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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Economic Council

Series/Staff Member: Mark Silverman

Subseries:

OA/ID Number: 11816

FolderID:

Folder Title:

ISTEA [Intermodal Surface Transportation Efficiency Act] Reauthorization: NEXTEA [National Economic Crossroads Transportation Efficiency Act] 1997 [binder]

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ISTEA REAUTHORIZATION - NEXTEA 1997

**ISTEA
REAUTHORIZATION:
NEXTEA 1997**

NEXTEA

***THE NATIONAL ECONOMIC
CROSSROADS TRANSPORTATION
EFFICIENCY ACT***

***SHAPING AMERICA'S SURFACE
TRANSPORTATION SYSTEM FOR THE
21ST CENTURY***

MARCH 12, 1997

THE NATIONAL ECONOMIC CROSSROADS TRANSPORTATION EFFICIENCY ACT

Today, President Clinton will announce the National Economic Crossroads Transportation Efficiency Act (NEXTEA), a six-year, \$175 billion investment program to improve America's highways, bridges, transit systems, and railroads; lower the toll in lives and health care costs from motor vehicle crashes; enhance America's environment; and support mobility and economic prosperity. NEXTEA increases surface transportation funding by \$17 billion, or 11 percent, over the \$157 billion authorized by ISTEA.

■ "REBUILDING AMERICA" -- \$175 BILLION INVESTMENT WHILE BALANCING THE BUDGET

- Increases funding for core highway programs by 30 percent over ISTEA levels.
- Provides greater flexibility for states and localities to target funds that best meet community needs.
- Expands programs for innovative financing to leverage federal dollars.
- Provides \$600 million to deploy intelligent transportation technology to cut travel time and enhance safety.

■ PUTTING A STRONGER EMPHASIS ON SAFETY

- Increases funding for the National Highway Transportation Safety Administration by 25 percent to \$395 million.
- Increases highway and truck safety funding by \$2 billion.
- Increases funding for drunk driving prevention by 60 percent.
- Creates and expands programs to increase the proper use of safety belts and child restraints, reduce drunk and drugged driving, and continue research into building safer roads and vehicles.

■ PROTECTING THE ENVIRONMENT

- Increases funding for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) by 30 percent, to \$1.3 billion annually.
- Increases Transportation Enhancements funding by more than 25 percent to support bike paths, pedestrian walkways and other community-oriented projects.
- Expands CMAQ eligibility to include regions that fail to meet any new air quality standard.
- Provides greater flexibility for state and local investment in non-polluting modes of transportation.

■ INVESTING \$600 MILLION TO MOVE PEOPLE FROM WELFARE TO WORK

- Supports flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are.
- Increases incentives for states and localities to provide job training for federally-funded technology and construction projects.

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REBUILDING AMERICA

America's prosperity and quality of life are linked to our transportation system's efficiency, which keeps production costs low and maintains our international competitiveness. When President Clinton promised to "rebuild America" five years ago, this system suffered from inadequate capacity, deteriorating infrastructure, and poor connections among different forms of transportation. The President has worked with Congress to make good on his promise, taking advantage of ISTEA to raise infrastructure investment to record levels.

ISTEA SUCCESSES

- ✓ Under President Clinton, federal transportation infrastructure investment increased 21 percent, to an average of \$25.5 billion annually.
- ✓ Many indicators of highway conditions and performance have stabilized or improved. The condition of bridges and highway pavement, which had been deteriorating, has stabilized. We have kept pace with our transportation system's maintenance requirements and stopped its deterioration.
- ✓ Transit investment has increased, including over \$3 billion transferred using ISTEA's flexible funding provisions. Nearly 26,000 new buses and nearly 600 new rail cars have been bought for state and local transit agencies, and more than 100 miles of new transit lines serving more than 100 new stations are under construction. Transit speeds have improved by an average of about 10 percent.

KEY NEXTEA PROVISIONS

- NEXTEA builds on ISTEA's successes while helping us to move towards a balanced budget. It would authorize about \$175 billion for surface transportation programs from 1998 through 2003, an 11 percent increase over ISTEA. The proposed authorization levels would sustain or expand core programs such as the National Highway System, maintenance of the Interstate Highways, bridge reconstruction, and mass transit.
- NEXTEA gives state and local officials greater flexibility to target funds towards projects that best meet community needs, including Amtrak and intercity rail passenger facilities. It also increases the tools available to them by making intelligent transportation systems eligible under all major program categories and by expanding innovative finance strategies to cut red tape and to leverage private and nonfederal public resources.

A COMMITMENT TO SAFETY

More than 40,000 Americans die and three million are injured in motor vehicle crashes each year, inflicting a tragic toll on millions of families. In addition, these crashes cost our economy \$150 billion annually, including \$14 billion paid directly by taxpayers for expenses such as health care and emergency services. Improved safety can help to control these costs.

ISTEA SUCCESSES

- ✓ Under ISTEA, with its enhanced commitment to safety, highway fatalities have been lower than in decades, averaging about 41,000 annually. Safety belt use has grown from 11 percent of motorists in 1982 to 68 percent last year. Alcohol-related fatalities have decreased from 57 percent of crashes in 1982 to 41 percent in 1995.

KEY NEXTEA PROVISIONS

Our challenge is to continue the progress on safety even as traffic increases. Recently, we have seen warning signs that we may be approaching the limits of progress under ISTEA: the fatality rate has stagnated, increases in safety belt use have leveled off, and the number of alcohol-related deaths has increased. NEXTEA would attack these problems by focusing on three key areas: driver behavior, road design, and vehicle standards.

Safer Drivers

- NEXTEA would increase NHTSA safety funding by 25 percent to \$395 million, and fund incentive programs to reduce drugged and drunken driving, to increase safety belt use, and to collect improved data on highway safety to better identify and solve safety problems.
- \$9 million annually in financial incentives would be provided for states to increase proper use of safety belts and child restraints.
- NEXTEA would increase funding for drunk driving prevention by 60 percent to \$40 million in 1998, and reward states for aggressively reducing drunk driving through administrative driver's license suspensions and revocations, programs to prevent minors from drinking, and effective sanctions for repeat offenders.

- NEXTEA would provide \$5 million annually beginning in 1999 in grants to states to prevent drugged driving. A state would be eligible for these grants if it adopted five of nine countermeasures, including zero tolerance laws, administrative license suspension for those driving under the influence, and pre-license drug testing.

Safer Roads

- Under ISTEA, funding was set aside to eliminate road hazards and to make highway-rail grade crossings safer. Grade crossing deaths alone have dropped by 31 percent. NEXTEA would build on this progress by replacing this set-aside with a flexible, six-year, \$3.2 billion Infrastructure Safety Program. States would now have the ability to transfer funds to enforcement and behavioral programs if they would have a greater impact on safety.

Safer Vehicles

- States would have increased flexibility for tougher enforcement, such as targeting shippers who encourage truckers to violate rules and increasing penalties for violators. States also would be reimbursed for border enforcement and other high-priority activities that improve trucking safety.
- Under NEXTEA, the freeze on the size and weight of larger combination trucks on Interstate Highways and other routes would continue. We are doing a comprehensive study of this and related issues, and may soon propose additional steps in future safety legislation.
- Much progress on safety has been the result of vehicle design aimed at protecting motorists in crashes. NEXTEA would build on the progress to date with a \$45 million annual research program targeted at improving crash avoidance and crash worthiness. In addition, more than a third of intelligent transportation systems research would be focused on collision avoidance systems and other "smart vehicle" technologies that prevent crashes.
- A new focus on performance in safety programs would measure effectiveness by looking at quantifiable results, not at how much money or effort is put into solutions.

I NCREASING INVESTMENT THROUGH INNOVATIVE FINANCING

In spite of ISTEA's record investment, the federal government alone cannot meet all of our infrastructure needs. President Clinton recognized this in his January 1994 Executive Order on infrastructure, in which he directed us to cut red tape to speed construction and supplement federal funds by leveraging private and nonfederal public investment.

ISTEA SUCCESSES

- ✓ President Clinton's Partnership for Transportation Investment accelerated 74 projects worth \$4.5 billion, including \$1.2 billion in investment beyond that available through conventional financing. Projects are advancing an average of two years ahead of schedule, saving interest and inflation costs.
- ✓ Some innovative finance initiatives also advance other national priorities, such as in Missouri and Arizona, where entrepreneurs were given permission to install fiber optic cable within highway rights-of-way in return for reserving part of the cable as the backbone of statewide intelligent transportation systems.
- ✓ The new State Infrastructure Bank program uses federal seed money to leverage private and nonfederal public funds in 10 pilot states. Among the proposed uses of these funds are: a loan to start construction on a highway interchange without waiting for the full federal funding to be accumulated; a loan to finance a toll road's interest costs while it is being built, before revenues can begin to pay off the construction debt; and a loan to buy new light rail vehicles.
- ✓ We provided a direct loan to California's Alameda Corridor, which will speed shipping from Los Angeles' port by creating a dedicated freight rail corridor. We also provided standby lines of credit to secure private financing for California toll roads; at a cost of just \$18 million, we supported \$2.5 billion in construction financing

KEY NEXTEA PROVISIONS

- NEXTEA would open the State Infrastructure Bank program to all states, increase the federal seed money dedicated to these banks, and allow states to use up to 10 percent of their regular federal-aid highway funds to capitalize their banks.
- \$100 million annually would be dedicated to help leverage nonfederal public resources for projects of national significance, such as interstate trade corridors.

ENSURING GLOBAL COMPETITIVENESS

Under President Clinton, America is once again the most economically-competitive nation in the world and its leading exporter, and this is due in great measure to the reliability and low costs of our transportation system. In an increasingly-global economy, keeping transportation efficient is crucial to our continued competitiveness and to taking advantage of the markets opened by NAFTA and GATT.

ISTEA SUCCESSES

- ✓ Seamless connections among different forms of transportation, such as between trucks, railroads, and seaports, are important for efficiency, and ISTEA-funded projects are making possible these connections. These projects include truck-rail freight transfer facilities in Stark County, Ohio, and Auburn, Maine, and projects in Portland, Oregon and Seattle designed to improve rail and truck access to seaports.
- ✓ Projects such as the Red Hook barge transfer, which daily takes hundreds of trucks off New York's crowded streets, often have important social and environmental benefits, and ISTEA made them eligible for funding through such flexible initiatives as the Congestion Mitigation and Air Quality Improvement Program and our innovative finance programs.

KEY NEXTEA PROVISIONS

- NEXTEA would facilitate trade by creating new programs to improve border crossings and develop major trade corridors within the U.S., cutting congestion and eliminating bottlenecks.
- NEXTEA would support projects of national significance, such as those focused on trade corridors, through dedicated funds and by expanding the State Infrastructure Bank program.
- The proposal would expand funding eligibility to include access to intermodal terminals and water ports. This is a vital change since much international trade -- 98 percent by weight, 50 percent by value -- is shipped through ports. These programs also would make eligible for funding Amtrak and intercity rail passenger and public freight facilities and intelligent transportation systems projects, which can improve the logistics crucial to "just-in-time" deliveries.

IMPROVING ACCESS TO JOBS AND TRAINING

One of the biggest barriers faced by those moving from welfare rolls to payrolls is finding transportation to jobs, training, and support services such as day care. Poverty and welfare eligibility rules mean that few welfare recipients own cars, and public transit often provides inadequate connections to job and training centers. This problem is becoming more serious, since two-thirds of new jobs are in suburbs. To support his comprehensive welfare reform initiative, President Clinton proposes to build on existing transit programs that work with innovative approaches to helping people make the transition to the working world.

ISTEA SUCCESSES

- ✓ Our Livable Communities program integrates transit with jobs, schools, and housing. In Corpus Christi, local residents worked with local officials on developing three bus transfer centers and improving pedestrian access to local amenities, and a Los Angeles neighborhood initiative generated a hundred new jobs and helped to cut crime by 19 percent.
- ✓ The Joblinks program provides transportation and training in both urban and rural areas. Oregon's Glendale-Azalea School District used Joblinks funds to transport 400 unemployed and undereducated residents to training and to jobs in the first year alone. The success of initiatives such as Joblinks and Livable Communities provides a model for new efforts to improve community access to jobs and other necessities.

KEY NEXTEA PROVISIONS

- NEXTEA includes a six-year, \$600 million grant program to support flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are. Funding would also provide access to training centers and to support services such as day care at transit links. This program would be closely coordinated with other human services assistance that would be provided to states and localities working to meet the special needs of the welfare population.
- Since transportation and construction jobs are among America's best-paying, we want to open opportunities in these fields for welfare recipients and other disadvantaged people. NEXTEA would increase incentives for states and localities to provide job training in conjunction with federally-funded technology and construction projects, and to enable them to offer hiring preferences to welfare recipients and residents of Empowerment Zones and Enterprise Communities.

PROTECTING THE ENVIRONMENT

Scientific research demonstrates the effects of pollution on our health and on the ecological systems which sustain human life. President Clinton has taken advantage of ISTEA's landmark environmental provisions to reduce air and water pollution, to preserve wetlands and open space, and to make transportation facilities more compatible with the environment.

ISTEA SUCCESSES

- ✓ The largest ISTEA environmental initiative is the Congestion Mitigation and Air Quality Improvement Program (CMAQ), which authorized \$1 billion annually under ISTEA to help communities meet national standards for healthy air. CMAQ has funded such innovative projects as cleaner natural gas buses in Cleveland and Boise, a child care center to promote ridership at a San Jose transit facility, and an inspection and maintenance program in Indiana, which ensures that auto emissions systems continue to cut pollution.
- ✓ ISTEA supported important travel alternatives, such as bikeways and pedestrian paths, and preserved scenic and historic roadside vistas, supporting tourism and strengthening local economies.

KEY NEXTEA PROVISIONS

- NEXTEA would increase CMAQ funding by 30 percent, to \$1.3 billion annually, and expand funding eligibility to include scrappage of higher-polluting pre-1980 vehicles. It also would act on new research on the dangers of particulate matter by allowing areas that do not meet health standards for this pollutant to receive CMAQ funds. NEXTEA also would ensure that no state loses CMAQ funds as a result of the Environmental Protection Agency's proposed changes in air quality standards.
- NEXTEA would increase Transportation Enhancements funding by more than 25 percent, supporting projects designed to strengthen the cultural, aesthetic, and environmental aspects of our transportation system.
- The National Scenic Byways program, which designates roads of aesthetic or historic value and funds improvements to them, would be continued, and the list of eligible activities would be expanded to include scenic byway marketing programs. Funding for recreational trails, bicycle transportation and pedestrian walkways, landscaping, and wildflower plantings also would be continued, as would ISTEA's commitment to inclusive transportation planning which reflects such community values as environmental preservation.

IMPROVING TRANSPORTATION THROUGH TECHNOLOGY

Technology can improve the performance of roads and transit systems and effectively increase their capacity, especially in urban areas where new construction is too expensive or environmentally unsound. Technology also can make travel safe: most automobile crashes involve human error, and advanced collision avoidance systems and highway-rail grade crossing warnings can save hundreds of lives annually. Finally, technology can provide the logistical support needed for such innovations as "just-in-time" deliveries, which are cutting costs and improving productivity at nearly a third of U.S. companies.

ISTEA SUCCESSES

- ✓ ISTEAs established a major federal commitment to intelligent transportation systems (ITS), the application of advanced information and communications technologies to travel. The federal role includes providing seed money for development and deployment, assistance in the creation of technology standards to promote system integration, and the coordination of public and private research efforts.
- ✓ The first generation of ITS is already being deployed: in Denver, synchronized traffic signals reduced travel times by over 15 to 20 percent, and in Seattle, ramp metering has cut accident rates by more than 60 percent. *Operation TimeSaver*, an initiative to reduce travel times in 75 cities by 15 percent over the next decade, was launched last year. Under this initiative, states may use their federal transportation funds to deploy ITS systems.
- ✓ Overall federal transportation research and technology investment increased to record levels, \$930 million in 1997 alone. Initiatives resulting from this investment include high-performance materials, such as Superpave asphalt, which cost less and last longer, and the application of global positioning satellite systems to aviation and maritime navigation.

KEY NEXTEA PROVISIONS

- NEXTEA would provide states and localities with ITS training and technical assistance, and fund a \$600 million incentive program to help cities integrate their ITS programs and to help rural areas deploy ITS to improve safety, mobility, and commercial vehicle operations. It also would expand the eligibility of all major program categories to include ITS, so technology will always be considered as a strategy for meeting travel demand.
- NEXTEA would increase overall federal investment in technology research for initiatives including advanced composites for stronger, safer roads and bridges and second-generation ITS technologies such as collision avoidance systems.

STRENGTHENING URBAN COMMUNITIES

Sound transportation is crucial for sustaining economic prosperity and a high quality of life in our cities. Targeted infrastructure investment can reduce congestion and improve connections so businesses can take advantage of the city's proximity to suppliers, support services, markets, and amenities. Such investment also can generate jobs for city residents, directly through construction, and indirectly by attracting new businesses.

ISTEA SUCCESSES

- ✓ ISTEAs strengthened the role of cities in the transportation planning process, giving cities greater control over a substantial portion of federal funds and enabling them to choose projects which best met urban needs.
- ✓ Together with the increased flexibility of many programs, this enabled funding to be transferred to such urban needs as transit. Over \$3 billion traditionally earmarked for highways was used for high-priority transit projects, most in cities, and overall transit funding increased under ISTEA, reaching a record \$6 billion in 1995 alone.

KEY NEXTEA PROVISIONS

- NEXTEA sustains investment in mass transportation by increasing direct federal transit funding to \$5 billion a year, by increasing the flexible Surface Transportation Program, and by making Amtrak and intercity rail terminals eligible for funding. Transit programs would be streamlined to make it easier for local officials to select the options that make the most sense for their communities
- NEXTEA includes a six-year, \$600 million program to support flexible, innovative transportation alternatives, such as vanpools, to get people to where the jobs are and to provide access to training and such support services as child care.
- Technology can provide needed additional urban travel capacity with less disruption to established communities and at less cost than new construction. NEXTEA proposes to make intelligent transportation systems eligible under all major programs, and to create an incentive program to ensure that these technologies are fully integrated.
- NEXTEA would further strengthen the role of central cities in regional planning and simplify federal planning requirements.

SERVING RURAL AMERICA

Transportation is as vital to rural areas as it is to cities. Sound transport is vital for shipping raw materials and agricultural products. Tourism, generated by the four in five Americans who drive for pleasure in rural areas, sustains many local economies. And many rural residents rely on transit to reach schools, health care, and other necessary services.

ISTEA SUCCESSES

- ✓ ISTEA provided over \$1 billion for special projects in rural America, such as protecting scenic roadside vistas, preserving historic transportation facilities, and beautifying communities with bicycle and pedestrian facilities.
- ✓ ISTEA benefitted rural areas with provisions like special transit programs for small communities, transportation enhancements, scenic byways, and set-asides for off-system bridges.

KEY NEXTEA PROVISIONS

- NEXTEA would strengthen rural communities' involvement in transportation planning by requiring coordination with local rural officials when statewide transportation plans are developed.
- NEXTEA would increase investment in core programs affecting rural areas, such as the National Highway System, Transportation Enhancements, and Rural Transit Assistance, and expand funding eligibility to include Amtrak and intercity rail and bus, two key lifelines for rural America.
- NEXTEA would raise authorizations for the Federal Lands Highways Program to \$525 million, funding improvements on roads in national parks and forests, Indian reservations, and other public lands.

Percent Comparison

NEXTEA .vs. ISTE A

STATE	NEXTEA		ISTEA	
	Average	% Share	Average	% Share
Alabama	367,341	1.83%	304,559	1.76%
Alaska	234,748	1.17%	212,564	1.23%
Arizona	291,405	1.45%	253,541	1.47%
Arkansas	242,897	1.21%	207,437	1.20%
California	1,917,192	9.56%	1,613,207	9.33%
Colorado	264,052	1.32%	200,694	1.16%
Connecticut	375,196	1.87%	340,471	1.97%
Delaware	89,721	0.45%	72,873	0.42%
Dist. of Col.	97,375	0.49%	88,613	0.51%
Florida	818,071	4.08%	734,049	4.25%
Georgia	631,875	3.15%	520,222	3.01%
Hawaii	138,441	0.69%	125,696	0.73%
Idaho	126,403	0.63%	113,709	0.66%
Illinois	758,404	3.78%	614,211	3.55%
Indiana	487,731	2.43%	393,602	2.28%
Iowa	237,061	1.18%	202,447	1.17%
Kansas	245,906	1.23%	198,431	1.15%
Kentucky	325,118	1.62%	267,345	1.55%
Louisiana	317,931	1.58%	252,951	1.46%
Maine	102,511	0.51%	87,377	0.51%
Maryland	323,907	1.61%	296,446	1.72%
Massachusetts	579,970	2.89%	830,000	4.80%
Michigan	608,482	3.03%	495,498	2.87%
Minnesota	290,843	1.45%	247,025	1.43%
Mississippi	226,828	1.13%	197,220	1.14%
Missouri	472,261	2.35%	381,416	2.21%
Montana	174,557	0.87%	158,942	0.92%
Nebraska	157,883	0.79%	138,599	0.80%
Nevada	121,944	0.61%	103,093	0.60%
New Hampshire	94,667	0.47%	83,312	0.48%
New Jersey	578,407	2.88%	488,685	2.83%
New Mexico	194,621	0.97%	176,885	1.02%
New York	1,159,287	5.78%	944,887	5.47%
North Carolina	513,160	2.56%	455,654	2.64%
North Dakota	114,365	0.57%	104,847	0.61%
Ohio	729,629	3.64%	630,685	3.65%
Oklahoma	293,552	1.46%	245,760	1.42%
Oregon	250,912	1.25%	205,604	1.19%
Pennsylvania	915,975	4.57%	747,375	4.32%
Rhode Island	106,339	0.53%	96,821	0.56%
South Carolina	310,519	1.55%	226,079	1.31%
South Dakota	128,409	0.64%	116,338	0.67%
Tennessee	401,420	2.00%	359,150	2.08%
Texas	1,347,159	6.71%	1,130,379	6.54%
Utah	174,868	0.87%	128,454	0.74%
Vermont	94,166	0.47%	76,345	0.44%
Virginia	484,240	2.41%	392,376	2.27%
Washington	375,452	1.87%	326,942	1.89%
West Virginia	176,563	0.88%	159,282	0.92%
Wisconsin	375,196	1.87%	340,305	1.97%
Wyoming	124,397	0.62%	111,998	0.65%
Puerto Rico	94,615	0.47%	82,980	0.48%
Total	20,063,973	100%	17,283,381	100%

NEXTEA: Proposed Highway Program; Aggregate Totals for FY 1998-2003
(Dollars in Thousands)

STATE	I-MAINT	NHS	BRIDGE	STP/TE	CMAQ	INFRASTRUCTURE SAFETY		METRO PLANNING	90% MINIMUM ALLOCATION	REIMB	90% OF APPORT	STATE % GUARANTEE	Grand Total	Pct
						RAIL/ HIGHWAY	HAZARD ELIMINATION							
Alabama	490,532	561,061	271,135	627,048	37,551	27,923	38,846	12,892	108,176	28,883	0	(41,372)	2,204,048	1.01%
Alaska	196,954	125,104	48,714	416,053	37,551	1,375	5,550	5,888	0	28,883	542,419	247,635	1,408,491	1.11%
Arizona	544,253	423,508	37,373	532,224	102,310	4,938	34,418	18,610	21,916	28,883	0	(35,116)	1,748,432	1.45%
Arkansas	281,781	384,069	184,426	401,520	37,551	27,250	25,921	5,888	100,093	28,883	0	(26,492)	1,457,382	1.21%
California	2,496,280	2,277,838	1,209,185	3,309,140	1,459,746	42,486	216,967	178,434	0	313,094	0	(218,334)	11,503,150	9.56%
Colorado	470,070	324,268	127,378	405,723	163,252	13,181	34,893	16,661	0	28,883	0	(26,769)	1,584,309	1.32%
Connecticut	318,227	225,221	231,108	822,003	203,850	1,476	22,700	17,206	0	329,847	79,541	468,883	2,251,178	1.87%
Delaware	127,731	125,104	37,373	157,994	37,551	1,073	5,177	5,888	0	40,437	0	(10,424)	538,328	0.45%
Dist. of Col.	127,731	125,104	94,338	181,180	37,551	73	3,492	5,888	0	28,883	0	(7,229)	584,248	0.49%
Florida	966,191	1,126,133	283,284	1,574,856	186,791	22,950	103,107	71,312	531,454	32,349	0	(103,908)	4,908,428	4.08%
Georgia	922,289	922,858	244,838	1,079,380	112,197	33,446	60,017	22,847	344,852	48,524	0	(71,217)	3,791,248	3.15%
Hawaii	127,731	125,104	97,873	376,662	37,551	23	7,753	5,888	0	28,883	23,181	208,244	830,648	0.69%
Idaho	234,521	180,189	39,481	226,209	37,551	10,228	15,488	5,888	0	28,883	0	57,325	758,418	0.61%
Illinois	874,344	847,712	545,476	1,149,290	421,414	63,940	90,893	59,408	0	497,947	0	(75,829)	4,550,425	3.78%
Indiana	583,430	707,811	182,232	808,721	84,551	45,853	48,280	18,867	271,608	175,032	0	(53,359)	2,926,384	2.43%
Iowa	356,124	338,317	243,977	349,044	37,551	28,951	32,911	6,605	0	28,883	0	(23,030)	1,422,363	1.18%
Kansas	362,034	331,430	231,137	329,935	37,551	35,850	34,071	7,137	0	106,290	0	(21,769)	1,475,438	1.21%
Kentucky	440,278	480,464	169,042	557,061	52,123	14,691	33,670	8,947	151,507	32,927	0	(36,754)	1,950,709	1.62%
Louisiana	477,349	415,488	347,877	518,898	37,551	31,418	34,717	15,611	0	28,883	0	(34,236)	1,907,589	1.58%
Maine	127,731	131,428	100,441	158,974	37,551	2,529	10,869	5,888	0	39,859	0	(10,489)	615,068	0.51%
Maryland	420,508	368,095	198,168	545,388	187,684	2,467	34,874	25,094	0	161,169	0	(23,334)	1,943,445	1.61%
Massachusetts	424,402	388,757	671,268	946,688	254,414	3,724	41,214	33,144	0	296,920	419,286	312,939	3,479,817	2.89%
Michigan	813,109	794,593	390,779	1,055,411	212,283	30,348	74,489	40,728	0	239,153	0	(69,635)	3,650,892	3.03%
Minnesota	496,235	409,667	129,038	475,256	111,882	31,171	46,315	16,612	0	28,883	0	(31,357)	1,745,060	1.45%
Mississippi	305,984	339,029	212,536	377,442	37,551	27,078	28,602	5,888	0	28,883	0	(24,903)	1,360,971	1.13%
Missouri	890,870	860,845	487,821	747,266	72,413	27,381	49,490	19,498	0	77,985	0	(49,304)	2,833,569	2.35%
Montana	392,844	158,825	72,710	330,450	37,551	7,821	14,987	5,888	0	28,883	0	182,032	1,047,339	0.87%
Nebraska	205,828	245,828	148,448	229,349	37,551	22,851	22,870	5,888	0	28,883	0	(15,132)	947,296	0.79%
Nevada	226,159	178,843	37,373	200,860	37,551	1,560	15,949	8,384	0	28,883	0	(13,253)	731,663	0.61%
New Hampshire	127,731	125,104	74,090	157,994	37,551	1,820	9,141	5,888	0	28,883	0	(10,424)	568,002	0.47%
New Jersey	285,829	609,207	810,394	870,793	415,739	8,357	53,390	46,451	0	370,283	0	(57,454)	3,470,444	2.88%
New Mexico	418,379	261,823	42,852	348,242	37,551	5,222	18,883	5,888	0	28,883	0	62,897	1,167,723	0.97%
New York	899,754	1,004,999	1,494,929	1,571,487	771,789	12,914	125,845	98,907	0	975,099	0	(103,685)	6,955,722	5.78%
North Carolina	538,091	742,588	393,971	924,166	74,979	26,694	57,829	17,607	265,486	37,548	0	(60,976)	3,078,959	2.56%
North Dakota	193,860	140,827	37,373	205,803	37,551	20,071	15,932	5,888	0	28,883	0	37,385	686,188	0.57%
Ohio	979,434	821,790	528,855	1,198,044	308,528	46,690	83,641	46,843	0	270,347	0	(78,914)	4,377,772	3.64%
Oklahoma	344,247	451,201	252,556	480,973	37,551	28,985	35,809	9,489	26,826	95,892	0	(31,734)	1,761,311	1.46%
Oregon	381,612	342,773	198,190	394,414	54,988	10,459	31,062	9,950	0	82,028	0	(26,023)	1,505,475	1.25%
Pennsylvania	683,402	1,031,430	1,494,929	1,345,808	424,803	23,978	89,585	50,501	0	371,439	0	(88,795)	5,495,850	4.57%
Rhode Island	127,731	125,104	95,687	205,153	42,420	345	8,823	5,888	0	28,883	0	36,735	638,034	0.53%
South Carolina	437,686	459,753	182,723	532,239	37,551	18,738	31,342	9,997	144,205	28,883	0	(35,117)	1,863,116	1.55%
South Dakota	237,581	140,908	51,577	241,970	37,551	10,111	15,990	5,888	0	28,883	0	73,552	770,457	0.64%
Tennessee	839,417	598,913	283,509	707,699	72,194	20,238	44,125	15,541	0	28,883	0	(46,693)	2,408,519	2.00%
Texas	1,925,821	1,941,559	589,046	2,397,337	354,237	86,001	157,056	79,682	341,944	210,270	0	(158,174)	8,082,953	6.71%
Utah	431,972	199,301	56,864	237,470	58,901	8,750	17,820	9,248	0	28,883	0	(15,668)	1,049,206	0.87%
Vermont	127,731	125,104	74,680	157,994	37,551	1,648	5,535	5,888	0	28,883	0	(10,424)	564,994	0.47%
Virginia	745,039	651,836	331,971	830,800	142,304	10,877	50,069	28,834	0	116,111	0	(54,802)	2,905,442	2.41%
Washington	552,421	450,637	373,477	583,488	136,525	12,775	44,603	22,525	0	76,252	0	(38,499)	2,252,713	1.87%
West Virginia	204,185	198,205	293,830	268,805	37,551	8,293	15,938	5,888	0	28,883	0	16,838	1,059,378	0.88%
Wisconsin	343,861	529,616	128,474	821,200	90,558	28,069	46,742	17,270	209,526	28,883	8,979	156,873	2,251,178	1.87%
Wyoming	311,454	136,657	37,373	178,133	37,551	2,608	7,832	5,888	0	28,883	0	9,715	746,380	0.62%
Puerto Rico	127,731	125,104	79,556	157,994	37,551	78	24,788	14,891	0	0	0	(10,424)	567,689	0.47%
Apportioned	25,548,272	25,020,809	14,949,293	33,683,646	7,509,845	953,147	2,175,872	1,177,503	2,517,593	5,776,650	1,073,407	0	120,383,837	100.00%
Non-App	987,728	1,513,191	1,026,707	1,302,354	290,355	36,853	84,129	5,888	0	223,350	0	0	5,464,686	
Total Program	26,534,000	26,534,000	15,976,000	34,986,000	7,800,000	990,000	2,260,000	1,177,503	2,517,593	6,000,000	1,073,407	0	125,848,503	

Note: Estimates are based on latest available data and therefore subject to change

NEXTEA Proposal

(Dollars in Millions)

	Total ISTEA	Total NEXTEA
Highway Infrastructure		
National Highway System	21,000	26,534
Interstate Maintenance Program	17,000	26,534
Surface Transportation Program/TE	23,900	34,986
Flexible Highway Infrastructure Safety		3,250
Interstate Transfer	960	
Interstate Construction	7,200	
Minimum Allocation	6,003	3,591
Donor State Bonus	2,832	
Hold Harmless	6,495	
90% of Payments	1,600	
Wisconsin	30	
Ferry Boats	100	
Demos	7,261	
NHS Corridors	248	
Bridge Program	16,100	15,976
Cong. Mitigation/Air Quality Impr. Program	6,000	7,800
Interstate Reimbursement	4,000	6,000
Recreational Trails Program	180	42
Scenic Byways Program	80	90
ITS/ITI Integration Deployment	659	600
FHWA Research & Tech. Programs	87	1,566
Federal Lands	2,600	3,150
Tax Evasion	45	30
Congestion Pricing		84
Bureau of Transportation Statistics	90	186
Emergency Relief Program	600	600
High Speed Rail	775	
Woodrow Wilson Memorial Bridge		400
Appalachian Highways		2,190
State Infrastructure Banks		900
Integrated Safety Fund		300
Border Gateway Crossing Pilot Program		270
RSPA Strat. Planning R&D & Intermod. Res.		135
Credit Reform Program		600
Other	45	
ISTEA Budget Compliance	(2,557)	
Transit		
Formula Capital	19,077	23,930
Discretionary Grants	12,422	5,776
FTA/Other		839
Safety		
Operations and Research	465	889
Highway Traffic Safety Grants	1,151	1,392
Motor Carrier Safety Assist. Pgm Grants	537	600
Subtotal ISTEA Programs	156,985	169,240
ADDITIONAL PROGRAMS		
TRANSIT		
WMATA		250
RAIL		
AMTRAK Capital (HA)		3,415
AMTRAK Operating (HA)		1,354
Subtotal Additional Programs		5,019
TOTAL	156,985	174,259

FORMULAS

Purpose

Apportionment formulas are the basis for distributing most program funds to the States. NEXTEA revises formulas for the STP and NHS programs because current law formula factors are outdated and relate only loosely (if at all) to program goals. The new NHS and STP formulas are designed to more effectively distribute program funds among the States on the basis of overall Federal-aid program goals (e.g., safe, efficient, environmentally sound transportation) and individual core program goals (e.g., maintain and improve the NHS). No changes are proposed for the Interstate Maintenance and Bridge Programs because it was felt that these formula factors are generally effective in achieving program goals.

Formulas

NHS: 75% according to a State's contributions to the Highway Account of the HTF (HA/HTF) as a percent of total HA/HTF contributions by all States; **15%** according to a State's Commercial Vehicle Contributions (CVC) to the HA/HTF as a percent of total CVC by all States; **10%** according to a State's public road mileage as a percent of total public road mileage within all States; $\frac{1}{2}\%$ minimum; use the latest available data.

STP: 70% according to a State's contributions to the HA/HTF as a percent of total HA/HTF contributions by all States; **30%** according to a State's total population as a percent of total population within all States; $\frac{1}{2}\%$ minimum; use latest available data.

Retain Current Formula for IM (i.e., **55%** Interstate Lane Miles; **45%** Interstate VMT; $\frac{1}{2}\%$ minimum);

Retain Current Formula for HBRRP (i.e., **100%** of the relative share of costs to repair deficient bridges; $\frac{1}{4}\%$ minimum; 10% maximum).

Special Note on Interstate Reimbursement Program: The Administration is proposing reauthorization of the Interstate Reimbursement Program, at \$1 billion annually, or a total \$6 billion over the reauthorization period. State shares for this program are based on each state's original cost of constructing routes which later became part of the Interstate System.

Special Note on Other Revised Formulas: Apportionment formulas for CMAQ and Infrastructure Safety are revised (see individual fact sheets).

Equity Adjustments

NEXTEA equity adjustments provide for an orderly transition from current law formula factors to alternative formula factors that relate well to program purpose and goals, but in a fashion which will not abruptly alter any State's apportionment dollars from one year to the next. NEXTEA discretionary allocations (Public Lands Discretionary, Bridge Discretionary, Scenic Byways, etc.) are not calculated in the base for these equity adjustments. Following are the formulas for the three proposed equity adjustments:

Minimum Allocation: Each State receives apportionments of at least 90 percent of its percent contributions to the HA/HTF. **

90 Percent of Apportionments: Each State receives apportionments of at least 90 percent of its prior year's dollar apportionments throughout NEXTEA years. **Special Provision for Alaska:** Alaska will receive 90 percent of its FY97 apportionments in FY98 (like all other States), and 100 percent of its prior year's dollar apportionments thereafter (unlike all other States), throughout all years of NEXTEA. **

****Funding Cap for Minimum Allocation and 90 Percent of Apportionments Adjustments:** Combined funding for the MA and 90 Percent of Apportionments equity adjustments shall not exceed \$790M in FY1998, \$674M for FY1999, \$583M for FY2000, \$528M for FY2001, and \$508M for FY2002-2003.

State Percentage Guarantee: Each State's share of NEXTEA annual apportionment dollars received must equal at least 95 percent of its average ISTEA (FY92-97) percent apportionments throughout all NEXTEA years. Special Provision for Massachusetts: In calculating each State's average ISTEA percent apportionments, Massachusetts' annual Interstate Construction funds, which were significantly higher than all other States under ISTEA, shall be capped at the level of the next highest State.

3/11/97

TABLE 1. NEXTEA APPORTIONMENT FORMULAS FOR CORE HIGHWAY PROGRAMS

Core Program	Current Law Formula	Administration's Proposal
<i>National Highway System</i>	Relative Share of 87-91 Federal Program Percent ¹	75% HTF Contributions (Highway Account) 15% Commercial Vehicle Contributions to HTF (Highway Account) 10% Public Road Mileage
<i>Surface Transportation Program</i>	Relative Share of 87-91 Federal Program Percent ²	70% HTF Contributions (Highway Account) 30% State Population
<i>Interstate Maintenance</i>	55% Interstate Lane Miles 45% Interstate VMT	No alternatives proposed.
<i>Bridge Rehabilitation and Replacement</i>	Relative share of costs to repair deficient bridges ³	No alternatives proposed.

¹ The NHS Formula under ISTEA is, generally speaking, based indirectly on Postal Route Mileage, Land Area, and Population (Urban/Rural), where the weighting of each varies by Primary, Secondary, and Urban System Programs (the precursors to the NHS.)

² The STP Formula under ISTEA is, generally speaking, based indirectly on Postal Route Mileage, Land Area, and Population (Urban/Rural), where the weighting of each varies by Primary, Secondary, and Urban System Programs (the precursor programs to NHS.) This formula is the same as for the NHS, but applied to the total funds for NHS, Interstate Maintenance, Bridge R&R, and STP, adjusted so that no State can receive no less than 70 percent of its percent FY 87-91 apportionments and allocations (except for States that receive Interstate System apportionment of more than \$50 million in FY92.) Each State's apportionment made for Interstate Maintenance, NHS, and Bridge R&R is then deducted from these STP State apportionments with the remainder being each State's STP apportionment.

³ To determine each State's apportionment, the square footage of deficient bridges is multiplied by the respective unit price on a State-by-State basis, as determined by the Secretary; and the total cost in each State divided by the total cost of the deficient bridges in all States determines the apportionment factors. No State shall receive more than 10 percent or less than 0.25 percent of the total apportionment for any one fiscal year.

NOTE: During NHS designation negotiations, FHWA agreed that it would not propose the use of either NHS Lane Miles or NHS VMT as NHS program apportionment factors. Substituting Principal Arterial Miles is not an option because of limited FHWA control over how States designate their Principal Arterial systems.

Source Material: "Highway Statistics: Summary to 1985", Federal Highway Administration.

TABLE 2. COMPARISON OF EQUITY ADJUSTMENTS UNDER ISTEA AND NEXTEA

ISTEA		NEXTEA	
Equity Adjustment	Formula	Equity Adjustment	Formula
<i>Minimum Allocation</i>	Each State receives apportionments of at least 90 percent of its <i>percent</i> contributions to the Highway Account of the HTF.	<i>Minimum Allocation</i>	Each State receives apportionments of at least 90 percent of its <i>percent</i> contributions to the Highway Account of the HTF.
<i>Donor State Bonus</i>	Starting with the State having the lowest return (apportionments compared to HTF contributions), each 'donor' State is brought up to the level of return for States with the next highest level of return, with the process repeated until all authorized funds in each FY are expended.		
<i>Hold Harmless</i>	Each State receives an addition to its regular apportionments so that its total apportionments in each FY will equal an 'established' percentage identified in previous transportation authorizing legislation.	<i>90 Percent of Apportionments</i>	Each State receives apportionments of at least 90 percent of its <i>prior year's dollar apportionments</i> throughout NEXTEA years. ¹
		<i>State Percentage Guarantee</i>	Each State receives NEXTEA apportionment dollars of <i>at least</i> percent of its average ISTEA (FY92-97) <i>percent apportionments</i> throughout all NEXTEA years. ²
<i>90 Percent of Payments Adjustment</i>	Each State receives an allocation in an amount that ensures its apportionments for the FY and allocations for the previous FY will be at least 90 percent of its HTF contributions (Highway Account).	Proposing to Discontinue	

¹ *Special '90 Percent of Apportionments' Provision: Alaska will receive 90 percent of its FY97 apportionments in FY98 (like all other States), and 100 percent of its prior year's dollar apportionments thereafter (unlike all other States), throughout all years of NEXTEA.*

² *Special 'State Percentage Guarantee' Provision: In calculating each state's average ISTEA percent apportionments, Massachusetts' annual Interstate Completion funds, which were significantly higher than all other states under ISTEA, are capped at the level of the next highest state.*

Source Material: "Financing Federal-Aid Highways", Federal Highway Administration, May 1992.

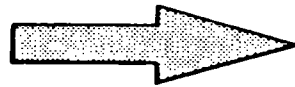
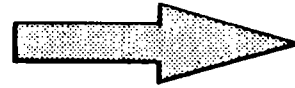
ISTEA Equity Adjustments

Minimum Allocation

Donor State Bonus

Hold Harmless

**90 Percent of
Payments Adjustment**



NEXTEA Equity Adjustments

Minimum Allocation

**90 Percent of
Apportionments**

**State Percentage
Guarantee**

Proposing to Discontinue



**U.S. Department of
Transportation**

News:

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

FOR IMMEDIATE RELEASE

Wednesday, March 12, 1997

DOT 30-97

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President Clinton Unveils Reauthorization Proposal for Transportation for the Twenty-First Century

President Clinton today proposed a six-year, \$175 billion National Economic Crossroads Transportation Efficiency Act (NEXTEA) program to continue building and operating a safe, efficient and environmentally-sound surface transportation system into the next century.

"Our nation's prosperity and quality of life depend greatly on our transportation system," President Clinton said. "This landmark legislation puts safety first, protects our environment, continues rebuilding our transportation infrastructure and spurs job creation throughout our economy."

"NEXTEA will build on past success," Transportation Secretary Rodney E. Slater said. "President Clinton promised to re-build America at a time when our transportation system suffered from inadequate capacity and deteriorating infrastructure. Working together with Congress, we've made great improvements. The core elements of this bill will set a firm foundation to carry us into the next century."

NEXTEA's nine core elements are:

- Putting safety first,
- Rebuilding America,
- Increasing investment through innovative financial tools,
- Ensuring global competitiveness,
- Improving access to jobs and training,
- Protecting the environment,
- Improving transportation through technology,
- Strengthening urban communities and
- Serving rural America.

-more-

The bill would authorize about \$175 billion for surface transportation programs from 1998 to 2003, an 11 percent increase over the Intermodal Surface Transportation Efficiency Act of 1991. According to Slater, the proposal builds on ISTEA's success while helping the United States toward a balanced budget. The proposed authorization levels would expand core programs like the National Highway System and maintenance of the Interstate highways by 30 percent and mass maintain mass transit investment at high levels.

Secretary Slater said that the challenge in safety is to continue progress even as traffic increases. "We've recently seen warning signs that tell us to re-focus on traffic safety: the fatality rate has stagnated, safety belt use has leveled off and the number of alcohol-related deaths has increased. NEXTEA will seek to improve safety on our roads by focusing on driver behavior and road design."

NEXTEA would increase NHTSA overall safety funding by 11 percent to \$333 million and fund incentive programs to reduce drugged and drunken driving, to increase safety belt use and collect improved data on highway safety to help solve safety problems, he said.

The President's proposal would increase the amount of funding available for transportation through the use of innovative financial tools. It would open the State Infrastructure Bank (SIB) program to all states, increase the amount of federal seed money available to these banks and allow states to use up to 10 percent of their regular federal-aid highway funds to capitalize these banks.

U.S. competitiveness would get a boost from the proposed transportation bill because it would create new programs to help international trade by improving border crossings and developing major trade corridors within the United States – corridors that would have reduced congestion and fewer bottlenecks. Trade aspects of the bill would expand the eligibility of existing programs to include access to intermodal terminals and access to ports.

A six-year, \$600 million competitive grant program in NEXTEA would support flexible, innovative transportation alternatives for people trying to get to work and off welfare. It also would increase incentives to provide job training so that welfare recipients could take advantage of transportation and related careers.

To help protect the environment, NEXTEA would increase funding for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) by more than 25 percent to \$1.3 billion annually, increase transportation enhancements funding by more than 25 percent and continue funding for National Scenic Byways, recreational trails, bicycle transportation and pedestrian walkways.

Secretary Slater said that technology can help deliver additional safety and capacity for

less monetary and environmental cost so NEXTEA will invest in research and fund a \$600 million incentive program to help urban areas integrate their intelligent transportation systems to provide smoother service.

Transit funding from the federal government would increase to \$5 billion annually under NEXTEA, and intercity rail terminals would become eligible for these funds. Secretary Slater said local officials would find it easier to fit transit funds to their community's needs because transit funding options in NEXTEA are streamlined.

Noting his commitment to rural America and its essential contribution to American prosperity, Secretary Slater said the proposed bill would extend to rural areas the benefits of inclusive planning by requiring states to consult rural officials in developing transportation plans. It also would raise authorizations for the Federal Lands Highways Program to \$525 million.

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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>*

ENCOURAGING PARTICIPATION OF DISADVANTAGED BUSINESS

Historically, minority and women-owned businesses have been underinvolved in the highway and transit construction industries. The Disadvantaged Business Enterprise (DBE) program was established by Congress in 1982 to ensure that at least 10 percent of the funds authorized for Federal highway and transit projects were expended with small business concerns owned and controlled by socially and economically disadvantaged individuals. The DBE program was reauthorized in 1987 and expanded to include women-owned business enterprises. This expanded DBE program was reauthorized in 1991 by ISTEA. In June, 1995, a Supreme Court decision (*Adarand Constructors, Inc. v. Peña*) heightened the standard of judicial review applicable to Federal affirmative action programs, requiring that they meet a standard of "strict scrutiny." The Administration continues to believe that the current program is consistent with "strict scrutiny." However, the *Adarand* decision and the President's July 15 directive to "mend, not end" affirmative action programs have resulted in a review of the DBE program to identify possible administrative program modifications.

ISTEA SUCCESSES

- √ Participation rates of DBEs in federally-funded highway and transit contracts continued to increase under ISTEA. Since 1992, a total of about \$ 8.5 billion in Federal transportation construction funds has been expended with DBE contractors. This is a 30 percent increase over Bush-era levels.

KEY NEXTEA PROVISIONS

- Increases in DBE contracting as a result of higher funding levels -- 30 percent more in the highway core programs and 11 percent more overall.
- NEXTEA continues the current DBE statutory provisions.
- The Department of Transportation will issue a Supplemental Notice of Proposed Rulemaking designed to address new legal standards by:
 - (1) Clarifying the process for state and local governments to establish DBE goals for their Federally-funded projects.
 - (2) Requiring that race-neutral measures, such as outreach programs, be used first by recipients to reach their overall DBE goals before resorting to race- and gender-conscious measures.
 - (3) Limiting how long firms can participate in the program, and
 - (4) Reducing the concentration of DBE firms in certain types of work.

MAKING TRANSPORTATION ACCESSIBLE

There are some 50 million people in the United States with disabilities -- the single largest minority group. As America's population continues to age, this figure is likely to increase further over the next few decades. To improve mobility for the disabled, the Americans with Disabilities Act (ADA), enacted in 1990, requires the provision of both accessible fixed-route (bus and rail) services and comparable complementary paratransit services for those who cannot use fixed-route service. In addition, where street crossings meet sidewalks, there must be curb cuts to accommodate people who use wheelchairs or mobility aids.

ISTEA SUCCESSES

- ✓ Under ISTEA, fixed-route transit bus accessibility doubled (about 60 percent of the total fleet are lift- or ramp-equipped) and more low-floor buses and accessible, light-rail cars are in use. The new light-rail systems recently opened in St. Louis, Dallas and Denver are all fully ADA accessible.
- ✓ Annual aggregate paratransit trips increased from 45 million in 1992 to 54 million in 1995.
- ✓ Since 1976, curb cuts are included in all construction or alterations where street crossings meet sidewalks.
- ✓ Rest stops on the Interstates include accessibility features.

KEY NEXTEA PROVISIONS

- To help cities comply with ADA, NEXTEA transit funds can be used to purchase non-fixed route paratransit transportation services.
- NEXTEA allows state and local officials to contract for paratransit service, including operating costs, at a 50-50 match, for all areas, including those with a population of 200,000 or more. This is significant because contracted paratransit represents about two-thirds of all ADA paratransit.
- NEXTEA continues to provide a 90 percent Federal share for the incremental costs of transit vehicle-related equipment, such as lifts, ramps and other accessibility features, needed to comply with the ADA.
- NEXTEA allows state and local officials to fund Intelligent Transportation Systems features under all major programs, which includes items such as electronic tolls and automated voice devices that make transportation access easier for all people, including those with disabilities.

would support giving the railroad a half-cent if the bulk of the 4.3 cents was shifted to the trust fund to better finance highway and transit programs.

The panel is headed by Tom Larson, who served as federal highway administrator during the 1991 surface transportation reauthorization. The 13-

member group is expected to make recommendations on Amtrak's finances during the next 30 to 60 days, a period that will coincide with the development of the budget resolution. □

— By Nancy Ognanovich

Major ISTEA Reauthorization and Financing Proposals

BILL	STATUS	OUTLOOK
National Economic Crossroads Efficiency Transportation Act, or NEXTEA , proposed by the Clinton administration. Introduced by request as S 468 by Sens. Chafee and Moynihan. Not get introduced in House	Would retain ISTEA as framework for reauthorization, with relatively flat funding over next six years. Includes expanded eligibility for highway funds, revamped formula, new border infrastructure program. Amtrak included as eligible for highway funds.	Total \$175 billion in highway and transit funding has been criticized, as well as formula that cuts share of funding for many Western, Northeastern, and other states. But retention of ISTEA framework and partnerships with states and localities has strong political backing.
ISTEA Reauthorization Act, or ISTEA Works , to be introduced by Sens. Moynihan, Lieberman, and Lautenberg. Including Chafee, the bill will have about 20 cosponsors. In the House, a companion bill may be introduced by Northeastern lawmakers.	Retains the basic structure of ISTEA but updates outmoded formulas, provides flexibility, and streamlines the equity adjustment programs. Creates a new "high- and low-density state adjustment" to address states' concerns.	Retention of ISTEA framework popular, but funding for donor states under plan likely to be criticized.
Streamlined Transportation Efficiency Program for the 21st Century, or STEP 21 (S 335/HR 674), cosponsored by Sen. Warner and 22 others in Senate and by Rep. DeLay and 94 others in House.	Would restructure ISTEA's highway program into two elements: a National Highway System and a Surface Transportation Program block grant controlled by the states. Also would modify program to require each state to receive a 95 percent return on its gas tax payments.	Restructuring of programs—including elimination of ISTEA's Congestion Mitigation and Air Quality (CMAQ) program—heavily criticized, but emphasis on making formula more equitable has strong support in House, Senate. Related House bill (HR 907) introduced by Reps. Safford, Largent, and Clement revises ISTEA's funding formula without making any changes to act's programs or policies. It has about 50 other cosponsors.
The Surface Transportation Authorization and Regulatory Streamlining Act, or STARS 2000 , to be introduced by Sens. Baucus, Kempthorne, and Thomas.	Positioned as a middle ground between ISTEA Works and STEP 21, STARS 2000 emphasizes the National Highway System, with 60 percent of funds directed to system and 40 percent to the Surface Transportation Program. Includes \$26 billion in annual highway funding, a big boost over current \$20 billion. Provides for even higher funding if 4.3 cents gas tax is transferred to Highway Trust Fund.	Expected to play well with donor states, who would get more funds under bill. But generating criticism for cutting funding for CMAQ program.

Major ISTEA Reauthorization and Financing Proposals

BILL	STATUS	OUTLOOK
Rural States Highway Preservation Act (S 331) , introduced by Dorgan and seven other senators from Western states, including Senate Minority Leader Daschle.	Emphasizes changes to formula to address Great Plains states' concerns: rural states with low-density populations would be guaranteed to receive the same percentage of total federal-aid highway funds as in current legislation; and a 1 percent set-aside of total highway funding would be created as a rural state adjustment to be allocated on a formula basis according to the number of NHS miles in a state and the number of NHS vehicle miles traveled in that state.	Criticized for not addressing overall issue of how to divide federal highway funding and focusing primarily on a limited number of states.
Devolution, or "Turnback" of federal surface transportation programs. Proposed last year by Sen. Mack and House Budget Committee Chairman Kasich. May be reintroduced this spring.	Would repeal all but about 4 cents of the federal gas tax and "turn back" most of the federal program to the states.	Criticized for ignoring national transportation goals in drive to give states more control over programs. Also, unclear if states would increase their own gas taxes sufficiently to cover gap created by demise of federal gas tax.
The Truth in Budgeting Act (HR 4) , introduced by Reps. Shuster and Oberstar. Currently has more than 190 cosponsors in House. Companion bill not yet introduced in Senate. Passed the House last year.	Would take the highway, aviation, and two other transportation trust funds out of the unified budget in order to allow greater spending. For the Highway Trust Fund, the move off-budget could allow spend down of \$20 billion balance.	While the House will probably ignore Kasich's argument that the bill would increase the federal budget deficit and require large cuts in other programs, Senate opposition to the legislation remains strong.
Highway Trust Fund Integrity Act (S 404) , introduced by Sens. Chafee and Bond with four other cosponsors.	Would create a new budget category to allow all of the annual revenues to the trust fund's highway account to be spent on highways.	The legislation is viewed as a counter to HR 4 and is getting consideration at the Senate Budget Committee. However, it does not address treatment of trust fund's transit account and would not spend any of the \$20 billion surplus in the trust fund.
4.3 Cents Gas Tax Shift , to be introduced by Sen. Baucus. In House, similar bills (HR 255/HR 644) introduced by Rep. Rahall and Rep. LaTourette.	Would move 4.3 cents from deficit reduction to the Highway Trust Fund in order to better finance transportation programs.	Bill has increasing backing in House and Senate. In Senate, GOP and Democratic leaders both have voiced support for proposal. Ways and Means Committee Chairman Archer said he will support shift of tax. Senate support could be linked to giving Amtrak a half-cent of the tax.
Intercity Passenger Rail Trust Fund Act (S 436) , introduced by Senate Finance Committee Chairman Roth and Moynihan.	Would give railroad a half-cent of 4.3 cents tax for capital funding.	Proposal is attracting more support, particularly as Amtrak officials discuss railroad's prospect of bankruptcy.
Rebuild Infrastructure and Transportation Act , to be introduced by Sen. Conrad.	Would shift 4.3 cents to a new Infrastructure Bank Account within the Highway Trust Fund for better financing of State Infrastructure Banks. Bill would allow states to use funds to finance many infrastructure projects, including aviation, housing, and schools.	Proposal to use gas tax money to finance non-highway projects likely to be criticized. Also, strong support to use revenues for 4.3 cents primarily for core highway program.

End of Section



ANALYSIS AND REPORTS

Transportation

ISTEA Reauthorization In Full Gear As Lawmakers Return From Recess

Negotiations on the reauthorization of the nation's highway and mass transit programs will shift into full gear as Congress returns from recess, with lawmakers readying for the debate over the funding and structure of the massive bill.

With much of the groundwork already having been laid for the rewrite of the Intermodal Surface Transportation Efficiency Act during the winter, House and Senate lawmakers now will have to begin making key decisions on the look of the programs and how to wrestle more funds for them in upcoming budget discussions.

While lawmakers still are introducing their competing ISTEA reauthorization bills, most of the major plans already are known, as are the proposals to finance them. And, during the past weeks, key players have indicated how they plan to approach the reauthorization, with many positioning themselves to go after more funds for transportation.

Although the House Transportation and Infrastructure Committee is in the process of developing its ISTEA reauthorization bill, its counterpart in the Senate remains divided over the basics of the successor to the landmark 1991 act. But members on the House panel and the Senate Environment and Public Works Committee appear to agree on one thing: they want more money for ISTEA programs.

In the next few weeks, members of both authorizing panels will be pressing the House and Senate budget committees to recommend significantly higher transportation spending levels in the FY 1998 budget resolution. At the same time, lawmakers will be maneuvering to shift to the Highway Trust Fund the 4.3 cents that now goes to deficit reduction—with a half-cent of that tax likely to be given to intercity rail.

Flurry Of Senate Bills Expected

While the House panel chaired by Rep. Bud Shuster (R-Pa) is in the process of writing a consensus bill to report from committee this spring, senators are essentially split into three camps over the structure of the programs. In large part, they are divided along regional lines, and their positions reflect their states' current return on the gas tax payments sent to Washington.

Introduced early on by Sen. John Warner (R-Va), chairman of the Transportation and Infrastructure Committee, and many other lawmakers from the South and Midwest is the so-called STEP 21 bill (S 335) that would restructure the federal aid highway program and give states much more control over funds.

The legislation, which only addresses the highway portion of ISTEA, promises to give states a 95 percent return on their gas tax payments.

That bill stands in sharp contrast to the proposals being offered by the Clinton administration and many lawmakers from the Northeast who want to keep ISTEA intact with few changes. The administration, which finally released its six-year proposal in mid-March, would keep ISTEA but increase its flexibility and eligible uses for highway funds. Among other things, it would make Amtrak eligible for highway monies.

When the Senate returns the week of April 7, Sen. Daniel Patrick Moynihan (D-NY) and several other lawmakers from the Northeast are planning to introduce their own ISTEA Reauthorization Act. It would retain the basic structure of ISTEA but update outmoded formulas. It creates a new "high- and low-density state adjustment" to address states' concerns about the highway formula. Still, it is not expected to fully address the donor states' concerns about their share of highway funds.

About the same time, Sen. Max Baucus (D-Mont), the Senate Environment and Public Works Committee's ranking Democrat, is expected to introduce another bill that is being positioned as a middle ground between STEP 21 and the so-called ISTEA Works bills. Baucus and other lawmakers from Western states are readying their "STARS 2000" bill, which would direct 60 percent of available funds to the National Highway System and 40 percent to the Surface Transportation Program. It also calls for raising annual highway funding from \$20 billion to about \$26 billion.

Aides said the decision by Baucus to introduce a separate reauthorization bill was a motivation for Senate Environment and Public Works Committee Chairman John Chafee (R-RI) to agree to join Moynihan and other lawmakers in sponsoring the ISTEA Works bill. With Chafee sponsoring that legislation, the three camps now are pretty well entrenched within the committee, aides said, adding that it mirrors the division in the overall Senate.

Amidst all of this, Sen. Connie Mack (R-Fla) is expected to push his own separate plan to completely dismantle ISTEA and "turn back" most of program to the states. While Mack has not actually introduced the legislation, the proposal continues to be discussed, particularly in the context of STEP 21, which has been positioned as a moderate alternative to "devolution."

For Mack and other proponents of "turnback," a large problem is scoring the actual legislation. Repealing most of the federal gas tax—which the proposal would do—would require Mack to find billions in offsets. In addition, it is not clear that states are ready to increase their own gas taxes to make up for any lapse in funding from Washington.

House Developing Legislation This Spring

All of the same proposals are under discussion in the House, but, so far, the 73-member Transportation and Infrastructure Committee appears determined to back a consensus reauthorization bill that will be circulated in the Spring and then reported from committee by the Memorial Day recess.

Given the divisiveness of the formula issue—as well as many others raised by the ISTEA rewrite—aides said they would not be surprised if the committee misses those deadlines. But the panel already seems far ahead of the Senate Environment and Public Works Committee, with its hearings mostly complete and its list of project requests catalogued.

According to aides, Shuster and other lawmakers will be briefed the week of April 7 on the staff's work during the recess.

"We're at the point now where we will be able to make recommendations," an aide said.

Under Construction

Aides indicated that the bill under development will keep ISTEA as the framework for the reauthorization. After city and county officials spent the winter attacking STEP 21 and calling for retention of ISTEA, they said, it appears that there is not enough political support for a major restructuring of the programs.

However, with House GOP Whip Tom DeLay (R-Texas) and other donor state lawmakers pushing STEP 21, aides said the committee will try to fine-tune the act to give states more flexibility and a better return on their gas tax payments.

While the committee is only in the beginning stages of developing the bill, aides suggested that the multi-year legislation could reflect the following:

- Fine-tuning of ISTEA's different highway categories to give states a greater say over how money is spent. Among other things, the STP and Congestion Mitigation and Air Quality programs may be changed to allow funds to be transferred to other uses.

- Revamping the formula and creation of one large equity account that will eliminate ISTEA's multiple categories and help improve donor states' returns. A large portion of that account may be aimed at Texas.

- Funding for highway and transit "demo" projects, with the bill's annual funding for road projects only expected to exceed \$1 billion.

- Funding for special corridors, including those to address increased activity generated by the North American Free Trade Agreement.

- Programs for innovative finance, Appalachian highways, and border infrastructure.

Most significantly, the bill is expected to reflect Shuster's desire to get much more money into the core highway and transit programs. The legislation, aides said, may very likely call for shifting the 4.3 cents gas tax to the Highway Trust Fund and also taking that trust fund off budget to free up the monies. All of those moves, they said, could support annual highway spending in excess of \$32 billion and annual transit spending in excess of \$6 billion.

Push For More Money In Budget Plan

While the structure of the bill continues to divide lawmakers, both key House and Senate lawmakers are intent on getting more money for the programs. In the House, a large majority of members have asked Shuster for project money this year, and about 190 of them have signed on as cosponsors on Shuster's bill (HR 4) to take the Highway Trust Fund off budget.

The strength of last year's vote on an identical bill, plus the backing of almost 200 members in the 105th Congress, is putting pressure on House Budget Committee Chairman John Kasich (R-Ohio) to write a budget resolution that recommends higher transportation funding. Kasich, who earlier planned to offer his own "devolution" bill, continues to oppose the off-budget bill but may end up allowing greater transportation spending.

On the Senate side, Warner and Baucus also moved out early on the funding issue, collecting the support of some 55 other lawmakers in a letter to Senate Budget Committee Chairman Pete Domenici (R-NM) urging \$26 billion in annual highway funding in the budget resolution. And, while most lawmakers continue to officially oppose the off-budget bill, Senate Minority Leader Tom Daschle (D-SD) recently indicated that he plans to support the proposal.

In a move that Shuster considered significant, Chafee and Sen. Kit Bond (R-Mo) recently offer a bill (S 404) that would not take the trust fund off budget but would "wall off" highways in the budget process so that annual gas tax receipts could be spent.

4.3 Cents Tax Key Issue

For most of ISTEA's funding issues, the key appears to be the fate of the 4.3 cents, which since its creation in 1993's budget act has flowed to the general fund to reduce the federal deficit. During the recent season of posturing, many key lawmakers also began to signal their support for shifting the tax to the trust fund to help finance ISTEA, including Daschle, Senate GOP Leader Trent Lott (R-Miss), Baucus, and Warner.

Significantly, the leaders of the House and Senate tax-writing panels also have indicated their own support for shifting the tax to the trust fund. But in staking out their positions, House Ways and Means Committee Chairman Bill Archer (R-Texas) and Senate Finance Committee Chairman Bill Roth (R-Del) have set up a situation where financing for Amtrak will be a factor in negotiating a deal on the gas tax.

In recent remarks, Archer said he will support shifting the 4.3 cents tax to the trust fund as part of ISTEA. However, he said he does not believe Amtrak should receive any trust fund money.

In contrast, Roth recently introduced legislation (S 436) to direct only a half-cent of that 4.3 cents away from deficit reduction, and that half-cent would go to Amtrak.

Aides said a deal appears likely, particularly as Amtrak's financial situation becomes more acute. In recently announcing the creation of a panel to develop an emergency plan to save Amtrak, Shuster said he



White House Press Release

Press Briefing By Deputy Secretary Of Transportation Mortimer Downey

The White House

Office of the Press Secretary

For Immediate Release

March 12, 1997

Press Briefing By
Deputy Secretary Of Transportation Mortimer Downey

The Briefing Room

1:15 P.M. Est

Ms. Glynn: Hi, everyone. Mike McCurry's briefing will be delayed until about 1:30 p.m., we think. But in the meantime, the Deputy Secretary of Transportation Mortimer Downey is here to answer any question about **Nextea**.

Deputy Secretary Downey: Good afternoon. Let me just say a few words about **Nextea**, which is the service transportation reauthorization bill that President Clinton and Secretary Slater announced this morning. It's a strong commitment to the role of transportation in the nation's economy and it reaches out to meet other goals. It will continue to fulfill the promise to rebuild America, even as we're moving to a balanced budget.

Over the past several years, the President has kept his promise, increasing federal infrastructure investment by 21 percent, to an average of \$25.5 billion a year. And that stopped the deterioration of highways and transit systems. We will continue that commitment under **Nextea**. Not only will our investment improve our transportation system's efficiency, but it will serve as a generator of prosperity, creating jobs in and of itself.

Nextea will also benefit the economy by helping reduce the barriers for those who move from welfare rolls to payrolls, giving them affordable, convenient transportation to jobs, training and support services. We're proposing a six-year, \$600 million

program to support flexible, innovative transportation alternatives such as van pools to get people to where jobs are.

Nextea will also help reduce the tragic toll of highway deaths even in the face of growing traffic by programs that focus on the best safety payoffs -- safety belts, child restraints, reducing drunk and drugged driving, and continuing research into safer vehicles. And most importantly, **Nextea** will continue our commitment that investment in roads and transit can go hand in hand with enhancing the evaluation. As the President said this morning, this is one of the most important environmental bills to be considered by this Congress.

Nextea's predecessor, Istea, made progress in rebuilding America and in making our transportation safer and more efficient. As we worked with Istea, we listened to our partners around the country in state and local government as they told us how the programs could be made even better. And **Nextea** is the result of those listening sessions. We look forward to working with Congress on the coming months.

And I'll be glad to answer your questions.

Q We understand that the President's proposal lifts the restrictions on states putting tolls on interstate roads. Can you tell us how that works and explain some of the logic behind it?

Deputy Secretary Downey: That's one of the things we heard as we went around the country, that state and local governments are looking for ways to increase the amount of investment that they can make in new and expanded and safer transportation systems. They are now not permitted to put tolls on other interstate highways. They can put tolls on bridges and tunnels that are on the interstate system, but not the highway sections themselves. So under the President's proposal, the states would have that option. We don't mandate it, we don't tell them they have to do it, there are legal restrictions as to how high those tolls could be, but we would give them that flexibility if that's a way they want to serve their public by increasing the amount of construction they can do.

Q Doesn't that increase the price of travel and every other thing? I mean, why are you doing that?

Deputy Secretary Downey: We want to see better, safer transportation systems with greater capacity. Those need to be paid for in one way or another, and tolls would actually allocate those costs to the users.

Q And they would be able to keep the money?

Deputy Secretary Downey: The states or local governments could keep the money, but only if it's reinvested into transportation -- and it would be their judgment, not ours.

Q The federal government would keep none of it?

Deputy Secretary Downey: The federal government would not. The federal government paid for 90 percent of the original highway construction, but the state and local governments would get the benefit if they chose to put tolls on those systems.

Q What about the restriction, you said there was a legal restriction on how much -- what is that?

Deputy Secretary Downey: In 1991 the law was changed to take it out of the jurisdiction of the U.S. Department of Transportation and turn it over to the courts. As I recall, the standard is just and reasonable. So anyone who was putting tolls in place would have to show that they were just and reasonable.

Q Do you have any estimates at all about how much --
Deputy Secretary Downey: I don't know that even a single state will do this. But we believe that in some parts of the country, especially in congested metropolitan areas where the interstate system is not just the way to link cities together, but is really their travel pattern to and from downtown, they would consider it.

Q You said you heard this from around the states. So which states are the most interested?

Deputy Secretary Downey: We don't have any specific applications at this time.

Q What was the impetus, then, if there isn't a groundswell for it?

Deputy Secretary Downey: We want to give a lot of flexibility, as this bill provides for choice of transportation modes, choice of ways to finance it.

Q You're really encouraging it, though, aren't you?

Deputy Secretary Downey: We would like to see states have the ability to make these decisions; we're not saying they should or shouldn't put tolls on the roads.

Q Do you have any indication that Congress is going to follow through on this bill and, if so, on what time line?

Deputy Secretary Downey: We know that Congress will be active on this bill because all of our highway and transit programs expire on September 30th.

Q But will they take your lead on it?

Deputy Secretary Downey: They will, I think, take our proposal seriously as they put their bill together. There will be a lot of arguments about how much money and who gets the money and what programs it goes for. But there will be a bill before the end of the year. The states and local governments need this to keep their investments going.

Q Senators Moynihan and Roth have a proposal to take a half a cent from the 4.3 cent transportation fuel tax and give it to Amtrak for capital expenditures. Does the administration support that idea?

Deputy Secretary Downey: We have a variation of it in our bill. We do support Amtrak receiving more in the way of capital and we do support it coming from the highway use tax, but not from the 4.3 cents that was allocated for deficit reduction.

Q Are you proposing any changes in the funding formula? And could you talk a little bit about the environment protections, especially the wetlands issue?

Deputy Secretary Downey: Yes. We are proposing changes to the funding formula. We are updating the factors to include today's conditions in terms of population, in terms of transportation needs, in terms of use of the system, and with some factors to assure that states that generate a lot of the fuel tax get a substantial portion of it back, or states that have benefitted in the past are not abruptly dropped. So there will be some changes to the formula. We think they meet a middle ground between a number of factions that are now arguing.

On the environment side, the bill includes \$1.3 billion for the congestion management air quality program each year. It also makes eligible such activities as restoring wetlands and it strongly supports what we call transportation enhancements, which include bike trails, pedestrian facilities, historic preservation, scenic byways, and the like. So there's a strong environment component to this bill.

Q Mr. Secretary, last week your Department held negotiations with Japanese counterparts on a shipping trade case. I wonder if those negotiations prompted any reconsideration of the decision to exact sanctions on Japanese shipping companies April 14, possibly, pending further negotiations.

Deputy Secretary Downey: We are continuing to -- the Federal Maritime Commission will be the ones that would put those sanctions in place -- expect to continue the sanctions if there are not changes in the port practices in Japan. We had a good discussion with the Japanese government about those port practices and about how they hurt not only American shipping, but, in fact, are hurting Japanese shipping interests as well. They've gone back to see what might be done, but at the moment it still looks like the sanctions would be put in place.

Q I've got a question about the -- further question about the tolls. How would these work? For example, could something like this be put into practice by, say, the District of Columbia?

Deputy Secretary Downey: The District of Columbia, under this proposal, could on the interstate systems within the District find a way to collect tolls. There are, obviously, considerable technical issues -- finding environmentally sound ways to collect the tolls. We expect, should states go towards toll collection, they will probably do it electronic fashion so that there is not the kind of backups that we all remember on the Connecticut Turnpike or facilities like that.

Q But, I mean, in essence, a state could simply establish a line of monitors or whatever over a stretch of the interstate highway and require --

Mr. Downey: Require those who were passing -- again, if the toll structure, both in its level and who it's applied to was just and reasonable.

Q How would they have -- or to whom would they have to justify that?

Deputy Secretary Downey: To the courts. That's a

standard that exists in the law. They would have to justify to the Usdot that the proceeds were being used in accordance with our proposal, which is reinvestment into the transportation system.

Q Does this require congressional approval or can it be done with a White House mandate?

Deputy Secretary Downey: No, this would require congressional approval. This would be part of their consideration in the legislation. And they'll hear, I'm sure, from states. They'll also hear from user groups and others who would be opposed. Like anything in this bill, it will be -- the outcome will be the working of the legislative process.

Q Do you have any state-by-state breakdown for the amount of money states --

Deputy Secretary Downey: Yes, we do. We have a handout, which we can give you, on how each individual state fares. Just in summary, virtually every state would receive more dollars under this legislation than they received under the Istea bill that's about to expire. As to relative allocations, about half the states will get a little more than they got in the past and about half the states would get a little less than they have in the past. I think that compares favorably to some of the plans that are now being considered on the Hill, which would radically shift funds from one group of states to another. This we don't think is the final formula -- that will come out of the legislative process -- but I think it shows that a formula can be developed that meets the interests of all of America.

Q One other toll question. Is it the administration's hope that the state tolls would be able to replace federal expenditures on the transportation system?

Deputy Secretary Downey: No, we're not putting this forward in the thought that it would replace federal expenditures; we put it forward in the thought that states need a lot of resources, state, federal, and other, to keep up with the aging of their transportation systems. This could be one more way to raise those dollars. Gas taxes are one way. Other tax forms are another way. But user fees are a good way to get at a fair allocation of those who benefit from the system.

Q But the federal government would not decrease --

Deputy Secretary Downey: No.

Q -- its investment as an offset?

Deputy Secretary Downey: No, the federal government is putting in a base level of investment, but we do feel we have analyses that show more investment could improve the economy. It's more than we can afford in a balanced budget world, but we think there are good projects out there that, if they went in place, would serve the public and would increase economic activity.

Q And these would be earmarked for state facilities, as opposed to replacing federal maintenance --

Deputy Secretary Downey: These would be -- these resources would be used as part of the state's program to enhance its

surface transportation investments.

The Press: Thank you.

End

1:25 P.M. Est



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White House Press Release

Remarks By The President In Announcement Of The National Economic Crossroads Transportation Efficiency Act

The White House

Office of the Press Secretary

For Immediate Release

March 12, 1997

Remarks By The President
In Announcement Of The
National Economic Crossroads Transportation Efficiency Act

Room 450
Old Executive Office Building

9:55 A.M. Est

The President: Thank you very much. Secretary Slater, Mr. Vice President, members of the administration, Department of Transportation. Senator Moynihan, thank you for being here. Mayor Schwartz, thank you for being here.

I spent a lot of time in the last few years talking about the need to build a bridge to the 21st century. And usually I'm talking in metaphorical terms that involve -- (laughter) -- balancing the budget, improving education for our children, preserving the environment as we grow the economy. Today we're talking about building bridges and roads and transit systems and highways in more literal terms. But I think it's important also to point out that as we invest in these bridges and roads and transit systems, we are also building a bridge to a cleaner environment. We're building a bridge from welfare to work. We're building a bridge to sustainable communities that can last and grow and bring people together over the long run.

And that is the importance of the legislation that we submit to Congress today. It does the old-fashioned work of

submit to Congress today. It does the old-fashioned work of investing in America's infrastructure in a very important way, but it also ties those investments to the challenges we face today and tomorrow.

I am proud that even as we have moved toward a balanced budget and cut our deficit by 63 percent in the last four years, we have still increased our federal investment in transportation infrastructure, and I thank the members of Congress who have supported that. (Applause.) I feel compelled to disclose that I did not plant the person in the middle of the audience who started the applause. (Laughter.) But if he's a federal employee he will immediately get a raise. (Laughter.)

Compared to four years ago, our highways and bridges are stronger, 100 miles of new transit lines are under construction, and that is just part of the story. But it is a big part of why our economy has produced almost 12 million jobs in the last four years and one month, including over 1 million new jobs in construction.

Today we're taking the next big step to maintain and modernize our transportation system, and to make sure it is the best in the world. The National Economic Crossroads Transportation Efficiency Act, as Secretary Slater said, known as **Nextea**, authorizes \$174 billion over the next six years to improve our bridges, highways and transit systems. It will create tens of thousands of jobs for our people, help move people from welfare to work, protect our air and water and improve our highway safety.

I'm especially proud that as we build our infrastructure we are going to help build better lives for people who are moving off welfare. One of the biggest barriers facing people who move from welfare to work is finding transportation to get to their jobs, their training programs, their children's day care center.

There was recently a study of Atlanta, Georgia employment and the community surrounding Atlanta, pointing out that in entry level jobs an overwhelming percentage of those jobs -- for example, in fast food restaurants -- were held full-time by inner-city adults who were low-income people, if they were in Atlanta. If they were in the surrounding communities it was just a little over 50 percent. Why? Because the people who wanted the full time jobs had no way to get there. And you see that repeated over and over and over throughout the country.

This bill provides \$600 million over six years to help provide and pay for transportation, so that those who have been told by the Congress in the last session that they have to go to work are, in fact, able to reach the jobs that are out there. And I ask for the support of everyone for that. (Applause.)

For too long, too many people have believed that strong transportation and a clean environment could not go hand in hand. This bill proves that that is not true. **Nextea** provides more than \$1.3 billion a year to reduce air pollution and millions more to preserve wetlands and open space. By helping communities to invest in cleaner methods of transportation, by supporting recreational trails, bike paths and pedestrian walkways, by investing in scenic byways and landscaping, this bill strengthens our infrastructure while protecting and enhancing our precious natural resources. Make no mistake about it, this is one of the most important pieces of environmental legislation that will be considered by the Congress in

the next two years. And I think it should be thought of in that way.
(Applause.)

This legislation also builds on our progress in making roads safer, increasing highway traffic safety funds by 25 percent, expanding our aggressive campaign to crack down on drunk and drugged driving.

At its heart, therefore, as you can see and as Secretary Slater said, this bill is about more than our roads and our bridges; it's about cutting-edge jobs in commerce, it's about the infrastructure we need to prepare for them, it's about the responsibility of those moving from welfare to work and our responsibility to help them get there. It's about the community we share and the steps we have to take to make it both safer and cleaner for our children.

The chance to reshape America's infrastructure comes along only once every six years. That means that this transportation bill literally will be our bridge into the 21st century. That's why we must work together to pass this legislation, to build on a long bipartisan position of cooperation in transportation policy to move our nation forward. Together we can keep our economy on the right track and ensure that the track itself is strong enough for the enormous challenges and opportunities that lie ahead.

I am excited about this legislation. I applaud all the people in the Department who put it together, and I'm very much looking forward to working with the Congress to make it a reality.

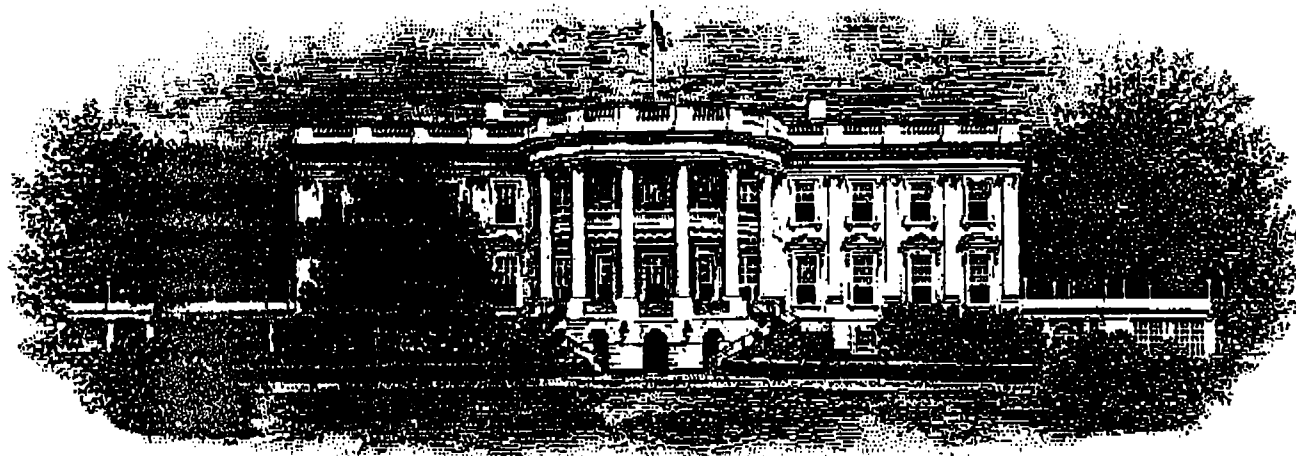
Thank you very much. (Applause.)

End

10:00 A.M. Est



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DRAFT

IDENTICAL LETTER TO:
The Honorable Newt Gingrich
Speaker of the House of
Representatives
Washington, DC 20515

The Honorable Al Gore
President of the Senate
Washington, DC 20510

Dear Mr. President:

The Department of Transportation is pleased to provide our comprehensive surface transportation safety proposals for inclusion as an integral part of the National Economic Crossroads Transportation Efficiency Act of 1997 (NEXTEA). These proposals are entitled the

"Surface Transportation Safety Act of 1997."

Our safety proposals include commercial motor vehicle size limitations and provisions covering motor carrier safety, traffic safety, hazardous materials reauthorization, underground system damage prevention, sanitary food transportation, railroad and mass transit anti-terrorism, and railroad safety. I urge Congress to act promptly on the enclosed proposals, which will improve the overall safety of our Nation's surface transportation systems.

Title IX would amend the laws relating to the problem of oversized commercial motor vehicles operating on highways. Oversized vehicles pose difficult questions relating to safety and the preservation of the Nation's transportation infrastructure. This title proposes a number of steps to address these issues. First, with few exceptions, this title would end the proliferation of trailers longer than 53 feet on the National Highway System. Such trailers are too long to operate safely within the confines of most roadway geometry. Second, this title would authorize the Secretary to determine, through notice and comment rulemaking, so-called State "grandfather rights" to operate overweight vehicles on the Interstate System. Once these existing rights to operate overweight vehicles are determined, no further claims for exceptions to existing Federal weight limits would be allowed on the Interstate System. Third, this title would direct the Secretary to conduct a notice and comment rulemaking proceeding to determine whether the current definition of a nondivisible load or vehicle should be applied to intermodal containers. Finally, the Secretary would be authorized to exempt military vehicles from the Federal weight requirements for the Interstate System when the Department of Defense certifies that a national emergency exists that requires the transportation of very heavy military cargoes. This would allow the States to waive their Interstate System weight limits in times of emergency without risking the loss of Federal-aid highway funds.

Title X would amend existing Federal motor carrier safety laws to enhance commercial motor vehicle safety. This title would improve safety by strengthening Federal and State enforcement. It would update and increase the civil penalties that the Secretary could impose on carriers for violations of existing Federal safety standards. The Secretary would be authorized to examine motor carrier records related to the safety of the commercial motor vehicle operations of those carriers to a greater extent than is now the case. This would enhance the Secretary's ability to identify problem carriers. This title would also authorize the Secretary to order an unsafe interstate motor carrier to cease any commercial motor vehicle operations, not just the transportation of passengers or hazardous materials. With these changes, the Secretary would have greater administrative flexibility to improve motor carrier safety; promote new approaches and technologies that improve highway safety; and actively pursue performance-based motor carrier safety programs.

Economic motivations can lead some motor carriers, shippers, and brokers to look for opportunities to avoid full compliance with important safety standards. This title would extend the Secretary's enforcement authority over shippers and brokers when evidence exists that they have caused motor carriers to violate safety regulations. Enforcement concerns would be addressed by, for example, defining a commercial motor vehicle subject to the safety rules in terms of the actual weight of the vehicle, not just the weight rating assigned to it by the manufacturer.

Our traffic safety proposals in Title XI underscore the Department's strong support for primary enforcement of safety belt use laws and ~~0.08 blood alcohol concentration (BAC) as the per se standard for driving while intoxicated~~. Our NEXTEA proposal includes funding to help States ~~reduce drunk driving and~~ increase safety belt usage. However, aggressive laws must be part of this strategy. From 1982 through 1995, safety belts saved over 75,000 lives. Primary enforcement, the most important aspect of a safety belt use law, adds significantly to the rate of safety belt use and will save even more lives. ~~At a 0.08 BAC, virtually all drivers are substantially impaired with regard to critical driving tasks. Thirteen States have lowered their per se standard for driving while intoxicated to 0.08, and a recent study of five of these States shows that significant decreases in alcohol-related fatalities can be achieved by States adopting the 0.08 BAC standard.~~ This title would establish a date certain by which all States would be required to have enacted primary safety belt ~~and 0.08 BAC per se laws~~. Beginning in fiscal year 2003, a State that has failed to enact *such a* ~~these laws~~ would have a percentage of its highway construction funds transferred to its section 402 highway safety program.

This title would also increase the number of new motor vehicles that may be exempted from compliance with the Federal motor vehicle safety standards, on the basis that they possess innovative safety features; close a loophole in the

vehicle statute by prohibiting retailers of motor vehicle equipment from selling defective items of equipment that they have in stock, such as defective child safety seats; and add a new chapter to achieve uniformity in State laws regulating the titling and control of severely damaged passenger motor vehicles. The new chapter would ensure that these vehicles meet applicable safety and emissions standards.

Title XI also clarifies the Secretary's authority to engage in harmonization activities that promote the worldwide improvement of motor vehicle safety without any diminution of U.S. safety performance standards. Finally, Title XI includes regulatory reform proposals, submitted to the last Congress, including amendments to: reduce burdens resulting from reporting requirements under the vehicle theft law; eliminate unnecessary pneumatic tire labeling standards; and allow additional exemptions from automobile parts marking requirements for lines of vehicles equipped with anti-theft devices.

Title XII would reauthorize the hazardous materials transportation safety program. This program protects people and the environment from the risks inherent in the transportation of hazardous materials. The proposed bill would improve safety by clarifying and enhancing the inspection and enforcement authority of Departmental personnel. It would authorize enforcement personnel to open certain packages in transportation, take and analyze samples of materials, and prevent transportation when an imminent hazard may exist. It also would authorize issuance of emergency orders when there is a situation involving a hazard of death, personal injury, or significant harm to the environment.

This enhanced authority is necessary to ensure the safe transportation of hazardous materials. The May 1996 ValuJet crash in the Florida Everglades and other aviation incidents, enforcement statistics, and Hazardous Materials Information System data all indicate that undeclared hazardous materials shipments constitute a serious safety problem. Although causation in the ValuJet crash is not yet established, the proposed language addresses the general problem by providing Departmental personnel with added authority to enable them more effectively to discover and resolve problems related to undeclared shipments of hazardous materials.

This title would further enhance the Department's authority by extending jurisdiction to hazardous materials activities conducted on U.S. aircraft between two foreign points and to hazardous materials-related packaging activities of government agencies and Indian tribes. It would authorize the use of grants to assist small businesses in complying with the regulations; change "exemptions" from the regulations to "special permits," and extend the maximum period for those permits from two to four years; and provide for judicial review in U.S. Courts of Appeal for final compliance, enforcement, and civil penalty orders. This title also would strengthen the criminal penalties related to tampering with hazardous materials placards or containers used to transport hazardous

materials when that tampering results in the release of hazardous materials, especially if that release causes death or injury.

Title XIII on underground damage prevention addresses one of the major infrastructure issues confronting the Nation — the public safety and environmental damage caused by excavators striking underground energy, communication, water, and sewer systems. It is of particular importance to pipeline safety since excavation damage is a leading cause of pipeline failures. The most effective means of underground damage prevention would be an enhanced and improved comprehensive program that includes an effective one-call notification system operating at the State level. One-call notification systems allow excavators to determine quickly and accurately whether any buried system exists in a particular location. The bill would provide incentives to States to improve existing one-call notification systems or to create systems where none exist. The incentives include potential grants to plan for and implement improvements; the development of a model program to assist States; and a Federal presence in fostering public awareness of the value and use of one-call systems.

President Clinton has made food safety a major priority in his Administration. Title XIV would reallocate responsibilities for food transportation safety among DOT and the Departments of Health and Human Services (HHS) and Agriculture that were originally established in the Sanitary Food Transportation Act of 1990. It would transfer primary responsibility in the area to HHS, which supports this approach and worked with us to craft this proposal. HHS's Food and Drug Administration is the Government's expert on purity of drugs and foodstuffs, and is best qualified to implement the new Sanitary Food Transportation Act of 1997. HHS would establish practices to be followed by shippers, carriers, and others engaged in food transportation. The title would require the Secretaries of Agriculture and Transportation and the Administrator of the Environmental Protection Agency to assist the Secretary of HHS. It also would require the Secretary of Transportation to train the Department's railroad and highway inspectors to identify practices and conditions that could pose a threat to food safety and notify the Secretaries of HHS and Agriculture of instances of potential food contamination. We believe this is the appropriate balance of responsibilities among Federal agencies to accomplish the goals of the 1990 Act.

Title XV is entitled the "Transportation Anti-Terrorism Act of 1997." Consistent with the Department's mission to advance the safety of our Nation's mass transportation systems and railroads, including the protection of passengers who ride them and employees who operate them, the Department proposes to strengthen criminal laws related to attacks against railroads and mass transportation systems. The need for strong criminal legislation to deter attacks against railroads and mass transportation is highlighted by several incidents that have occurred in recent years, including the intentional derailment, on October 9, 1995, of an Amtrak passenger train near Hyder, Arizona that resulted in one death and 78 injuries; the December 7, 1993 attack when a gunman with an

automatic weapon opened fire on board a rush-hour Long Island Rail Road train, resulting in six fatalities and 17 injured commuters; and the February 26, 1993 explosion of a massive truck bomb in the parking garage under New York's World Trade Center, which damaged the subway running beneath the building, and resulted in six deaths and 1,000 injuries. Vandalism has also resulted in runaway railroad cars, freight train derailments, which in at least one case resulted in a hazardous material spill, and the burning of railroad equipment.

Title XVI of the bill proposes improvements in the Department's railroad safety program. This title would clarify the authority of the Federal Transit Administration (FTA) to ensure, when making grants or loans to or for the benefit of commuter railroads, that safety issues are addressed from the outset. This can be critical in situations involving transit grants, such as signaling improvements in the area where the February 1996 MARC crash occurred. FTA is to exercise this authority in consultation with the Federal Railroad Administration, which has safety regulatory authority over commuter rail operations. The increasing complexity of passenger rail operations, which frequently share trackage and other facilities with private freight rail operations, makes it more necessary than ever that applicants for federal assistance for rail projects plan safety into their projects and that the Department ensure that they do so.

Finally, this legislation includes express statutory authority for the Department and its agencies to use appropriated funds to provide for the honorary recognition of individuals and organizations, not affiliated with the Federal Government, who significantly contribute to the success of Departmental programs, missions, or operations. While honorary, these awards for transportation safety and other contributions to the objectives of the Department and its agencies can provide substantial incentives to improve safety and other programs.

We look forward to working with Congress to enact into law these important proposals to safeguard our transportation systems and protect the safety of the travelling public.

The Office of Management and Budget advises that it has no objection, from the standpoint of the Administration's program, to the submission of this proposed legislation to Congress.

Sincerely,

Rodney E. Slater

Enclosures

FAX TRANSMISSION

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Date:

4/22

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62604

Pages:

6

(including this cover sheet)

From:

Linda Lance

Subject:

COMMENTS:

This needs work, but it's
a start.



DRAFT**NEXTEA and the Environment: Preserving and Improving an Environmental Success**

Make no mistake about it, this is one of the most important pieces of environmental legislation that will be considered by Congress in the next two years. And I think it should be thought of in that way.

President Bill Clinton, March 12, 1997

Introduction

ISTEA today is widely applauded for the innovations it introduced into national transportation policy. ISTEA emphasized the importance of local input into the transportation planning process. It included requirements for interjurisdictional coordination. It provided unprecedented flexibility for how transportation funds could be spent. And not the least of ISTEA's innovations was the heightened attention paid to the environmental consequences of transportation.

The Congestion Mitigation-Air Quality Program (CMAQ) is our most successful example of this new, and wholly appropriate, emphasis on innovation and the environment. In CMAQ, for the first time, we have a federally-funded transportation program that is targeted explicitly at air quality. We have a program that is substantially reducing pollution from cars, trucks and buses. Recent CMAQ analysis suggests that CMAQ is reducing X tons of volatile organic compounds per year from transportation sources. These reductions help cities comply with Clean Air Act requirements. CMAQ has made funding available for projects and activities that never before would have been eligible for federal aid highway or transit funds. While other programs, such as the Surface Transportation Program, have the flexibility to support projects with air quality benefits, CMAQ is distinct as the largest source of funding that targets air quality improvements exclusively.

The CMAQ program has proven to be ISTEA's most flexible program, representing more than half of all flexible funds used for transit purposes (\$1.7 billion of \$3.0 billion). Other non-highway projects that assist areas in improving air quality are receiving an increasing share of CMAQ funds as well. Through 1996, over \$500 million in CMAQ funds were used to establish or expand rideshare services, promote demand management, and support bicycle and pedestrian travel through better routes, sidewalks, and improved security features such as bicycle racks and lockers. The CMAQ program has funded projects ranging from San Francisco's Incident Management Program, to the intermodal freight facilities in Portland, Oregon, and Auburn, Maine, to New York's Red Hook Barge intermodal project, to Glendale, California's, award-winning parking management program, which helps employers reduce emissions by encouraging their employees to consider options to driving alone each day. As these projects demonstrate, CMAQ has brought new players to the table, including bicycle and pedestrian enthusiasts, intermodal freight interests, and demand management professionals, and has strengthened coordination between State and Federal transportation and air quality agencies.

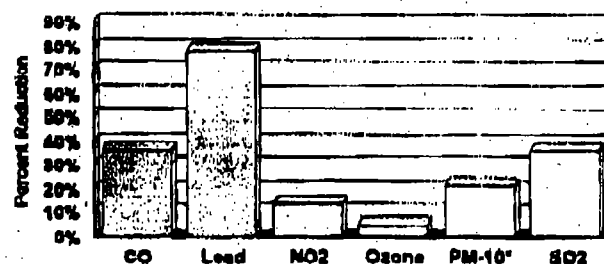
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Transportation And The Environment

After energy use, no other sector of the economy has the potential to affect the quality of the environment as does transportation. The ever-growing numbers of cars and trucks on the nation's roads and highways can adversely impact our air, water, and fragile wildlife habitats and burden our landfills. In addition, transportation now accounts for the fastest growing portion of greenhouse gas emissions in the United States.

Over the past 25 years, this country has made great strides in reducing the harmful emissions from highway vehicles primarily by improving emission control technology on cars and trucks, developing cleaner fuels, and ensuring that vehicles are properly maintained in-use.

Figure #. Percent Decrease in Emission (1986-1995)*

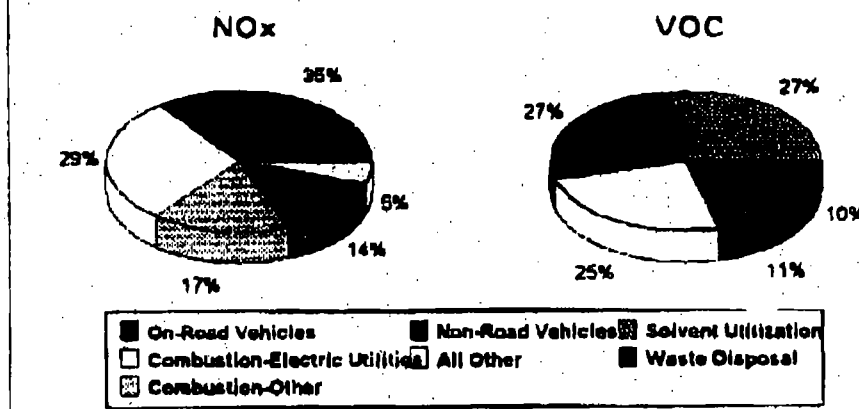


* PM-10 measurements began in 1990

While the number of cities that are not meeting the air quality standards has decreased, there are still over 79 million people living in counties with air quality levels that violate the health-based ozone and PM-10 standard. On-road vehicles are a major source of the pollutants that form the nation's most widespread and intractable pollution problem--ground level ozone, which is also called smog.

In a typical urban area, highway vehicles emit 27 percent of the volatile organic compounds and over 35 percent of the nitrogen oxides--the two principle components of smog (Figure 1). While we have made tremendous progress in reducing ambient levels of carbon monoxide, another

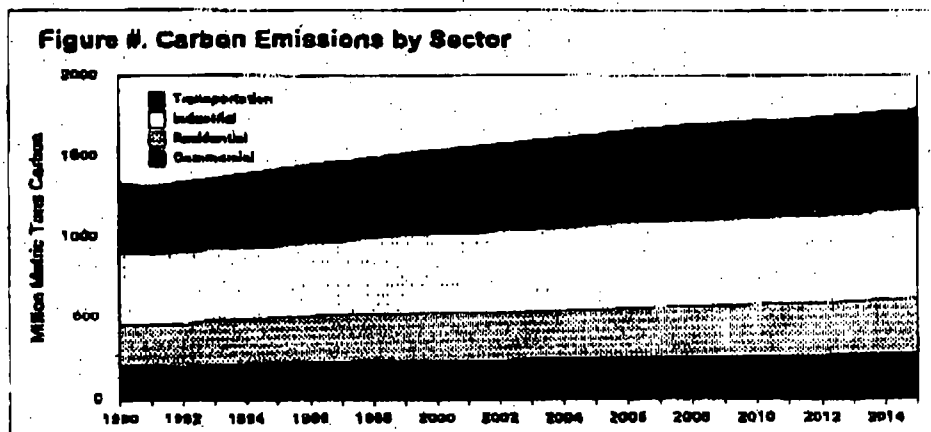
Figure 1. 1995 NOx and VOC Emissions



vehicle pollutant, there are still areas that do not meet this health-based standard and highways vehicles are responsible for 60 to 90 percent of carbon monoxide pollution. Another pollutant, referred to as particulate matter, is generated in several ways, one of which is in the exhaust of

diesel-powered trucks and buses.

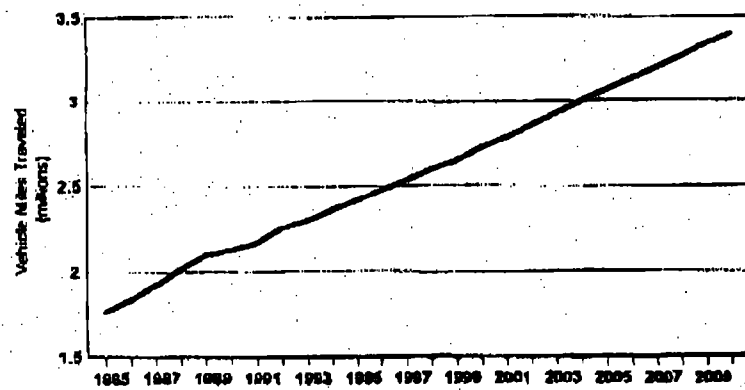
Global climate change is also an important environmental concern. Transportation accounted for nearly one-third of all anthropogenic greenhouse gas emissions from the U.S. in 1990 and the transportation sector is expected to have the fastest growth in greenhouse gas emissions of any part of the US economy during this decade (Figure 2). An international consortium of scientists has recently concluded that



human-induced climate change has begun. The 1996 report of the Intergovernmental Panel on Global Climate Change expressed a scientific consensus that man-made "greenhouse gases" are building up in the Earth's atmosphere, and that the temperature of the atmosphere is increasing as a result. Scientists believe that it will be enough to cause sea levels to rise, although the precise timing of when this might happen is unclear.

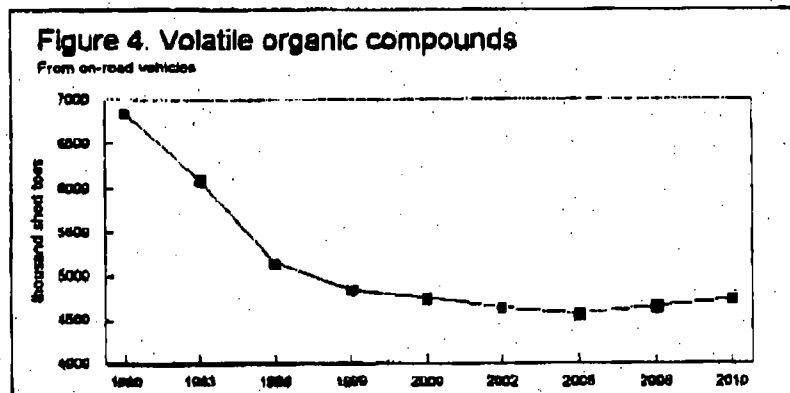
One of the reasons why we have not realized all the benefits of our clean air programs over the past 25 years is that the number of total vehicle miles traveled keeps growing every year (Figure 3). The emissions reductions derived from end-of-pipe control technologies on cars and trucks have been undermined by steady and ongoing increases in the number of vehicle miles

Figure 3. Vehicle Miles Traveled



traveled. In 1970, Americans drove their vehicles about 1.1 trillion miles; by the end of 1995, VMT had more than doubled to over 2.4 trillion miles. Increases in VMT have been especially rapid in America's cities and surrounding suburbs, where typical patterns of economic development have caused millions of commuters to drive more miles between their homes, their jobs, and the typical activities of their daily lives.

With more vehicles on U.S. roads driving more miles, we need to look for more innovative ways to reduce overall emissions. Between now and 2010, more widespread use of better catalysts and cleaner fuels will not reduce vehicle-related emissions much further. Just after the turn of the century, however, increases in vehicle miles traveled would begin to slowly cause total vehicle emissions to increase (Figure 4).



Such a scenario is not inevitable. Wise decisions on the part of state, local and federal officials and active involvement by the public will assure that the tremendous accomplishments in air quality improvements will be fully realized and new cost effective emission reduction programs can be identified. Obviously, the interaction between transportation policy and air quality planning is critical in our future efforts. And, until the passage of the Clean Air Act in 1990 and ISTEA in 1991, there was no comprehensive framework for assuring air quality impacts were considered as an integral part of transportation planning.

NEXTEA and CMAQ

In 1994, the Department of Transportation, in cooperation with the Environmental Protection Agency (EPA), conducted a review of the first three years of CMAQ program activities to determine ways for us to administratively streamline this program. We held 70 meetings in 10 States, meeting with MPOs, State and local government representatives, State departments of transportation and air quality agencies, and public and private interest groups. The overall response to ISTEA has been enthusiastic. We have also listened to the public, and heard what they want from their transportation systems. Obviously, they want mobility and accessibility. And they want to protect the environment. They also want a transportation system that encourages a sense of community, not one that divides neighborhoods and leaves them with driving as the only option to get the goods and services they need.

[Insert section here on results of CMAQ analysis]

Under NEXTEA, we will build on this success. As envisioned under ISTEA, the CMAQ program demonstrates that flexibility is a better approach to the funding of transportation projects and programs and that transportation can contribute to improved air quality. Now, some 5 1/2 years later, the CMAQ program is no longer an experiment. The program's flexibility and innovation have been key to its success, and the Department proposes an increase in the CMAQ program funding authorization from \$1.029 billion annually to \$1.3 billion, an increase of 30

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percent. We also propose to expand CMAQ funding eligibility to:

- **Maintenance areas:** We are proposing to provide funds on the basis of a State's maintenance, as well as nonattainment area, populations.
- **PM areas:** The original CMAQ provisions were silent on the use of funds in nonattainment areas for particulate matter (PM). The apportionment formula has been modified and eligibility made explicit to include PM areas.
- **New nonattainment areas designated under the revised air quality standards:** With EPA's proposal to revise the national ambient air quality standards, the Department recognizes the need to extend funding to any areas newly designated under the new standards.
- **Therefore, we propose that CMAQ funds be available to these areas after a State has submitted its implementation plan addressing the new standards to EPA.**

Another hallmark of the CMAQ program and flexible funding has been the equal treatment of eligible projects. Our reauthorization proposal for CMAQ would build on this.

- **Operating Assistance:** We propose to delete the specific provisions covering operating assistance on traffic management and control projects to provide the same 3-year period of funding eligibility for all projects requesting operating assistance. Our proposed amendment would put traffic management and control projects on a level playing field with transit and other projects receiving operating assistance under the CMAQ program.
- **TCM Funding Flexibility:** ISTEA excludes from CMAQ funding two transportation control measures listed in the Clean Air Act--extreme cold starts and vehicle scrappage. Under the DOT proposal, programs to reduce extreme cold starts, where the majority of emissions are generated, would be eligible for CMAQ ends. Scrappage or "buy back" programs for high polluting vehicles would also be eligible. Rather than requiring States to use CMAQ funds for these two transportation control measures, our proposal simply gives States the added flexibility to fund them if they choose to.

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Department of Transportation

Legislative Agenda - 105th Congress, First Session

I. NEXTEA Authorization

Administration Priorities:

1. "Rebuilding America" -- \$175 billion investment over 6 years in highway, bridge, safety, mass transit, and rail programs
2. Putting a Stronger Emphasis on Safety
3. Protecting the Environment
4. Improving Access to Jobs and Training

Related Issues

1. Program Structure: STARS 2000; STEP 21 proposals
2. Funding Levels: Redirect 4.3 cent/gallon tax; Highway Trust Fund off-budget

II. Amtrak Authorization

1. Reform Legislation
2. ½ cent to New Trust Fund

① CMAQ

III. DC Initiative

② Enhancement

IV. Aviation Financing

1. Ticket Tax Expires September 30
2. National Civil Aviation Review Commission

V. FAA R&D/Commercial Space

VI. Maritime

1. Convert St. Lawrence Seaway Development Commission to PBO
2. Implement OECD
- ③ 3. Ocean Shipping Deregulation/FMC Sunset
4. Coast Guard Authorization
5. Maritime Administration Authorization

VII. Nominations

9 pending

VIII. Budget/Appropriations

1. Supplemental: \$1.1 billion for Emergency Relief