

CONFERENCE SPONSORS' PERSPECTIVES: U.S. DEPARTMENT OF TRANSPORTATION

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Thank you, Mike, for that introduction, and for your service as chair of this conference's steering committee. I also want to thank our co-sponsors—TRB, Amtrak, and the EPA—and I also want to thank the American Rail Passenger Coalition for its cooperation in making this conference a reality.

I'd like to start by bringing you greetings from Secretary Slater. The Secretary is working to promote President Clinton's goal of a balanced, intermodal transportation system, one which is safer, more efficient, and less polluting, and doing that naturally includes supporting intercity passenger rail.

We've fought for the funding Amtrak needs, upgraded the Northeast Corridor, made rail safety a national priority, and supported high-speed rail research and development. That builds on a commitment which the Department of Transportation inherited at its founding 30 years ago, a commitment which is as strong now as it was then.

With work on the \$3 billion Northeast Corridor high-speed project moving towards its 1999 completion, we're about to see the best evidence yet of that strategy's soundness. The high-quality service that has already resulted on the southern end of that heavily-traveled corridor has enabled Amtrak to be a viable option for travelers, reducing the pressure on highways, airports, and air traffic control systems.

Amtrak, of course, is the foundation of American intercity passenger rail, and the NEC upgrading is only part of our support of its efforts to build for long-term success. And under Tom Downs' leadership, Amtrak has moved aggressively to reinvent itself over the past few years.

Amtrak has increased its focus on customer service, responding to market demands and realities. It has reorganized to cut costs and to improve service quality, restructuring into separate business units that are closer to their customers and more sensitive to customer needs.

Amtrak has strengthened its relationships with the states which it serves, and they've responded by increasing their support of rail; state funding of Amtrak nearly doubled between 1995 and '96. Amtrak has used its federal and state funds well, investing in new equipment and upgrading its facilities, reducing maintenance costs and improving reliability. And it has pursued entrepreneurial opportunities, such as mail and express freight services, whose revenues can support its primary mission of passenger operations.

At the urging of the President and Congress, Amtrak

adopted a strategic plan that calls for it to eliminate its dependence on federal operating support by 2002. That's an ambitious goal, but one that's achievable. However, Amtrak can't do it alone. Amtrak needs the support of the Congress, the President, the states, the private sector, and its employees to fulfill the strategy: to continue invest capital to enhance its operations, end its reliance on federal operating assistance, and thrive over the long-term.

The federal commitment is seen in NEXTEA, President Clinton's six-year, \$175 billion proposal to reauthorize the federal surface transportation programs which expire later this year. Although highway and transit programs have been the focus under the ISTEA legislation, its successor gives us a chance to make our programs truly intermodal, and to give intercity rail the sustained support it deserves.

Nearly \$4.8 billion in federal funding would be provided over the next six years to enable Amtrak to continue upgrading equipment, facilities, and service. For the first time, that aid would be provided from a stable and continuing source: contract authority under the Highway Trust Fund. In addition to direct allocations to Amtrak, such provisions as continued support of grade crossing improvements and eliminations would support intercity service.

NEXTEA also would expand the eligibility of most of our funding programs, such as the National Highway System, to include publicly-owned rail infrastructure and other capital investments. This flexibility would let states invest in the projects, including Amtrak projects, which make sense for their own needs.

It's clear that this is the right way to go. I mentioned earlier that state support for Amtrak has nearly doubled. We see success stories from coast to coast: Vermont's support of service over the Vermont routes to Montréal has been so successful that another line has been added. State-supported service between Portland and Seattle has seen a 45 percent rise in ridership. Texas, North Carolina, Illinois, Wisconsin, Missouri, California, and New York all are directly supporting Amtrak service within their borders, because they can see its benefits on a daily basis. NEXTEA would enable states to use federal money as well as their own funds for these services, further leveraging support for Amtrak.

Rail also could benefit from the expansion of our existing state infrastructure bank programs. SIBs, as these banks are known, use federal seed money to leverage private and other nonfederal resources for capital projects, and NEXTEA would establish a continuing source of funding:

\$900 million over six years to capitalize the banks or instruments for revenue-based financing.

Our proposed Infrastructure Credit Enhancement Program would offer credit support for major projects of national significance, especially those which cross state lines. Under this program, NEXTEA funding could help project sponsors to lower the interest costs of construction-related debt, improving the economics of rail projects.

NEXTEA also would continue our support of high-speed rail research and development, authorizing about \$118 million over the next six years. That would continue the work on advanced train control systems we and our partners have been carrying out, work which also could increase the safety, efficiency, and effective capacity of today's passenger and freight operations.

Put together, NEXTEA's proposals build on the foundation we've laid over the past several years. Last month we proposed a second legislative initiative that complements NEXTEA. The Amtrak Restructuring Act would reduce statutory burdens to enable Amtrak to become more entrepreneurial. For example, we want to empower Amtrak to make more of its scheduling, route, and service decisions on its own, based on its business needs.

We want states to have the right to enter into multistate rail service compacts that would support corridor services, something which now requires Congressional approval. We want Amtrak and the states along the Northeast Corridor to have the right to determine a more equitable sharing of operating costs between Amtrak and the commuter trains which run over its tracks. And, when Amtrak achieves operating sufficiency, we want to relieve it of a number of federal requirements which have been linked to that aid.

This bill also includes reauthorization of the Swift Act high-speed rail technology development program, which, as I mentioned, would be funded through NEXTEA.

What's also important is what is *not* in our proposal: measures which could reverse the evolving partnership between Amtrak and its unions. We don't want to see the wholesale repeal of the protections developed over the years

between management and labor. Instead, we're optimistic that the ongoing reforms to seek, and share, savings through better work practices can continue to reduce operating costs, and that such a voluntary effort is more productive in the long run.

Together, our Amtrak and NEXTEA proposals can put "America's railroad" on the path to success. Strong federal leadership is vital, but it can't by itself ensure rail's future success in America. That's why this conference is so important, and why your contributions are so vital. You can help to create the partnerships which bring together the private sector and all the levels of government—federal, state, and local—whose participation is necessary for us to achieve success.

That means the kind of partnerships we already see between Amtrak and its unions, partnerships in which each side cooperates and both move towards shared goals. I hope all of you will make your voices heard in the debates over NEXTEA and Amtrak restructuring, so that Amtrak can have the tools it needs to provide passenger services into the next century.

All of this is so important. Americans long depended on passenger railroads to meet their mobility needs. While we let the role of such services diminish after this century's midpoint, we're now seeing their renaissance, and that's the foundation for the rail systems of the new century.

We believe that rail operators and private entrepreneurs can, and should, work in partnership with all levels of government to ensure that we can meet our transportation challenges in the 21st century and beyond.

I congratulate you on coming together at this conference. Interested parties such as yourselves can, and must, play an important role in this effort, helping us to develop the passenger rail services that will enhance America's mobility. We look to you to help us make this a reality.

Let me close now by thanking you for your commitment to passenger rail, by encouraging you to stick with it, and by wishing you all good luck in your work. It's so very important to all of us. Thank you.