation.
 - 7.5 million jobs.
 - cut deficit in 1/2
- Want to see you competitive. Want to work with you.
- Questions?

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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
Tuesday, September 26, 1995

Contact: Kelley Coyner
Tel.: (202) 366-4831

MEDIA ADVISORY

U.S. Secretary of Transportation Federico Peña will address the Constitutional Convention of the Transportation Trades Department of the AFL-CIO tomorrow, September 27, at 11:30 a.m.

The AFL-CIO's Transportation Trades Department consists of 30 affiliated unions, representing several million workers in the airline, automotive, rail, transit, trucking and related industries.

Secretary Peña will speak on America's opportunities and challenges in the global economy.

WHO:	Secretary of Transportation Federico Peña
WHAT:	AFL-CIO Transportation Trades Department Convention
WHEN:	September 27, 11:30 a.m.
WHERE:	Washington Court Hotel Lower Level, Mt. Vernon Room 325 New Jersey Avenue, NW



U.S. Department of
Transportation

News:

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

FOR IMMEDIATE RELEASE
Tuesday, September 26, 1995

Contact: Bill Mosley
Tel.: (202) 366-5571

MEDIA ADVISORY

Secretary of Transportation Federico Peña will testify before the Aviation Subcommittee of the Senate Commerce, Science and Transportation Committee on Wednesday, Sept. 27 regarding S. 1239, the Air Traffic Management System Performance Improvement Act of 1995.

The hearing will begin at 9:30 am in room 253, Russell Senate Office Building.

WHO: Secretary of Transportation Federico Peña

WHAT: Testimony on S. 1239, the Air Traffic Management System Performance Improvement Act of 1995

WHERE: Room 253
Russell Senate Office Building

WHEN: 9:30 am
Wednesday, Sept. 27, 1995

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U.S. Department of
Transportation

News:

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

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
TRANSPORTATION TRADES DEPARTMENT - AFL-CIO
SEPTEMBER 27, 1995
WASHINGTON, D.C.

Thank you, George Kourpias (International President, Machinists Union) for those generous remarks. I'm very proud of our record.

And you should be, too. We've been lucky to have a leader like George. He's been a key player as we've toiled to rebuild the airline industry over the last few years.

Ron Cary (President, TTD), Ed Wytkind (executive director, TTD) it's good to see you both again. And good to see so many familiar faces from all the affiliated organizations.

Yes, a lot has changed in the industry, as you say George, and in the American economy over the last few years.

The Cold War is over. We're no longer responding to outside enemies but preparing for a global economy. We have more and more competition, more and more technology. And we face, you face, who represent many of the people who make up the backbone of our working families -- more opportunities and more challenges.

I'm here today to tell you we can, together, work to meet the economic challenges of our time. We've been doing that over the last 2 1/2 years and will keep working to make sure America is the leader in the global economy. And I know it can't be done alone, which is why we've been actively involved in addressing labor union issues unlike prior administrations.

This Administration -- President Clinton and I -- came to office with a different view of labor relations. What we believe is that the key to America's competitiveness is the performance and productivity of our workforce, and central to that is skilled union labor.

- more -

Instead of simply letting management and labor engage in serious disputes, we supported a notion of more constructive labor-management dialogue.

Take the case of United Airlines. That was the first one we tackled. When I got involved, the company was laying off workers, losing buckets of money like many other carriers, bankruptcy was just around the corner. We encouraged the unions and management to sit down and work out their differences. They did and, in the process, crafted the biggest employee buyout in corporate history.

Today, United is profitable and not a casualty as many at the time thought would happen. I fly United often, and you can just see the difference in employee attitudes. They're not just happy and more productive workers; they're stockholders with a stake in the company's future.

The United deal has set the tone for this Administration. I think the approach is effective, benefiting workers, corporate America, and the overall economy.

I know there's more to be done. My friend Bob Reich, I understand, will be talking with you tomorrow and he can bring you up to date with our efforts to raise the minimum wage -- it is plain wrong to expect people to work for \$4.25 an hour -- and to channel more federal resources into worker retraining.

Like President Clinton, I want a high-wage, high-growth, high-opportunity country for all Americans. These are and must be our top priorities. A vibrant economy like ours today is better than any remedy we can cook up here in Washington.

Since day one, this Administration has worked overtime to bring the economy back from recession. Had you held this convention 2 1/2 years ago and I told you there would soon be over 7 million new jobs, the lowest unemployment and inflation rates in years, 2.5 million new homeowners, 1.5 million new small businesses, a record-breaking bull market on Wall Street and a cut in the deficit to \$160 billion, you'd probably have asked who my joke writer was. But we had a major impact in all these changes.

Now, what about transportation? Virtually every market -- aviation, trucking, railroads -- by almost any measure is doing well. All are operating in the black. Profitable companies don't lay off workers; they usually hire more workers and can afford to pay them better.

I worked with union and management leaders in every one of these industries.

Just last week, I met with bus manufacturers to see what could be done to help turn things around in their industry. Look at shipbuilding. In 1993, U.S. shipyards had exactly one order for a commercial ship. The President helped shipyards up-grade technology, put an end to unfair foreign subsidies and made loan guarantees possible. And for the first time since I was in high school, we're building ships to export. I also hope we can persuade the Congress to support our Maritime Security Act.

Is anyone here from the flight attendants association (Association of Flight Attendants). I met with some of you in July. We talked about a lot of things, including those new flight duty rules. I'm especially proud of what we did. You asked for an end to those 18-hour work days some 15 years ago. I put it on my radar screen, and the problem is now fixed.

You also mentioned what we did for American Airlines. Remember the 1993 strike against American Airlines, the year many travelling Americans nearly missed their Thanksgiving Day dinners? I sure do. It was five days from hell. President Clinton and I actively got involved to help settle the dispute. The end result: American is profitable, and the strike was settled.

Is anyone here from the pilots union? Any machinists? (IAM) Transport workers? (TWU).

Remember that late night meeting in my office two summers ago (July 1993) when we worked out a plan to keep Northwest Airlines from going broke? Management, the unions, and government officials as facilitators all put our heads together and came up with a better answer than bankruptcy.

These are the kinds of things I'm talking about when I say we can and must work together to fix our economic problems and prepare for the challenges ahead.

What about our Teamster friends. Any of you here today? Remember a year ago last April? Some 70,000 Teamster truck drivers and dock workers went on strike for 17 days. Secretary Reich and I worked with you. We listened to your problems and helped move the dispute into mediation. That's cooperation, the kind we need to build an American economy for the future. A massive strike -- no matter how valid the reasons behind it -- makes havoc with the rest of this complex, integrated economy of ours.

I also want to thank the Teamsters for the strong position you have taken against provisions in the House National Highway System bill which would weaken federal safety standards.

I say the focus has to be on the broader economy. Without the engine of growth generating new jobs, and protecting existing ones, there is very little the government can do in a \$6 trillion economy. Yes, we as a government must remain committed to worker friendly policies. I won't step away from the American worker. But no one benefits if the overall economy goes in the tank, or if a sector or particular region is in trouble. No one.

That's why we -- worker, manager, government policymaker -- must come together and craft forward-looking solutions to problems. To understand the reality and move ahead accordingly.

For one, we need free and fair trade. That's what the fight over Japanese autos and auto parts was all about.

Another way to make certain our workers and businesses benefit from expanding world trade is to pry open new markets. That's what I'll be doing in November when I visit some of Asia's hottest emerging markets; looking for new opportunities to sell American know-how and to make certain our workers can compete there fairly.

Now I know we've had our differences over the North American Free Trade Agreement (NAFTA). The important thing now is to make sure the agreement is working properly. In the area of trucking, one of my main concerns is safety.

Our safety standards under NAFTA won't be compromised. We want to attain the highest mutual safety standard with our Canadian and Mexican partners, not a least common denominator. We agreed, for example, that drivers of trucks and buses must have comparable safety and operating knowledge and skills in order to be licensed -- and that is working well.

Beginning in mid-December, when the cross-border markets open, a host of driver and equipment safety standards take effect requiring foreign drivers to comply with federal rules, such as financial responsibility, equipment specifications, and hours-of-service.

We'll be working hard, in concert with the states, to enforce these tough new standards. It's going to take some time, some getting used. But enforcing these standards is a top priority.

Now, there is one exception some of you may have heard about: driver drug and alcohol testing. The same tough testing rules that domestic carriers must follow also will be the rule of law for foreign truckers, but on a phased basis. Since the decision to impose drug and alcohol testing on them was made just this summer, it seems fair that foreign-based trucking firms be given as much time to comply as our own U.S. industry.

Our "open skies" aviation policy will generate billions of dollars in new economic activity and create tens of thousands of new jobs. An agreement reached earlier this year with Canada, our most open and biggest market, is a net job creator for America and alone will spur more than \$15 billion in cross-border activity. In the first six months of the year, U.S. (goods) exports to Canada jumped 16 percent.

We've also just completed my program to win new aviation agreements with 9 European nations. We signed the ninth, and final, agreement earlier this month with Belgium. These open skies agreements will make the U.S. airline industry more competitive in the global marketplace which translates into more jobs for American workers.

Now I've been talking quite a bit about the Administration's accomplishments.

Despite what some have said about organized labor being on the ropes, you've had your own share of victories, especially in preserving worker protection.

I know we worked closely with you on preserving the rights of workers to bargain collectively. We've also worked with you in streamlining the 13(c) process, which is a key labor protection program.

The transportation trades deserve much of the credit in blocking the effort to repeal this labor protection program for transit workers. When the Coleman Amendment to the House appropriations bill was introduced to remove language which repealed 13(c), you won by a vote of 244-186.

Despite the sea change in Congress, lawmakers and voters aren't in the mood to turn back the basic rights of workers.

An early sign of that came this summer. It didn't get a lot of attention. Remember the assault on Davis-Bacon? What a victory that was, with labor, Senate Democrats and the Administration all weighing in together to make sure Davis-Bacon rules continued to apply to federal highway projects.

And last week's vote by the House transportation committee on Amtrak funding legislation was a breakthrough. Although we're not quite there yet, the bill offers a win-win situation. First, the country wins through an adequately funded and a more entrepreneurial Amtrak. And just as importantly, labor wins because the bill doesn't dictate on the issues of contracting out and labor protection.

In FAA reform, we've strongly opposed congressional efforts to slash "premium pay" for air traffic controllers. With your help, I think we can win this one.

Now I've saved for last what I like doing best in this job -- making cash awards to worthy projects. After careful consideration -- maybe a little too carefully, it took some three years to decide -- I'm awarding \$250,000 to the International Association of Fire Fighters (IAFF).

This grant will fund a program to train 160 new instructors in handling hazardous materials at accident sites. What pleases me most about making this award today is the way it fits into the administration's overall economic strategy which emphasizes training and education. I can't think of a better way to spend the taxpayer's money.

Congratulations to the IAFF and your members.

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STATEMENT OF THE HONORABLE FEDERICO PEÑA
SECRETARY OF TRANSPORTATION
BEFORE THE SENATE COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION
SUBCOMMITTEE ON AVIATION
ON S. 1239, THE AIR TRAFFIC MANAGEMENT SYSTEM
PERFORMANCE IMPROVEMENT ACT OF 1995.
SEPTEMBER 27, 1995.

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before you today to provide the Administration's perspective on S.1239, the "Air Traffic Management System Performance Improvement Act of 1995". Accompanying me today is FAA Administrator David Hinson.

At the outset, Mr. Chairman, I would like to thank you, Senator Ford, and Senator Hollings for the commitment and responsiveness shown by the leadership of this Subcommittee and its professional staff in working to develop comprehensive and meaningful FAA reform legislation. I salute the bi-partisan efforts of this Subcommittee to address this challenge and, on behalf of the thousands of FAA employees who contribute each day to the safety and efficiency of our air transportation system, I thank you.

When I appeared before the Subcommittee August 2 I stressed that, of the three problems we had earlier identified -- personnel, procurement, and finances --ensuring the long-term financial viability of the FAA was a paramount concern. Finding the needed resources to meet projected increases in air traffic over the next seven years, while facing declining budgetary resources under the Concurrent Budget Resolution, will be difficult. I stated that this budgetary pressure would be with us for the foreseeable future, and I pledged my efforts at that time to work with you to find a solution. During the past few weeks, my staff worked with yours in a joint effort to reach that common goal.

When I first took office as Secretary of Transportation, we undertook a comprehensive review of the challenges facing the FAA. Through President Clinton's National Commission to Ensure a Strong Competitive Airline Industry, the National Performance Review, and our own efforts at the Department of Transportation, we gained a good perspective of the fundamental underlying problems facing the FAA, as well as the industry and the passengers who rely upon its service.

There has been a tremendous change at the FAA during my administration to address the problems we confronted. I recruited an FAA Administrator, a businessman from the aviation community, who in turn has brought in new managers. As result, we

have tuned around major procurement projects, such as the Advanced Automation System. We have made the agency more fiscally accountable, reducing the work force by 5,000 and paring the annual budget by \$600 million. A new streamlined organizational structure has been adopted, giving the FAA a more businesslike approach to its mission. The benefits to the industry have been great, and just when new aviation growth requires them. There seems to be a new start-up carrier every week, more Americans are flying than ever before, and after years of bleeding red ink, the airlines are beginning to report record profits. General aviation has also seen a renewal of American airframe manufacturing, vital to helping this important segment of the aviation community regain its world preeminence.

However, the challenges to meet the growing needs of the airline industry and aviation in general are still ahead of the agency, not behind it. By 2002, more than 800 million passengers per year will be flying the nation's skies--a 35 percent increase over 1995. The number of commercial operations is expected to increase by 18 percent--to approximately 28 million annually. As I noted earlier, however, under the Congressional budget resolution reductions applied across government during the same time period, FAA's budget could be reduced 15 percent.

The challenge and responsibility that we share is to ensure that the projected growth of aviation--over 300 million more people flying each year in this country within the next decade--can be handled safely and efficiently. This is important to both the traveling public and to sustained growth in the U.S. economy. We all agree we must address these problems:

Procurement: Today, we have a procurement system that makes it extremely difficult to keep pace with new technology. I do not need to repeat for the committee's benefit the extraordinary steps required for every major FAA procurement -- steps not required in the private sector -- that can lead to lengthy delays. This has significantly slowed and complicated the effort to complete the Capital Investment Plan. S. 1239 would allow the FAA to develop an alternative procurement management system that narrows the competition to those with proven skills and background, without arbitrarily excluding qualified bidders.

Personnel: We have an inflexible personnel system unable to match resources with real personnel needs, which makes it far too difficult to staff high-cost, busy facilities, to reward good work, and to deal with poor performance. I have been in the field and visited with the controllers and maintenance workers, hearing of the arbitrary and needlessly complex factors that interfere with efficient placement and advancement of a skilled workforce. S. 1239 would provide the FAA with the freedom to design a personnel management system with private-sector-style incentives across the board.

Financing: In what is really the biggest challenge, we have a financing system that doesn't allow for long-term planning or timely acquisition. Although the FAA provides a valuable, mandatory service to a major industry in our economy, it cannot undertake the kind of capitalization needed to obtain state-of-the-art technology on an

accelerated basis. The industry has clearly received more in services from the FAA than it has paid into the Airport and Airway Trust Fund up to now. But the budget process and limitations on Trust Fund expenditures prevent the industry from working with the FAA to finance new technologies and place them on-stream quickly. One goal of our efforts is to tie together fees paid by users with direct gains in system capability and efficiency.

In addition, S. 1239 appropriately demands better performance from the FAA as respects regulatory responsiveness, more efficient delivery of services, and better management. Along with this greater flexibility, there should also be greater accountability. We would be happy to discuss with you how to refine some of the governance provisions in the bill to strike an appropriate balance.

In this time of diminishing resources and increasing demands, it is crucial that we allow the FAA to manage its services and resources with a goal of saving time and dollars. Your legislation, Mr. Chairman, is a major step forward in accomplishing this goal.

While provisions of the bill need additional work, S. 1239 represents great progress toward removing many of the obstacles that prevent the FAA from operating like a business.

In one area of concern, the bill has a provision requiring the Department of Defense to reimburse FAA for its use of the Air Traffic Control System. This provision raises the complex question of how the services provided to, and the costs imposed on, the ATC system by DoD should be accounted for under user-financing. The Administration looks forward to working constructively with the Committee as we try to resolve the issue. We need to address regulatory responsibilities for aircraft emissions in the same manner.

Because of the special and unique mission of the FAA, S. 1239 specifically gives authority to the FAA to develop a modern procurement system within six months of enactment. The Administration does not intend that this special authority for the FAA serve as a precedent for other agencies.

I understand that change can be very controversial. I am sure, Mr. Chairman, that some segments of the industry, as well as others in Congress, have shared their comments and concerns with you. I would like to take a moment to briefly mention one of the more controversial aspects of your proposal.

As I mentioned earlier, aviation activity and the FAA's workload will continuously increase while budget resources decrease. There will be a funding shortfall unless immediate actions are taken. Even today, as we appear before this Subcommittee, the appropriations conferees are faced with difficult choices concerning FAA's Fiscal Year 1996 operations budget.

There is a compelling need to address FAA's budgetary challenges, both short-term and long-term. S. 1239 recognizes this, and proposes to move to a fee-based system of financing. That is obviously of concern to some in the aviation community. However, the realities of the budget demand action.

There is no question that funding alternatives are necessary. I, like you, do not take lightly asking users to help finance a 24 hours a day, 365 days a year operation that the industry and the public expect the FAA to deliver with near-perfect performance.

I want to assure you that we stand ready to work with you and industry to resolve these difficult issues. But I want to stress that meaningful budgetary reform must be provided, so that the FAA has the resources it needs and users have assurances that their fees will be spent efficiently and effectively. Financial reform that will provide adequate resources to the FAA and long-term financial stability is the most critical element of agency reform. We will also work with the committee on the longer-term innovative financing alternatives that the bill encourages.

In the event there are those who question the need to provide improved procurement, personnel, and budgeting tools to the FAA, they need only look at recent press coverage of the status of our air traffic control system. This year, the American people have heard too many stories of problems with our nation's air traffic control system. The computer glitches, power outages, and aging equipment have all been an unmistakable sign to thousands of delayed passengers and millions of others that, despite the hard work that has been done in the past two years, we need a major overhaul.

I have mentioned that the FAA will be called upon to meet significant increases in the aviation services it provides, despite the potential for dramatic budget cutbacks. Future requirements on the FAA will continue to escalate. We can either meet these requirements head-on by achieving meaningful FAA reform, or we can explain later to the aviation community and the traveling public why the costs of flying have grown, even while passengers and pilots spend more time on the ground waiting for take-off clearance; why it is taking longer to bring new aircraft and related safety equipment on line, even though the aviation manufacturing community has contributed most strongly to our balance of trade; why aviation safety regulatory actions are not as prompt as they should be, even though everyone may recognize the need for such timely action; why new air traffic technology and equipment is not being developed and brought on line to meet increased safety and efficiency demands, even though experts may all agree on what's needed and when; and why the government can no longer provide the degree of safety surveillance and oversight needed to assure continued high levels of safety, even though everyone agrees that has been an essential element in creating the world's safest aviation environment.

We must move ahead together rapidly on reform. S. 1239 is an excellent start toward giving the agency the freedom it needs to continuously update its technology, to shift personnel more easily to where workers are needed, and to have long-term

financing both to provide vital safety and operational services and to bring on new technologies of the future. Having noted that there are changes needed, the Administration strongly urges the Subcommittee to move forward in its efforts to enact meaningful FAA reform. I can assure you of our continued commitment to work with you along each step of the way.

I am confident that, working together, we can produce a product that will meet the fundamental elements necessary for effective reform. Accomplishing that objective will, over time, become recognized as the most significant aviation legislation since the Congress first acted to create the FAA in 1958. That is a potential legacy in which we should all take pride.

That concludes my prepared statement, Mr. Chairman. I would be pleased to answer any questions you or other members of the Subcommittee may have at this time.



6.48

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

FINAL

**MESSAGE FROM SECRETARY OF TRANSPORTATION
FEDERICO PEÑA ON THE OPENING
OF THE FARMINGTON FRESH FACILITY**

I congratulate Farmington Fresh, the San Joaquin Partnership, and the Stockton Metropolitan Airport on the opening of Farmington Fresh's new fruit packing and international fruit and vegetable export facility. As Secretary of Transportation, I know how vital it is to build the intermodal connections that will keep our businesses strong and our economy prosperous.

The Department of Transportation is proud to have participated in this innovative project by providing \$1.2 million in federal Airport Improvement Program funds. This is exactly the type of entrepreneurial partnership between government and business that we see as the future of American transportation, especially as we seek to make ourselves more competitive in the global economy of the 21st century.

The new century will bring unparalleled opportunities for U.S. businesses. The Clinton Administration has opened international markets through the North American Free Trade Agreement and the General Agreement on Tariffs and Trade. These initiatives, together with a commitment to open markets in the Asian-Pacific region early in the next century, will continue our nation's economic growth.

Upgrading our transportation facilities and infrastructure to move products more efficiently is a high priority for this Administration, especially in aviation. An airport with first-rate freight services is becoming an entry-level requirement for communities working to expand their economies, another reason why the Clinton Administration so strongly supports this kind of investment.

Let me again congratulate the business and community leadership that made this project possible: it is a tribute to your commitment and your foresight. Let me also congratulate the people of San Joaquin County, who had the vision to support this new facility. Together, you are making this airport the gateway to one of America's greatest treasures -- the magnificent and productive fields of California's Central Valley.



U.S. Department of
Transportation

News:

6-47

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

FOR IMMEDIATE RELEASE

September 28, 1995

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MEDIA ADVISORY

Secretary of Transportation Federico Peña will attend the opening ceremony of the Dulles Greenway, Friday, September 29, at 11:30 am. The Dulles Greenway is a state-of-the-art, privately-financed toll road extending the existing Dulles Toll Road from Dulles International Airport to Leesburg, VA.

Secretary Peña will join Virginia Governor George Allen and other transportation officials at the ceremony.

WHAT: Ribbon Cutting and Opening Ceremony of the
Dulles Greenway

WHEN: Friday, September 29
11:30 am

WHERE: Dulles Greenway at Tolbert Lane, Leesburg, VA
(Take Route 7 West to Leesburg. Take Route 7/15 Bypass towards Warrenton. Follow Bypass to the Dulles Greenway entrance. Follow signs to the press entrance. Go up ramp to parking area.)

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