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BEFORE THE
SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE
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Mr. Chairman, distinguished members of the Committee, it is my privilege to appear before this Subcommittee to discuss the Clinton Administration's proposal to make high-speed rail transportation a part of this Nation's intermodal transportation system.

I know that many people will ask themselves why, when we already provide support to a variety of transportation modes, should we create a new program that commits to new Federal outlays over the next several years?

The answer to that question goes to the mission of the Department of Transportation. In establishing the Department in 1966, the Congress declared that the general welfare, the economic growth and the stability of the Nation require development of national transportation policies and programs conducive to the provision of fast, safe, efficient and convenient transportation.

What Congress recognized in 1966, and what is brought home to the Department every day, is that fast, safe, efficient and convenient intercity transportation is inseparable from the health of our economy and the general welfare of our country. In our dispersed economic system, people must travel between cities to transact business, to negotiate deals, to purchase goods, and simply to visit others. It is clear that, as the economy grows, the demand for intercity travel will also grow. Conversely, the lack of a fast, safe, efficient and convenient intercity transportation capability will serve as a hindrance to economic growth.

As we look to the future, will our intercity transportation system support economic growth and America's international competitiveness in the next century, or will it become a millstone around the economy's neck?

The history of intercity transportation in the United States is a history of change. Evolving priorities, technological innovation, and Federal and State government activity have periodically remade the face of the Nation's transportation system, and with it the very character of the Nation itself.

The Clinton Administration has recognized that a new era is opening where new technologies and new priorities will once again remake the face of American transportation. A major part of the Administration's vision is that this renewal of the Nation's transportation system must include intercity high-speed rail

transportation. Before getting into the specifics of our proposal, I wish to share with you that vision of high-speed rail -- why it is part of our plan to rebuild America.

High-speed rail is not a cure for all of our intercity transportation needs. But it fits into an intermodal approach that meets our transportation needs. High-speed rail is an extremely safe, fast and efficient means of moving large numbers of people between cities that are between 100 and 500 miles apart. In addition, high-speed rail can provide service to intermediate points and, in urban and suburban areas, its infrastructure can be shared with commuter type service. In selected intercity corridors with a high density of travel, high-speed rail will provide an effective alternative means of transportation that provides superior access to the urban economic centers.

High-speed rail can have substantial public benefits as well, such as improving air quality and reducing dependence on imported petroleum. In areas that have difficulty with air quality, such as southern California, high-speed rail may be able to increase capacity to match growing populations while helping attain air quality goals at reasonable cost.

Another important part of our vision of high-speed rail in the United States is that American industries will become beneficiaries of the opportunities for the design, development, manufacture and deployment of high-speed rail technologies. The

development of high-speed rail can help fuel economic expansion. And, while many of the companies participating in the development of high-speed rail will be traditional railroad suppliers, there will be new opportunities for re-focusing traditional defense industries into civilian pursuits.

High-speed rail will be the first new transportation initiative of the intermodal era. Our vision of high-speed rail is of a component of an integrated intercity transportation system that includes aviation, highways, and high-speed rail in complementary roles. Each will serve where the particular technology is most efficient in meeting the Nation's priorities. The overall national transportation system is one in which intercity modes of transportation are efficiently connected to each other and to intra-city systems.

This integration of high-speed rail into the total transportation system substantially leverages its potential. The cities being served by high-speed rail will benefit from the concentration of economic growth. Over time, urban terminals for high-speed rail operations may attract commercial activities that seek to take advantage of the superior access afforded by high-speed rail. In addition, such high-speed rail operations could also lead to increases in tourism and other discretionary travel to the city centers.

An excellent example of what high-speed rail can mean to an older

downtown section of a city is just a few blocks away at Washington's Union Station. That station anchors the south end of our only rail system that provides high-speed service. The revival of Union Station as a modern multimodal terminal, linked directly into the Metro system, has been the catalyst of privately financed urban redevelopment that radiates several blocks from the station.

High-speed rail may assist in reducing pressures on certain very congested parts of the air system, releasing capacity for more efficient, longer-haul flights. High-speed rail service can be competitive in terms of time and price with short haul air service. Moreover, when the time and cost of access to and from terminals are added, high-speed rail will be faster and cheaper for some categories of trips. Where good connections with airports are possible, high-speed rail can assume a role as a regional and local feeder and distributor of airline passengers.

Successful high-speed rail systems must also be fully integrated with intercity bus and intra-city rail, local bus and transit systems, and nearby highways, which would all feed the high-speed rail system. Intercity travel by common carrier will become relatively seamless from the traveler's perspective.

Diversions to high-speed rail from short haul air service in some corridors could free scarce airport capacity which could then be used by the airlines for the more profitable longer hauls. This,

in turn, may help eliminate the need for costly investments in the aviation system.

High-speed rail may also help address highway congestion by diverting a portion of highway trips. Surveys of passengers on Amtrak's existing service indicate that between 45 percent and 65 percent of intercity rail passengers would have used automobiles if the rail service had not been available.

The great potential for high-speed rail has been recognized for some time. The question has always been what can we do to realize that potential. I have shown you our vision, now I will briefly outline the Clinton Administration's plan to permit this Nation to realize the potential of high-speed rail.

The President's High-Speed Ground Transportation Initiative

It is clear from recent experience that high-speed rail will not develop in this country without some investment of Federal financial resources. The Administration proposes a program of Federal investment in high-speed rail. We expect over the next five years to request approximately \$1.3 billion in budget resources for all aspects of this program.

The challenge for the Department and Congress is to craft a program that promotes development of high-speed rail in those corridors where it offers an efficient transportation option. Such a program must focus on realities. How do the transportation

modes perform in comparative terms of technology and economics? What are the costs and benefits of potential projects? And based on this hard look, where should high-speed rail be developed? We want to treat these projects as national investments and investments that will have the real potential for paying national dividends.

The program must use Federal resources as a source of leverage to encourage the States and local governments and the private sector to develop the technologies and build the systems necessary to make high-speed rail a reality. The challenge of making high-speed rail a reality in the U.S. will be met through financial assistance for corridor development, technology development and applied research in support of high-speed ground transportation.

Financial Assistance for High-Speed Rail Corridor

Development: The first element of the President's Initiative is Federal investment in the development of high-speed rail systems in specific intercity corridors.

For the first time, the Administration proposes to establish a separate program of Federal financial support to the States and local governments to assist the implementation of high-speed rail systems outside the Northeast Corridor. As with aviation, highways and transit, the new program will be a partnership among the Federal, State and local governments. The Administration proposes to fund completion of the Northeast Corridor Improvement

Project separately, bringing high-speed rail service throughout the main line corridor between Washington, D.C., and Boston, and therefore the Northeast Corridor is not made eligible for the new program. A separate authorization of appropriations for the Northeast Corridor project is contained in our bill, now introduced as S.839 in the Senate.

In the short term, the initiative will primarily support ongoing efforts to achieve high-speed service through incremental improvements to existing infrastructure. The initiative will also lay the groundwork for implementation of very high-speed service on new infrastructure in appropriate markets.

The program will harness the energy, know-how and financial resources of the private sector to improve intercity transportation. To accomplish this goal, the Administration proposes elimination of the current limitations on the use of tax-exempt bonds to encourage private investment in high-speed rail.

The new financial assistance program that will aid development of high-speed rail outside the Northeast Corridor will leverage private investment and State and local matching funds. In addition, States and local governments will be encouraged to use those aspects of existing transportation programs that can be used to support high-speed rail development. By integrating corridor development into state-wide transportation plans and crafting programs that take advantage of all these opportunities, the

impact of the proposed Federal investment under the program of approximately \$1 billion over the next five years can be dramatically expanded.

The key link in the program will be between the Department and the States and local governments. The Department will look to the States and localities to undertake the necessary planning and feasibility analysis. Based upon that analysis, a State or States may propose to implement high-speed rail service in a specific intercity corridor. The Department will work with designated public agencies to develop the plans and financing necessary to implement the proposed service. The commitment of State and local governments to a project will be a strong indicator of the project's prospects for success.

We support the fundamental precept, expressed in other federal capital investment programs, that opportunities for U.S. products and a diversity of businesses to play a strong role in the program should be ensured. This is addressed in part by non-discrimination provisions already contained in the "4R" Act. However, a primary purpose of the President's initiative is to place the United States in the forefront of high-speed passenger rail technology. Therefore, we are working on legislative provisions to assure U.S. business participation, across the spectrum in size and ownership, that adapt the best provisions of this type currently applicable to Federal financial assistance. One important issue is aligning our language appropriately with

the others in related highway and transit law. Our proposals will be forwarded to Congress as soon as possible. It is most important to have the appropriate legislative language advocating reliance on U.S. technology, products, and businesses included in this particular piece of legislation.

Technology Development: The second element of the President's initiative is the development and demonstration of new high-speed technologies to provide increased options for transportation decision makers, to improve the economics of high-speed ground transportation and to enhance the competitiveness of U.S. industry in the transportation market place. The Administration proposes to spend approximately \$300 million in this area over the next five years.

The initiative will support development of technologies that will aid the implementation of high-speed rail service on existing rail infrastructure, thereby permitting us to take advantage of this valuable and under-utilized national resource. Development of a high-speed non-electric locomotive is a good example of the work to be undertaken. The budget request includes \$15 million for this work in FY 1994 out of a total of \$75 million over five years. For FY 1994, \$5 million for this work is requested from the Highway Trust Fund under section 1036(c) and section 1036(d)(1)(B) of ISTEA. The remaining \$10 million is sought from general funds.

The other thrust of the technology development portion of the President's initiative is design of an advanced U.S. maglev system superior to the technologies being developed overseas. This element of the initiative looks ahead, anticipating the Nation's future needs for high-speed ground transportation and investing prudently to meet them. For this work, the budget request includes \$29 million for FY 1994 out of a five year total of \$228 million under sections 1036(a) and 1036(d)(1)(A) of ISTEA.

The prototype development program that the Administration proposes follows the outline of the program authorized in ISTEA, but proposes modifications to recognize the complexities involved in developing new technologies and the significant concerns expressed by some over the ultimate feasibility of this technology. Accordingly, the FY 1994 budget request would fund only three contractors for phase I of the maglev prototype development program rather than five or more contractors as called for in ISTEA. The budget request also reflects the Administration's view that phase I should be stretched out from 12 months to 18 months to lessen the technical risk of the program. Similarly, the Administration's proposal would drop the number of contractors funded for phase II of the maglev prototype development effort to a maximum of two and stretch out phase II from 18 months to 30 months, also to reduce technical risk. With fewer contractors in each phase, we hope to have stronger teams of competitors as well as a less costly program. The amounts to be devoted to each

contract would remain the same as we infer were contemplated by the drafters of ISTEA. Extending the deadlines is intended to give contractors enough time to develop well-thought-out designs and, in phase II, to test at least some components so as to better assure that the final design will work as intended.

Over the last several years, the Department has developed a close and effective working relationship with the U.S. Army Corps of Engineers in the evaluation of maglev technology. We expect to continue this close relationship as we move forward with this program.

We also propose to reevaluate the maglev prototype development program at the end of 1994. ISTEA provides for a commercial feasibility study to be completed in two years. We plan to complete that study by the end of 1994 and would not proceed if the the results of the commercial feasibility study are not favorable.

Applied Research: Finally, the Administration's initiative includes an applied research element. In this effort, the initiative will be addressing such issues as the incorporation of recent advances in science, such as composite materials or high temperature superconductivity into the designs of high-speed rail systems. This research will be designed to keep American industry at the cutting edge of this aspect of transportation technology.

Conclusion

Fast, safe, efficient and convenient intercity travel is essential to the health of our economy and the general welfare of our country. Growing transportation demand and the inability of existing transportation programs to meet this demand in a way that minimizes negative impact on our environment and on our people has led to the point where, once again, the Nation's transportation system must evolve beyond its present capabilities.

It is the mission of the Department of Transportation to stimulate research, encourage technological development and support investments that will incorporate into the Nation's transportation system those emerging systems that best meet the Nation's changing priorities. And this will now include advanced high-speed ground transportation.

I am pleased to say that following transmittal of our proposal last month and hearings held in the House, the Energy and Commerce Committee is actively preparing legislation that we expect will incorporate this vision for a new transportation system. I hope to work closely with your Committee to make this vision a reality.

Mr. Chairman, this concludes my prepared remarks. I will be happy to answer questions from you or the members of the Subcommittee.

