

STATEMENT OF FEDERICO PEÑA  
SECRETARY OF TRANSPORTATION  
BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION  
OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION  
HEARING ON IMPLEMENTATION OF ISTEA  
APRIL 27, 1993

Mr. Chairman and Members of the Committee, it is a pleasure to be here this morning. I am particularly pleased that the occasion for my first appearance before this Committee is to discuss implementation of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). I say that because translating the vision of ISTEA into real, working programs is essential to the creation of a productive, environmentally sound, and safe transportation system nationwide.

This Committee should be proud of its work in fashioning a truly comprehensive law that provides the framework for new and broader opportunities to improve our Nation's transportation infrastructure. It has changed the ways we do business -- and I believe these changes are for the better. Without question, the lives of every man, woman, and child in the United States are affected daily in some way by our ability to move people and goods. The promise of ISTEA for all people envisioned increased mobility, reduced congestion and the creation of new jobs, while rebuilding our infrastructure and addressing environmental issues.

The President has called for a commitment to excellence--to reinvent government. For my part, those ideals will be reflected in my stewardship of ISTEA. I am fully committed to the goals of ISTEA: that we as a Nation be served by an efficient, fully integrated and intermodal transportation system that provides mobility to our people and access to markets for our industry while at the same time being mindful of our environmental obligations. My job is to make sure that the vision of ISTEA works in practice. My priorities are ensuring the safety of the transportation system, promoting close cooperation with our partners in State and local government, meeting regulatory and statutory deadlines, and making full use of the flexibility of the new programs.

The strong partnership we have with States, local officials and advocacy groups is fundamental to the continued success of our implementation efforts. ISTEA is a complex law and presents many challenges, particularly in its

planning and management requirements. As a former mayor, I understand the concerns of local officials and know how important cooperation among all levels of government is. With the combined efforts of our partners, we will be able to realize the full potential of ISTEA.

It is now sixteen months since ISTEA was enacted. I believe the Department has been very successful in getting these new programs up and running. My colleagues from DOT's modal administrations who have and will be testifying during these hearings will provide you with the details of DOT's implementation activities. In fact, Bob McManus, Acting Administrator of the Federal Transit Administration (FTA), is here today to speak about our transit program. I would like to use my time to present an overall picture of the Department's efforts and highlight a few areas of our work.

A good place to start is with the President's investment proposals. While we are of course disappointed that the short term economic stimulus package for this fiscal year did not pass the Senate, we are nevertheless pleased that the President's central budget package did pass. We in the Administration will work closely with the Congress to ensure that the President's investment initiatives are approved in the appropriations process this year. There is no stronger evidence of our commitment to the goals of ISTEA than the President's recently proposed budget for FY 1994. Without adequate funding support, the blueprint of ISTEA will fall short of its full potential. The Department's 1994 budget request for \$40.2 billion is 10.2 percent above last year's enacted level. Overall, 71 percent of the Department's spending will be targeted to infrastructure investment. This will lead to improvements in transportation safety, efficiency, reliability and cost-effectiveness.

The overall highway and transit budget increase over baseline levels for FY 1994 through 1997 is \$12 billion. This could mean as many as a quarter million jobs. For FY 1994, the budget proposes to fully fund the highway program authorized by ISTEA at a level of \$20.5 billion. This increased investment will result in the improved performance of the highway system, less congestion and increased highway safety. To sustain this level of funding, we propose to extend the two and half cents motor fuels tax, now dedicated to deficit reduction, and dedicate revenue equivalent to two cents of the tax to the Highway Account of the Highway Trust Fund beginning October 1, 1995. We project the Byrd Amendment would trigger a reduction in apportionments as early as FY 1995. Consistent with recent practice, an amount equivalent to one-

half cent of the deficit reduction tax would be transferred to the Mass Transit Account of the Highway Trust Fund.

This year's budget reflects the Clinton Administration's commitment to the Federal transit program --the funding is there to prove it. The \$4.6 billion request for the transit program represents a more than 50 percent increase over the previous Administration's proposed 1993 budget and 20 percent increase over the enacted level. Our emphasis is on meeting transit capital needs. The quality of the nation's transit system is critical because transit facilities will be called upon to carry even more passengers as States and localities develop strategies to deal with congestion, air quality and energy conservation concerns. A viable transit system, both rural and urban, also serves the needs of people with low incomes, the elderly and persons with disabilities, and Americans living in rural areas who have limited transportation choices. This year's budget request recognizes the important role of improved passenger transportation to our economy as a whole.

One of the Department's primary obligations is to promote transportation safety. Investing in the nation's highway and transit systems also improves the safety of these systems. A particular focus has been on the highway safety programs administered by the National Highway Traffic Safety Administration (NHTSA), whose appropriations we propose to increase by 14 percent. These funds will help the States improve their response to the continuing threat of drunk drivers and will encourage them to enact and enforce laws requiring the use of safety belts and motorcycle helmets.

These programs are contributing to a steady decline in the nation's highway fatality rate. By 1992, the rate had fallen to 1.8 deaths per hundred million vehicle miles traveled, an all time low. Despite this progress, 39,200 persons died in highway crashes last year, a number whose size reminds us of how much further we must go to improve highway safety. Vehicle crashes remain the number one cause of death for persons aged 5-32 and the biggest cause of serious injuries.

Beyond the terrible human cost of highway crashes, we are now beginning to understand how much these crashes add to the cost of our out-of-control health care expenses -- a subject very much on our minds these days. In 1990, the last year for which we have complete data, injuries and fatalities from highway crashes cost society more than \$13.9 billion in direct medical costs. The cost in terms of lost productivity was even greater: \$50.6 billion. When property

damage and other direct expenses are added, the total cost in 1990 amounted to \$137.5 billion. In short, effective highway safety programs are good economics as well as good medicine.

We have also realized significant safety benefits through the commercial drivers license program, stricter drug and alcohol enforcement and an enhanced Motor Carrier Safety Assistance Program (MCSAP). Under MCSAP, States have increased their roadside truck and driver inspections from 1.3 million in FY 1989 to 1.6 million in FY 1992. This program is one of our best tools for getting unsafe trucks off the road.

While it is important to increase funding for infrastructure investment, it is equally important that we make every dollar of that investment count. We can do this by using the tools ISTEA gave us. The emphasis that ISTEA places on intermodalism, flexibility, planning, investment criteria, and management will help States and localities make wise use of their resources.

Intermodal planning is especially critical for the successful implementation of ISTEA. The Department is working to achieve ISTEA's vision of an intermodal transportation system that provides efficient, seamless connections for the movement of people and freight by rail, water, highways and air. Government must facilitate and encourage the development of such a system and take account of the views and needs of the system's customers. We in government can make significant contributions in technology, in infrastructure planning and investment, in intergovernmental coordination, and in public-private communications through the efforts of the modal administrations and the clearinghouse activities of DOT's Office of Intermodalism.

ISTEA directs that intermodal connections be given priority consideration. Prior to ISTEA, conventional transportation planning typically looked at modal improvements in isolation and was not keeping pace with developments in the public and private sector. Transportation needs were beginning to exceed the service levels that single modes could provide, and the demands of modal interchange and flexibility required more consideration. Congress and the Department recognized that, to obtain the optimum yield from our transportation system, the planning process needed to be refocused to address the intermodal transportation demands of the future, rather than the sometimes unimodal priorities of the past.

I assure you the Department's modal Administrations have been working closely together to develop the guidance and rules for ISTEA. This will continue

as our new team assembles at DOT. As you know, the President has announced his intention to nominate Michael Huerta, executive director of the Port of San Francisco, to be the new Associate Deputy Secretary of Transportation and head the Office of Intermodalism. His background is in international trade and he will be a valuable addition to my staff. I am also pleased that the President has said he will nominate a person with an extensive background in transportation at both the federal and local levels, Mortimer Downey as Deputy Secretary. In addition, the President has said he will nominate Rodney Slater, who is currently Chairman of the Arkansas State Highway Commission, as the new Federal Highway Administrator, Jolene Molitoris as the Federal Railroad Administrator and Admiral Al Herberger as Maritime Administrator.

ISTEA shifted investment decision making toward the local level where federal transportation dollars will be spent. The Metropolitan Planning Organizations (MPOs) and other local entities have considerably more say now in the planning process and about the investments in transportation infrastructure than they once had.

Shortly after I became Secretary of Transportation I learned that the rules and regulations setting forth the guidelines for State and local officials to comply with the ISTEA planning provisions had not been issued. I made this one of my highest priorities. We have now published draft rules under Notices of Proposed Rulemaking (NPRM) for these planning regulations. Among other things, these rules will establish guidelines for States and local governments to ensure proper emphasis on intermodal transportation movements including consideration of access to ports, airports and rail intermodal terminals. The deadline for comments to the NPRMs is May 3. We welcome all comments from the States, localities, and private entities and citizens.

Along with encouraging the preservation of existing transportation infrastructure and making economical investments for the future, ISTEA also established certain key programs. The National Highway System (NHS) is a vitally important component of ISTEA. It will form the backbone of our interstate and interregional road network. The system, which will be proposed by DOT in consultation with State and local officials, must be submitted to Congress by the end of this year. Congress then must approve the final designation by September 30, 1995 in order for NHS funds to continue to be apportioned to the States. I recognize this Committee's interest in keeping development of the system on schedule. I am advised that the States are working

very diligently in providing FHWA with their proposed designations that are due by the end of this month. I look forward to working with this Committee and others in Congress as the NHS develops.

In addition to establishing the NHS, ISTEA consolidated a number of categorical highway programs into a new block-grant type program, the Surface Transportation Program (STP), giving the States greater flexibility in the use of highway funds. Funded at \$23.9 billion over the six-year ISTEA authorization, the STP gives States and local governments authority to fund projects on any roads, including the NHS, that are not classified as local or rural minor collectors. Moreover, STP funds may also be used for transit capital projects. This gives State and local officials an opportunity to fund a variety of highway and transit capital projects that will best meet their mobility needs. So far, States have taken significant advantage of this flexibility. Approximately \$53 million in STP funds have been used for transit projects and another \$277 million have been used for transit from the Congestion Mitigation and Air Quality Improvement Program (CMAQ).

In addition to the flexibility provided under STP, ISTEA provides funding flexibility among other highway programs. To date, States have transferred a total of almost \$1.3 billion of their apportionments among the highway categories.

States must obligate 10 percent of their STP funds for safety construction activities, e.g. hazard elimination and rail-highway crossings, and 10 percent for transportation enhancements, which encompass a broad range of environmentally-related activities such as acquisition of scenic and historic sites, landscaping, mitigation of water quality impacts caused by roadway runoff and rehabilitation of historic transportation facilities. I am advised that the States have been successful in using these funds for the projects and activities intended.

By comparison, States have been a bit slower in using their funds under the CMAQ. CMAQ directs funds to transportation programs and projects which will contribute to attainment of national air quality standards. To date the majority of CMAQ funds have been obligated for projects other than traditional highway projects, including carpools and bicycle and pedestrian facilities. States have obligated about 42 percent of their CMAQ funds during the first year of ISTEA. Although progress has been made under this new program, States and MPOs must set up their own administrative processes for implementing projects and activities that will ensure their compliance with provisions of the Clean Air

Act Amendments of 1990 (CAAA). Some of the delays encountered for programs such as vehicle inspection and maintenance programs are the result of insufficient State enabling legislation. We hope that the States will enact such legislation to allow the use of these program funds to meet the deadlines for compliance with CAAA provisions and avoid the mandatory sanctions under the CAAA.

As reflected in the programs I just mentioned, ISTEA complements the CAAA by providing funding and giving State and local transportation officials the flexibility to use it in ways that will help us develop a balanced, environmentally sound, intermodal transportation system. I am committed to that effort and am working closely with Carol Browner, the Administrator of the Environmental Protection Agency (EPA), to help States to adjust their programs to the new requirements. The CAAA strengthened earlier requirements to assure that transportation plans, programs, and projects "conform" to air quality plans. Also, statewide highway funding sanctions could be imposed by EPA if States fail to submit State implementation plans under CAAA requirements. Such sanctions could delay important transportation improvements and have serious implications for both mobility and the economy. We are hopeful that this can be avoided and will work closely with the States to help them comply with the new requirements.

I would also like to highlight another aspect of ISTEA that we in the new Administration support. As part of the President's major technology initiative, the Administration has proposed to increase funding support for ISTEA's Intelligent Vehicle Highway Systems (IVHS). The FY 1994 budget calls for \$225 million for IVHS next fiscal year, a 45 percent increase over the FY 1993 level. Over the next four years, in FHWA's budget alone, we plan to invest \$925 million. The IVHS program holds the promise of enhanced highway safety in the future and of improvements to on-the-road efficiency through the accelerated use of advanced technology. The Department has begun to aggressively implement the IVHS program over the past year. A solid foundation has been established through work with IVHS AMERICA, our federal advisory committee, to develop strategic plans for a national program. Within the year after ISTEA was enacted, the Department sent the *DOT IVHS Strategic Plan* to Congress. The Department is currently developing the open system architecture for an integrated, nationwide IVHS deployment. This involves a far reaching, consensus building effort.

A full range of priority IVHS research and development activities are now under way with highway, transit and safety projects sponsored by DOT. For example, the Department has initiated an ambitious automated highway systems (AHS) prototype program. By eliminating human error, automated highways could provide a nearly accident-free driving environment. Automated vehicle control could increase by two or three times the capacity of present day facilities. Thus, the AHS presents an exciting opportunity to gain dramatic congestion and safety benefits from IVHS technology. The goal of ISTEA is to have the first fully automated roadway or test track in operation by the end of 1997.

IVHS also has many opportunities for intermodal transportation associated with the current defense conversion initiatives. We believe we can derive multiple pay-offs from existing federal investments in technology to form partnerships with the defense and space industries, and the national labs, speeding up the transfer of their technologies to IVHS applications. These technologies, which include Global Positioning System (GPS) satellites, can make a major contribution to smoother movement of freight. GPS can track the movement of intermodal containers aboard ships, trucks and rail instantly with a position accuracy of three to five meters. We see it as a significant opportunity to carry out the President's defense conversion initiative by applying military technology to expanded civilian use and demonstrating U.S. leadership in this area.

Finally, I want to provide you with a brief status report of the Bureau of Transportation Statistics (BTS). ISTEA required the establishment of this Bureau as a separate, authoritative entity within DOT reporting directly to the Secretary. BTS was officially established last December and is currently headed by the Deputy Director. This office is to compile, analyze and publish transportation statistics as well as develop a long-term data collection program. They will also develop guidelines to improve the credibility of transportation statistics as well as making DOT's statistics accessible and understandable. BTS has produced a *Transportation Data Sampler* CD-ROM, begun a nationwide collection of multimodal commodity flow data with the Bureau of the Census, initiated planning for a similar survey of passenger flows, and launched a program to make data from the 1990 Census more easily usable by States and MPOs. This may at first blush seem a very dry, academic effort, but it is in fact critical to future policy decision making. Absent the fundamental knowledge of how our

transportation system is actually working, it will be difficult or impossible to make informed decisions about our future.

### **Conclusion**

We are now into the second year of ISTEA. As Secretary, I look forward to the enormous challenge of making its vision a reality. With help from our partners in the States and local communities, we will achieve the goals of ISTEA. The Administration's and my personal commitment to infrastructure investment, environmentally sound policies, technology and intermodalism will pay off in long term dividends for the Nation's transportation system and for American jobs--good paying jobs, permanent jobs--and will give new strength and renewed vigor to America's domestic and international commerce.

Mr. Chairman, that completes my prepared remarks. I will be happy to answer any questions you or the Members of the Committee have.